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* Disclaimer:

All data gathered from the questionnaires to produce this report are used only as a reference for EMEC and in a form to make it impossible to determine the identity of the individual responses. That is, the questionnaire responses are not integrated, analyzed, or reported in any way in which the confidentiality of the questionnaire responses is not absolutely guaranteed. All data used to produce this report was transferred to a secure, password-restricted server. Access to raw data is tightly restricted to EMEC staff and consultants directly involved in data analysis on the basis of a confidentiality agreement. EMEC retains the sole ownership of all raw data.

1. Background

Article 10 (1) of Regulation EC 391/2009 provides as follows:

“Recognised organisations shall consult with each other periodically with a view to maintaining equivalence and aiming for harmonisation of their rules and procedures and the implementation thereof. They shall cooperate with each other with a view to achieving consistent interpretation of the international conventions, without prejudice to the powers of the flag States. Recognised organisations shall, in appropriate cases, agree on the technical and procedural conditions under which they will mutually recognise the class certificates for materials, equipment and components based on equivalent standards, taking the most demanding and rigorous standards as the reference.”

The above provision, applicable since June 2009, pursues the objective of improving the quality and the efficiency of classification through the consolidation of the existing body of class rules and the rationalisation of the current certification practices.

To achieve these objectives, the Regulation entrusts EU Recognised organisations (ROs) with two tasks: the first is setting up a consultation mechanism with the aim of achieving harmonisation of rules and procedures and their interpretation. The work towards a homogenous system of class rules extends also to the interpretation of international conventions. The second task is defining the conditions for mutual recognition of certificates, i.e. the possibility that a RO relies on the tests and surveys carried out by another RO, whose results are therein incorporated in the certificates issued by the latter, rather than repeating those tests and surveys in order to issue a new certificate.

Regulation EC 391/2009 provides for clear indications on the timeframe within which ROs are expected to deliver some results in the implementation of Article 10 (1): pursuant to Article 10 (2), by 17 June 2014 the Commission shall submit a report to the European Parliament and the Council on the level reached in the process of harmonising the rules and procedures and on mutual recognition of certificates for materials, equipment and components.

Hence, EU Law challenges ROs to prove that, through self-regulation, they are able to contribute to the achievement of the policy goals set by EU law without further interventions by the legislator.

In the light of the above, EMECs questionnaire results on marine equipment manufacturers experiences with class rules and certificates, provides information on the functioning of

class certification and on the practices that could serve as a model for the achievement of harmonisation and mutual recognition.

The results of the questionnaire describes the current functioning of the market for class certificates, the activities carried out in order to achieve the harmonisation of class rules, and the practices of mutual recognition of certificates.

With regard to the first issue, it emerges from the questionnaire that class certification is a very important part of the shipbuilding process. In their capacity as classification societies, ROs occupy a key position in the supply chain of shipbuilding, reason being that they act as gatekeepers of the market: ROs determine whether new products can be placed on the market and set the specifications that have to be met. Likewise, they ascertain the conformity of marine equipment to class rules and authorise their placement onboard a vessel. The importance of ROs' role for maritime safety is not being questioned. Nevertheless, the questionnaire reflects suppliers' demand for radical improvements in the way the said role is performed. The main issue is that of multiple certifications: in order to be able to compete on a the global scale, (and to have access to the widest range of ship-owners and shipyards), both LEs and SMEs are required to obtain, for the same piece of equipment, a certificate from several ROs attesting the conformity with the same requirements.

Since neither class rules are harmonised nor international law requirements interpreted consistently, multiple certification also implies the necessity for suppliers to comply with different sets of rules. This means that they need to predict how the said rules will be concretely applied to their situation.

The questionnaire confirms, in this respect, that Article 10 of Regulation 391/2009 meets a real need for clarification of the current framework. Besides generating costs, the system in place leaves suppliers in a situation of uncertainty and has a negative impact on innovation by creating obstacles/barriers to the introduction of new products on to the market.

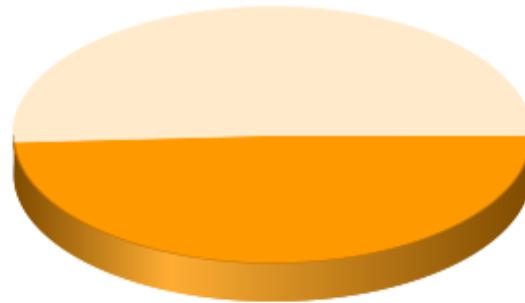
2. Questionnaire to marine equipment suppliers

2.1 Overview of the replies

The replies to the questionnaire received from marine equipment suppliers provide some useful information on the current practices in the field of class rule-based certification. This chapter of the report shall provide an overview of the results of the survey, focusing on the quantitative aspects. A qualitative analysis shall be carried out in some of the following chapters.

