

Richard du Moulin, Chairman, INTERTANKO and President, Marine Transport Lines

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It is an honor to join Secretary Slater, Admiral Loy, Administrator Hart and all of you here this week. We all owe a great debt of gratitude to the people organizing this conference, bringing us together over here and giving us a chance to make a difference.

I am a ship owner, a U.S. ship owner, which sometimes I think is an endangered species. My company, Marine Transport Corp., is the oldest shipping company in America, founded in 1816 in Mystic, Connecticut.

I am also serving my third and last year as Chairman of INTERTANKO, which is the International Association of Independent Tanker Owners. It comprises 275 operating companies, over 2,000 tankers, 74 percent of the world fleet, plus about 300 associate members including some of the organizations in this room. We transport about two-thirds of the oil and chemicals coming to the United States. And, we have great interest in what happens in this country. Recently, we have worked very closely with the Coast Guard, IMO, and the European commission to increase safety and improve the image of our industry.

In my comments today, however, I will try not to talk about tankers only. I really will be trying to speak for all ship owners. As we were going along in this process, we found out that whether you're a container ship owner, dry bulk or tanker operator, you really have a lot in common. Most of the issues that we have to deal with are best dealt with by us working together. The reason I'm probably up here, though, is that three years ago, the tanker industry was just recovering from the trauma of the Exxon Valdez in 1989.

We were finally beginning to get our act together. However, we thought that the press, the public, and the regulators were really not paying enough attention to the system within which our ships operated. It's one thing to work at making your ship safer, but if the system isn't functioning as it should, there is not much you can do to really ensure safety. So we made a decision to commission a study of U.S. port and terminals for several reasons. Number one: the United States is the biggest trading country for our members and number two: this is where we face the greatest liability because of the punitive laws of the United States. The goals of this study were to provide a better analysis of risk areas and suggest how to improve them. We ended up focusing on VTS (Vessel Traffic Service Systems), pilotage, hydrography, aids to navigation, and terminals. Hopefully, we were going to generate a proactive approach and have other allies join us.

But, we weren't highly confident this would happen. In the back of our minds was kind of our reserve position that, if nobody came to the front and started work on improving the ports, the next time there was a major accident we could at least point to the study and say "Well, we told you so." Fortunately, we didn't have to fall back on that because we got quite a good response.

We unveiled the study just before our Houston meeting two years ago and our guest speaker was Admiral Kramek, then-Commandant of the Coast Guard. And, to our shock and satisfaction, he publicly and emphatically endorsed the study. This had immediate effects. First of all, it put us in the center of what has become a great initiative with important organizations (many of you). It also gave INTERTANKO's membership the uplift to seriously tackle ISM (International Safety Management Code) certification. Very importantly, it publicized the concept of the "Chain of Responsibility" where safety depends on all "links" in the system.

These past two years there has been an astounding awakening and realization that the future of our economic security and the environmental well being in the country, this country, depends upon working together to improve the system. INTERTANKO didn't invent anything, but the Port and Terminal Safety Study hit the "best seller list" at just the right time and the right people read it. I would like to compliment the Coast Guard (Admiral North) and MARAD (John Graykowski) and their staffs for getting so many of the right people here.

Who you guys are, and why you're here, helps give a grasp as to what we are trying to accomplish here and what's at stake. As far as the Coast Guard, who's better able to understand issues of safety, navigation, and operating ships than the Coast Guard? And, they showed initial leadership which popped us up more into the public eye. MARAD obviously sees the benefit of how a systems approach to the maritime industry can help advance U.S. maritime industry in particular.

The Secretary has visualized marine transportation as a key part of our national infrastructure. Since marine is largely a hidden industry, he has shown political courage to take hold of this issue and make a big deal about it. It's a long complex campaign to accomplish what we want to, but it's worth it. It's an interesting irony that maritime is a hidden industry, yet a best seller for months was The Perfect Storm. The best top movie of all time was "Titanic." So somewhere out there, there is latent interest. (Laughter.) Maybe we need to bring a little romance into it.

But, there's a lot of shipping organizations other than INTERTANKO that have gotten very active in this. I know I'm going to miss lots of names, but BIMCO, Chamber Shipping, AWO, API, APA, AAPA. Everybody but the AA, Alcoholics Anonymous, which maybe we'll need. It is a great coalition with a very wide skill base and a lot of knowledge to apply.