58 replies have been received. Of these, 29 were provided by SMEs. The range of products and services provided by the companies that replied to the questionnaire is wide and include the following: thrusters, compressors, valves, monitoring systems, gas generators, filtration systems, HVAC systems, deck machinery, steering gear, pipe work, engines, coatings, nozzles, turbo chargers, detection systems, automation systems, engineering , batteries, cables, PLCs, electronic components.

2.1.1 Companies participating in the survey (by size):

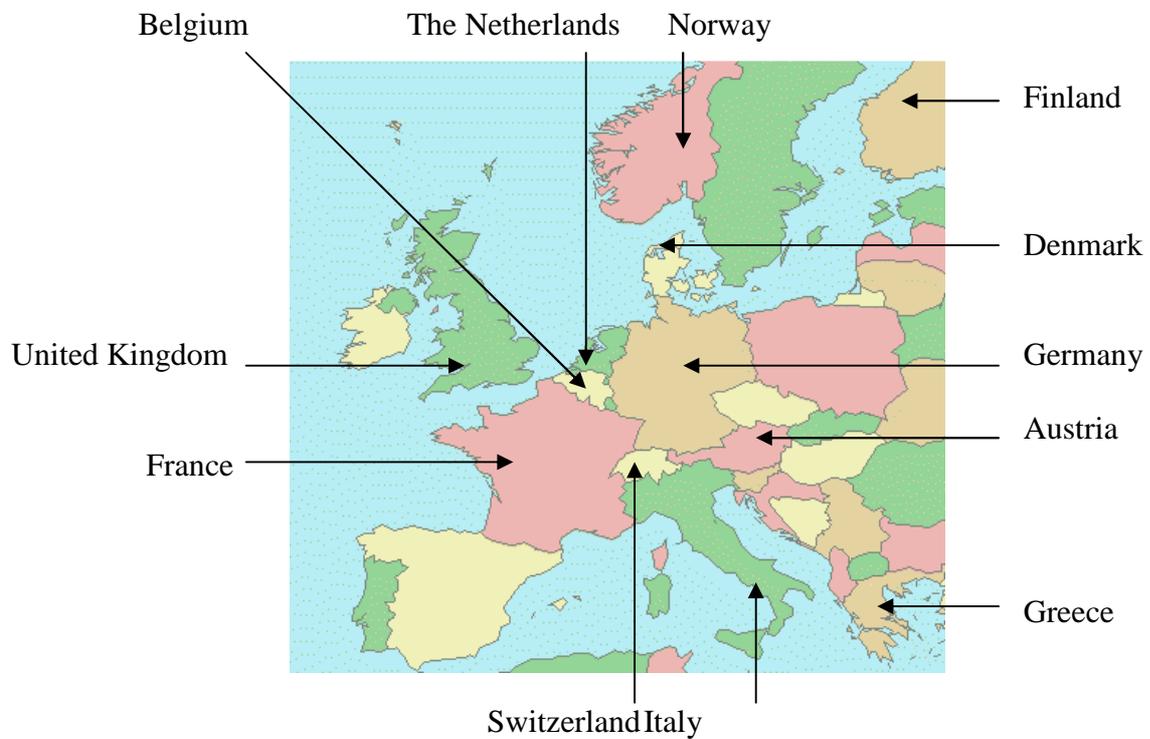


■ SME ■ Large Enterprise
Total answers: 58

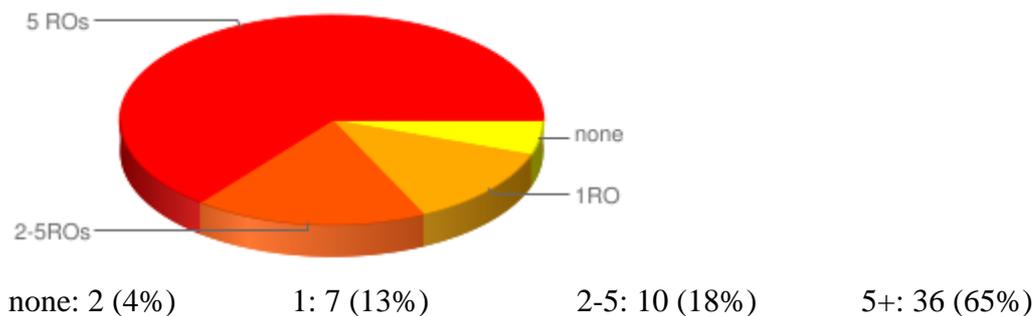
Small and Medium Enterprises
(SME): 29 (50%)

Large Enterprises (LE): 29 (50%)

2.1.2 Geographical overview of the participants:



2.1.3 Total number of applications for certificates with ROs



From the figure above, it results that multiple certification is a practice that is followed by a vast majority of the companies that replied to the survey. Over 60% of the companies acquiring multiple certificates buy them from five or more ROs. This happens in 3 cases out of 4 for large enterprises. This may be due to the fact that those companies supply a larger market and therefore; in order to cater to the choices of ship-owners it is imperative for their equipment to be certified by all the most relevant ROs. Conversely, certain SMEs, targeting a smaller number of shipyards/ship-owners due to their smaller production, may not need to have access to the whole market and can therefore avoid obtaining a full range of certificates. However, even in the case of SMEs the number of companies applying for certificates from more than 5 ROs corresponds to 50% of the sample.

2.2 Harmonisation of class rules

Harmonisation of class rules is one of the main objectives of Article 10 of Regulation EC 391/2009. Each RO maintains, interprets and applies a body of rules in order to regulate the installation of marine equipment aboard a vessel. These rules ensure the good functioning of the ship, guaranteeing safety. Complying with these rules is necessary for suppliers in order to gain access to the market. Yet, the body of rules that is currently being applied by ROs appears to be fragmented and inconsistent. Problems of certainty and predictability are reported not only in relation with the rules “in the book”, but also to their interpretation and application.

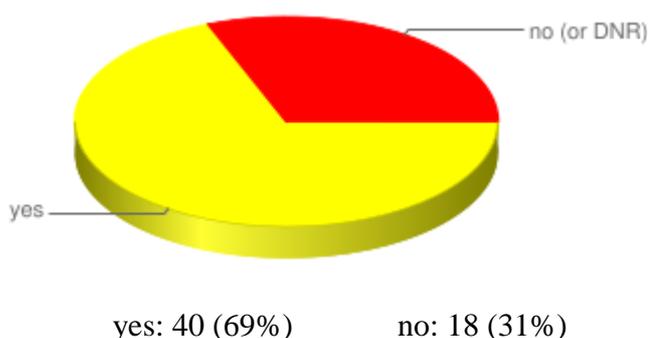
The sub-paragraphs below illustrate the replies that the companies gave to the questionnaire section on harmonisation.

2.2.1 Is there a difference in Class rules between the different ROs for your product(s)?

A majority of the companies reported differences in class rules, their interpretation and application in a vast majority of cases. Requirements are reportedly different and contradictory depending on the “safety philosophy” of each RO. Companies may adapt to this situation by either designing the equipment in a way that meets all the requirements of the different ROs or by changing specific aspects of a piece of equipment. Differences in class rules may also apply to the basic materials employed for the manufacturing of a piece

of equipment. The various ROs apply the notion of essential/non essential requirement differently. Similarly, there are different approaches to testing. In this regard, the safe-harbour for equipment suppliers consists in applying the strictest testing standards. Suppliers expressed the opinion that the certification process should guarantee a consistent level of quality. Some companies experienced problems with the differences in the standards applied by ROs when certifying sub-suppliers. When certification for sub-suppliers ensures a lower level of quality than the certification for the final product, there might be a problem for the suppliers of the latter. Also the usage purpose and design of the equipment may be different from what is assumed in the rules. This means that some requirements may be too strict and others not strict enough. This requires interpretation of the rules. Some ROs are open for interpretation of the rules, while others strictly follow the book. On the other hand the interpretation of class rules appears to be one of the key issues: surveyors from the same RO happen to apply rules differently even within the same country. This creates further difficulties to the compliance with an already complicated framework.

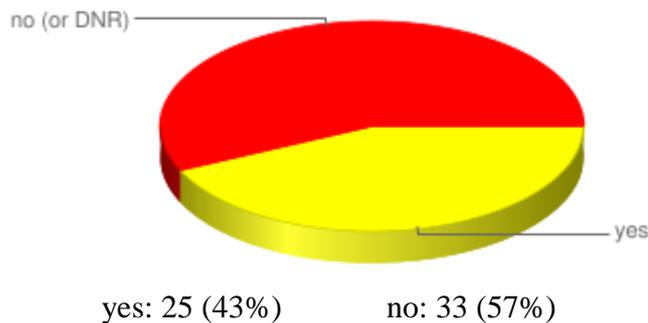
Total (SMEs + LEs):



2.2.2 Do ROs apply Class rules differently for your product/material/service according to the countries?

This question aimed at identifying the possible impact that the inconsistent application of class rules may have on the free movement of marine equipment within the EU and beyond. Different application of class rules according to the country concerned has been reported in 4 cases out of 10. SMEs appear to be affected more than LEs in this respect. Some Suppliers have indicated that certificates may be issued by the same RO in some countries and refused in others, or that different (and stricter) treatment may apply to equipment installed in Europe in comparison with equipment installed in third countries. Difference in the application of class rules according to the country may not only concern equipment, but also certificates (there is, in this case, some overlap with the issue of mutual recognition): certificates are issued for certain pieces of equipment on the basis of the acceptance of certificates for basic materials. Cases have been reported of certain ROs accepting these certificates in some countries but not in others. Quite interestingly, it has been pointed out that the different command of the English language by certain surveyors may lead to a different/stricter interpretation of class rules.