There is a positive transition occurring among these groups who do not always work together. I will use as one example, INTERTANKO and the American Pilots Association. When we unveiled the study three years ago, APA President Jack Sparks was in attendance. Jack and I squared off verbally to debate who was at fault. Well a year later, we were testifying to Congress together to get more funding for NOAA for better charts. So we have all gone through a transition as we get into this process.

Shipping companies of all types have gotten involved. This is particularly interesting because we started from the viewpoint of tankers, but we found out that the container ship industry, for one, got very interested in what we were doing, for different reasons, perhaps. While we as tanker owners got involved because of our concern for safety and liability, the container ship operators had an additional concern – port access. As we were unveiling our study, they were launching their mega-container ships, which couldn't get in to many U.S. ports with full cargoes due to draft and channel constraints. So, again, a lot of shipping interests find out that they have a common cause.

Finally, there's the large number of federal and state agencies represented here, and state and environmental regulators, and oil spill response people who have the tremendous expertise to actually implement the ideas we come up with. And, here's where I'd like to stress the importance of tying in with the local scene. An example is harbor safety committees, and how effective they've been. The Federal Government can't do it alone. It has to tie in with all levels down to the very local level.

A lot of my INTERTANKO friends, again from 44 other countries, keep asking me "Why doesn't the Federal Government just go do it?" These are educated people. They knew about our Civil War, but they thought the North won the war. But when you come here to Virginia – near the battlefields of Manassas or Bull Run, you appreciate that the North may have won the war, but that state rights and local government are still very important features in America, much stronger than most other countries. And, this is, again, a challenge that we have to deal with.

I would like to list what I think are some of the key areas for us to keep in mind. By playing the role of Moses, I'm not bringing you Seven Plagues but I'll list Six Commandments. I lost some on the way down the hill this morning.

The First Commandment is an easy one. "Thou shalt not have inferior ports." Our ports were great for our whaling and clipper ships 100, 150 years ago. But the ports have natural obstacles and also political obstacles in today's world.

Commandment Two. "Thou shalt not waste infrastructure." We have an excellent shore-based infrastructure in this country, the greatest highways and railroads in the world, for example. But, this is all wasted if the ports and waterways become bottlenecks.

Commandment Three, "Thou shalt not have unsafe ports." Inefficient ports are unsafe ports. Safe ports are efficient ports. When you think about it, the two go hand-in-hand. And, as I often say to my associates who go to Maritime Academies, a lousy port is a lousy port, a good port is a good port. But if you think about it, it's true. If you build a port to be efficient economically, it's safe. And if it's safe, it's better for the environment. And here's where environmental groups and the commercial groups have a lot in common.

Commandment Four, "Thou shalt not levy unfair taxes." The entire nation benefits from having a maritime system that functions, including people whose jobs directly or

indirectly tie into the maritime transportation. Devices such as a harbor service's fee, a user fee, to me are misguided. What they are doing is they're putting the burden on one party. It's kind of like shooting the messenger. The ship is just a part of a very big system to deliver the services to the American people.

A fundamental belief ship owners have and we keep focusing on this around the world, is that it's our responsibility to provide safe ships; it's the nations' responsibility to provide safe ports. Now I'll give you an example. Building a new tanker might cost say, \$70 million for a big tanker. Twenty percent of that is purely for safety and environmental features. That's three times the percentage that a shore side plant invests in safety. It's the ship owners' responsibility to provide the safe ship and to operate it safely. It's the nations' responsibility to provide the safe ports. It's for the nations' own good to have safe, efficient ports.

Commandment Five, "Thou shalt focus on the system." Today we're talking about "Chain of Responsibility" and intermodal logistics. This is the way of the future. It's all part of a system. And the great challenge we have here is to deal with our complex political and physical system in the United States and come up with solutions that work, and this leads to the final commandment.

Commandment Six. "The Federal Government shall provide leadership." The Coast Guard grasped the Port/Terminal Tankers Safety Study and carried it forward. Many of you have supported it since then, but to achieve long-term success, the Federal Government must maintain the leadership commitment so that all the other parts can work together.

1998 has been a great year for all of us dedicated to marine transportation. We had the "Year of the Ocean Conference" in Monterey, which brought a huge group of people together, who normally wouldn't meet. It was a really great get-together. We've had the listening sessions, and now we have the National Conference here. But don't let up your efforts! Don't let any of the other keynote speakers Secretary Slater, Admiral North, Administrator Hart - drop their efforts in the future! Support them and let's come up with concrete recommendations and action plans this week. Thank you, very much.