Total (SMEs + LEs):

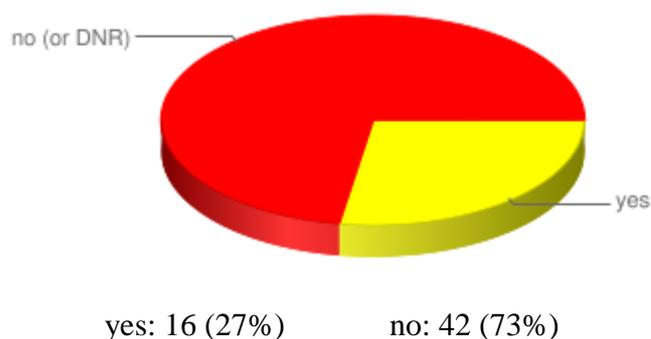


The comments from LEs point to a partially different set of issues in connection with the inconsistent application of class rules by country. The main problems arise with the different interpretation by surveyors, linked to different levels of training according to the geographic area and to the different level of expertise that they may have in specific areas.

2.2.3 Are you aware of any activity being done by ROs towards harmonisation of Class rules?

This question aims at identifying positive trends towards the harmonisation of class rules. Both amongst SMEs and LEs, there is awareness of activities towards the harmonisation of class rules only in a minority of cases, with LEs placed in a better position. SMEs have reported of one case of harmonisation of rules for one product, of little economic significance. Otherwise, SMEs pointed out to the difficulty in having access to information by ROs on the harmonisation of rules. LEs, to a different extent, indicate that activities are taking place within IACS. There seem to be awareness in the industry of the work carried out by this association with a view to defining common structural rules applying to specific types of vessels and unified interpretation of existing rules. In one case, rules were harmonised for the relevant product. From a general perspective, LEs appear to enjoy a higher level of cooperation with ROs than SMEs.

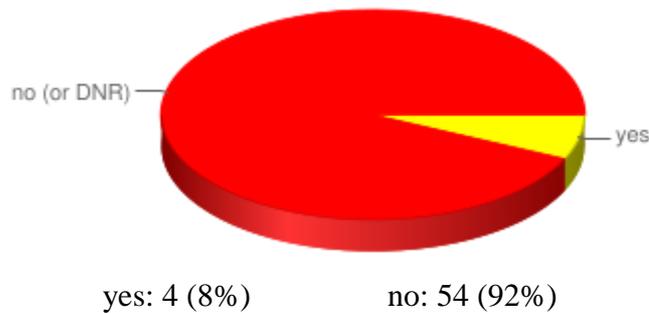
Total (SMEs + LEs):



2.2.4 Have you noticed any progress with the harmonisation of Class rules by a RO since Article 10 of Regulation EC 391/2009 became applicable in April 2009?

The vast majority of the companies that replied to the questionnaire indicated that no progress was seen since the entry into force of Article 10 (1). Indeed, most of the activities in the field of harmonisation were already taking place before the Regulation became applicable.

Total (SMEs + LEs):



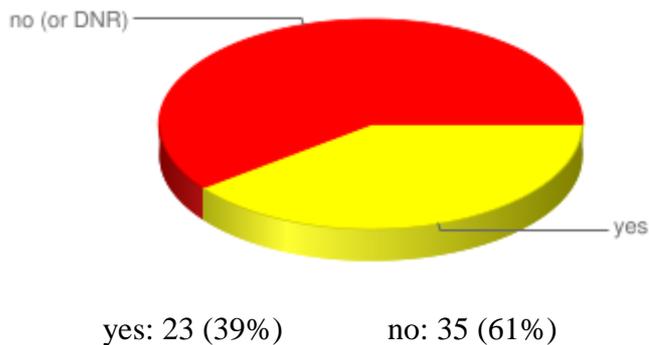
2.3 Mutual recognition of certificates:

With regard to mutual recognition of certificates, the study demonstrates that reliance of ROs on activities carried out by other ROs is far from being an unusual practice. Certificates issued by one RO are often accepted by another RO in the case of the change of class. The case of surveyors from one RO acting on behalf of another RO is also frequent. On the other hand, it is still rare that certificates issued by ROs for new products may be accepted by other ROs without regard to their intrinsic value and their reliability.

The participants were asked whether they were aware of any of the following matters regarding mutual recognition of Class certificates:

2.3.1 Certificates for products already installed on board being recognised by one or more ROs.

Total (SMEs + Les) :

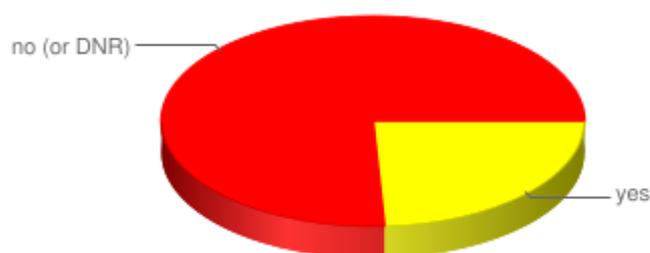


Whilst the majority of the companies that replied to the questionnaire indicated that ROs do not recognise the certificates of products already installed aboard a vessel, a relevant part of them indicated that such recognition is part of the industry practice. Recognition takes place

in specific cases, normally on the basis of a risk assessment and a procedure involving contacts with a local surveyor responsible for the manufacturer of the relevant product.

2.3.2 ROs relying on a surveyor from another RO for issuing a certificate.

Total (SMEs + Les):

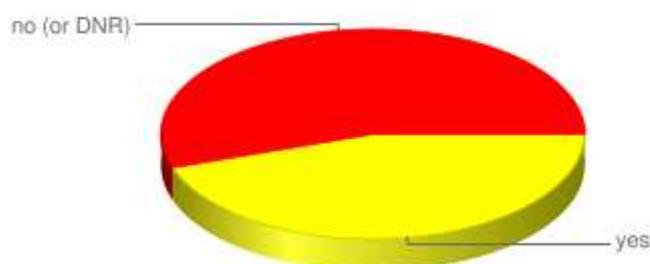


yes: 14 (24%) no: 44 (76%)

This question deals with a specific aspect of mutual recognition: i.e. the acceptance of the expertise being provided to a RO by a surveyor working for another RO. A large majority of the responding companies stated that the work of other RO's surveyors is generally not accepted. From the comments received it emerges that the industry would be interested in the possibility of having a single surveyor acting on behalf of several RO's, however, due to a general lack of trust between ROs, this practice seems hard to introduce. Reliance on other RO's surveyors takes place in single specific cases and in relation with specific industries. Cases were reported of one surveyor acting on behalf of another RO, when the latter could not deploy one of its experts on the field. After the survey the certificates were taken over without further checks or tests.

2.3.3 Existing certificates being accepted by another RO on the occasion of a transfer of property of a vessel or a change of class.

Total (SMEs + LEs):



yes: 26 (45%) no: 32 (55%)

This question examines another practice potentially involving mutual recognition of certificates: the classification of vessels after the transfer of their property or a change of class. It is the one that gathered the most positive answers. Indeed, mutual recognition in the event of a change of class appears to be an established practice. However, transfer

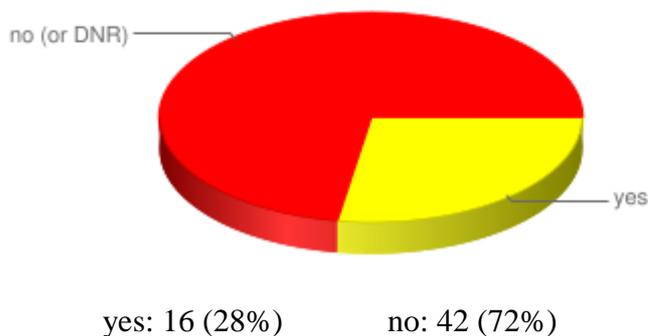
acceptance is decided by ROs on a case by case basis. It always implies that new certificates are issued to overwrite the old ones. Furthermore, suppliers provide assistance to the accepting ROs (submission of a dossier on the certified equipment). Thus, there is administrative work even in the case of mutual recognition. One company pointed out that a disclaimer is added to the effect that the accepting RO is not responsible for the content of the certificates it recognises.

2.3.4 Certificates of new products issued by one RO being recognised by one or more ROs.

The mutual recognition of certificates for new products is one of the most important issues for marine equipment suppliers. Certification is an essential requirement for products to be placed on the market. Multiple certification, as seen above, is by far the most frequent practice: most companies, irrespective of their sizes, apply for certificates from several ROs (often up to 5). This practice is seen as inefficient since it increases certification costs and slows access to the market. Yet, unlike in the case of the transfer of class, the acceptance of ROs certificates by other ROs doesn't seem to be a commonly accepted solution. Indeed, ROs tend to rely exclusively on their own assessment of technical documentation, inspections and tests. This applies even to cases where the company applying for the certificate has the results for the required tests certified by another RO. Suppliers may encounter additional obstacles when the RO in charge for the certification of the final product requires that the basic materials are certified by the same RO. When this occurs, multiple certification applies not only to the final products but also to the materials that are employed to manufacture them.

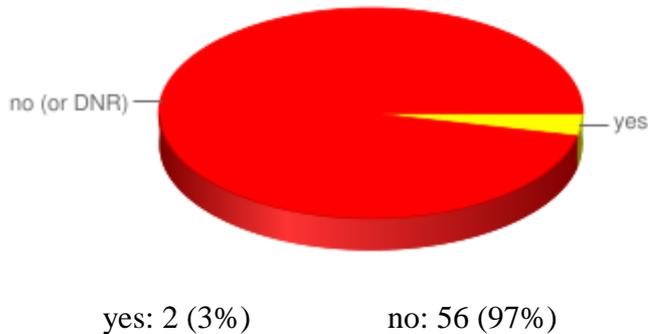
However, in a small number of cases, companies have declared that mutual recognition may take place, on the basis of the inspection of the existing certificates and records and of an assessment of the risks, carried out by interviewing the surveyor responsible for the manufacturer of the relevant product. When mutual recognition takes place, suppliers have to pay re-certification costs only. Mutual recognition appears to be excluded in the case of safety systems.

Total (SMEs + LEs):



2.3.5 Have you noticed any progress towards mutual recognition by a RO since Article 10 became applicable in April 2009?

Total (SMEs + LEs):



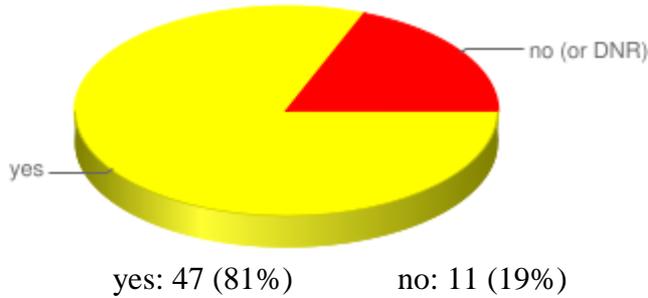
As in the case of harmonisation, Regulation 391/2009 doesn't seem to have an impact on mutual recognition of certificates yet. The few comments received by suppliers on this aspect do not point to any specific improvement consequent to the changes in the regulatory framework: on the one hand, the decision on acceptance of certificates stays with single surveyors rather than being the predictable effect of a legal provision. On the other hand, where admitted, mutual recognition is the result of an established business practice. Progress can be generally seen in the area of structural rules rather than in that of marine equipment.

2.4 Cooperation between equipment suppliers and RO

The last section of the questionnaire explored, on the one hand, the availability of suppliers to cooperate with RO with a view to harmonising class rules. On the other hand, it provided some information on the degree of involvement of suppliers in ROs' activities towards harmonisation. A vast majority of companies favour cooperation with ROs. LEs seem keener than SMEs: this is likely due to the fact that single LEs have a stronger influence on ROs, given their economic relevance. The rationale for cooperation is to be seen in the need to ensure the smoother introduction of technological innovation, the creation of a level playing field for the global business and the necessity to avoid inconsistencies in the regulatory framework and to improve the clarity thereof.

2.4.1 Would your company be prepared to cooperate with the ROs to help harmonising the existing Class rules?

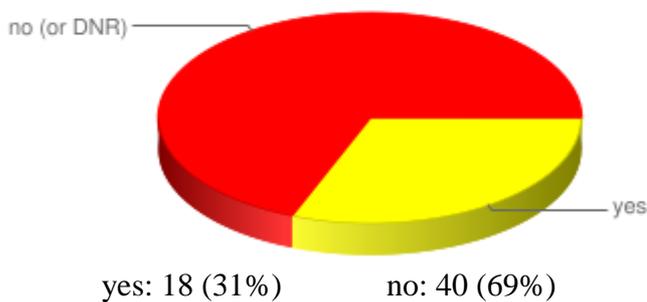
Total (SMEs + LEs):



2.4.2 Have ROs ever asked or considered your advice regarding new Class rules?

Whilst the majority of suppliers would favour stronger cooperation with ROs, the industry perceives the latter as non interested in receiving advice. This is particularly evident in the case of SMEs. LEs are in a slightly better position with regard to the cooperation with ROs. Two LEs stated that they are represented in a committee, organised by one RO, responsible for the regulation of their products. This committee advises on the launch of new rules. Another LE had the opportunity of discussing the requirements decided by the IMO with regards to their products with certain ROs. One answer pointed out to cooperation in the case of classification for a vessel with specific operations capability, in the absence of existing rules, whilst another reported on cooperation on products not yet regulated.

Total (SMEs + LEs):



2.5 Interim conclusions

From the replies to the questionnaires emerged the necessity of fostering cooperation between ROs and suppliers on the codification and harmonisation of class rules and the efficiency of the certification process.

Suppliers pointed out to the need of harmonising rules and their interpretation, while defining those rules in a way that is coherent with the evolution of the market.

Inconsistent interpretation and application of class rules has been identified as a problem which may be solved through harmonisation, although there could still be a risk of different interpretations of the rules by the various ROs surveyors.

Likewise, the certification process should be made more transparent and predictable in terms of costs and time for the delivery of certificates. Suppliers described the certification process as time consuming, requiring the investment of important resources. For these reasons, according to suppliers, the inefficiencies affecting this process currently have a negative impact on innovation.

3.1 Initiatives being taken in the field of harmonisation

The following actions have been reported by SMEs and LEs in the field of harmonisation:

- IACS, together with the industry, is carrying out work towards the definition of harmonised standards. This work takes place in the framework of the meetings of IACS technical panels;
- Individual companies are trying to harmonise the rules for their products. Industry led harmonisation is taking place only for specific products that are manufactured by a small number of companies. Other companies in some specific sectors have joint technical panels / working groups with the EU ROs;
- Some national associations of equipment suppliers are holding meetings with ROs at national level for specific products in an attempt to harmonise the rules;
- Several product specific or horizontal nature, initiatives are being taken, it came forward that, in a number of cases, the industry is involved in the ROs working groups in charge of the definition of class rules.

3.2 Description of practices involving mutual recognition

As for mutual recognition, the interviewed companies confirmed that the following practices currently take place:

- Reliance on other RO's surveyors, on the basis of a risk assessment and the advise of a local surveyor responsible for the manufacturer;
- Recognition of certificates from other ROs in case of non availability of surveyors in the country where the shipyard is located;
- Acceptance of existing certificates issued by another RO on the occasion of the transfer of property of the vessel or a change of class (without acceptance of the liability for the certificates);

- Letters of agreement between ROs for the annual survey and certificates as long as they belong to IACS;
- Third party organisations to witness and certify and behalf of an RO.

3.3 Best practices for the achievement of Article 10 of regulation EC 391/2009

Clarifying and consolidating the framework:

The paragraphs above show that considerable efforts are made by the marine equipment industry in order to improve the current state of classification practices. Likewise, it should be noticed that ROs have prepared a roadmap for the introduction of mutual recognition, involving, in specific cases, equipment suppliers in the definition of the standards. Yet, with regard to the implementation of Article 10 of Regulation EC 391/2009, it appears that a stable framework for cooperation in harmonisation of rules and mutual recognition of certificates is currently still lacking.

This situation determines undesirable consequences, such as the exclusion of SMEs from a process that the said Regulation intended to promote also to the benefit of those enterprises. The creation of such a framework appears not only desirable but also indispensable: the maritime industry as a whole needs to work together on this matter. Equipment suppliers, ROs, the ship owners and the ship yards should all be involved. The framework for cooperation of suppliers and ROs could be modelled, for instance, on the technical panels and working groups discussing the development of rules on engines.

Indeed, equipment suppliers can offer a valuable contribution to the work of ROs on harmonisation by providing the input of the industry knowledge and experience (particularly industry processes), sharing knowledge with few selected industry experts and attending workshops / meetings with selected industry experts.

The first steps of a structured work on the process for harmonisation and mutual recognition could consist in the gathering of information by suppliers on cases in which an intervention would be possible and useful, by selecting such cases a common understanding could be easily reached. The starting basis could be very simple and incorporate well-defined elements, e.g. valves, pipes, test witnessing, etc. and in the end aim at more complex systems (e.g. engines, turbines, ...).

It could also be advisable to focus on areas where the rules are already similar in terms of mutual recognition, for example: ship approval, material certificates, ... this is already happening at this point in some cases and it could be easily achieved within the next 4 years.

Reinforcing the European/international approach:

The current practices on harmonisation are taking place at national level and even at company level. A more European/International approach should be taken in order to make harmonisation and mutual recognition work.

The creation of a centralised approach:

The establishment of a working group, including all ROs, with the purpose of implementing Article 10 would allow both ROs and suppliers to rely on a stable and efficient structure in order to pursue the work on the harmonisation of class rules. This working group should not have any particular legal status, as long as its existence, functional principles and objectives are kept transparent and made accessible to the European Commission, in order to allow this institution to supervise the implementation of Article 10.

3.4 The ROs proposed approach and foreseen developments

Inputs from the Mutual Recognition Advisory Board are the basis of the information below.

The Mutual Recognition Advisory Board of the ROs that consists currently out of 12 ROs by the EC is currently defining clear goals which will facilitate recognition, this is being done by appointing working groups and technical committees.

The role of this Advisory Board includes reviewing drafts of all technical requirements and acting on recommendations of the technical committees. The board also issues technical requirements and guidance to facilitate the implementation of mutual recognition of class certificates for materials, equipment and components.

The technical committees are in charge of carrying out of the following tasks:

- Identification of materials, equipment and components subject to mutual recognition;
- Adoption of the “most demanding and rigorous standards as reference” as a set of specified technical requirements;
- Create procedures and conditions for recognition of class certificates issued by other ROs;
- Creating documentation requirements.

A timeline was created for the implementation of Mutual Recognition amongst European Recognised Organisations, which states the following:

Phase 1 – 2010 Pilot Phase:

- Equipment subject to trial application identified, equipment not requiring individual product certification;
- Generic process description established;
- Criteria for accepting selected equipment under trial application with mutual recognition of certificates including documentation requirements.

Phase 2 – 2011:

- Industry / external comment period on technical requirements for trial application;
- Implementation of Mutual Recognition process for Phase 1 equipment subject to mutual recognition;
- Each RO to develop the necessary tools and internal work processes and procedures.

Phase 3 – 2012 onwards:

- More equipment will become subject to mutual recognition;
- Identification of safety critical items for which mutual recognition will not apply.

The global industry will ultimately have the opportunity to comment on all technical requirements as well as procedural conditions. One should remember however that each RO is responsible for obtaining approval by its external Technical Committees before implementation.

The following should also be considered.

Mutual recognition will be applicable for:

- Equipment not requiring individual product certification;
- Some of the equipment currently requiring type approval;
- Some off-the-shelf types of equipment.

Mutual recognition will not be applicable for:

- Equipment specifically tailored for the ship;
- Equipment requiring knowledge about application during manufacturing;
- Safety critical equipment.

However should in any of the cases mutual recognition cannot be agreed upon for serious safety reasons, ROs shall clearly state the reasons therefore.

On the other hand in the context of information sharing / IPR the ROs responsible for classification of the ship will need to have continuous access to:

- Technical information about the equipment itself;
- Test results;
- Certification process;
- Certificates.

The equipment manufacturer will have to provide the classing RO with the above information as basis for mutual recognition.

In the future ROs will implement mutual recognition as part of their certification and classification services in a stepwise manner, over time adding items of equipment to the program. The ROs will in parallel address during implementation the main issues, which will require industry involvement to resolve.

4. Conclusions Questionnaire

The presence of the ROs in the maritime industry is considered to be of paramount importance to set standards for the construction of quality ships and to ensure that those standards are effectively maintained throughout the service life of those ships.

Today's world wide expansion and available facilities of the ROs constitutes a very useful and most effective tool for the safeguarding of safety and quality ships. Not only this but also anything related to the protection of the environment and safety at sea should be entrusted to those ROs whose activities and services are focused in all of these areas.

This great responsibility does not only lie with the ROs but the maritime industry as a whole. Therefore it is essential that common sense and trust are the foundation for a more joint cooperation of the entire European maritime industry.

5. International Workshop on Efficient Classification

Recognised Organisations and marine equipment manufacturers were joined in Brussels for the international workshop on efficient classification on the 21st of October 2010. Other actors of the maritime sector (shipyards, ship-owners, flag states, etc) were also present. In total over 110 people participated at the workshop.

Objectives of the workshop:

- Understanding Article 10 of the Class Regulation;
- Debating the Progresses made with the implementation of Article 10;
- Debating future steps to be taken to improve and speed up the implementation of Article 10;
- Fostering cooperation between Class Societies and the Marine Equipment Industry;
- Implications at International level

Program of the Workshop:

09.00 – 09.30 Registration

09.30 Welcome: Pim van Gulpen – EMEC Chairman

09.35 Keynote Speeches:

Frans Van Rompuy - Director General – DG Maritime Transport Belgian Presidency of the Council of the EU

Luis de Grandes Pascual – MEP, Rapporteur of the ‘Class Directive’ and ‘Regulation’ at the European Parliament

Fotis Karamitsos - Director of Directorate C - Maritime Transport, DG MOVE - European Commission

10.00 – 12.00 Morning Session - The context of Article 10 and the implementation process

10.00 – 10.20 Jesus Bonet Company - European Commission, Directorate General for Mobility & Transport

10.20 – 10.30 Karel Van Campenhout – Chairman Mutual Recognition Advisory Board of the EU Recognized Organisations

10.30 – 10.45 Pim van Gulpen - Chairman, European Marine Equipment Council

Introduction of the speakers by the moderator

10.45 – 11.00 Ship management perspectives: David Yuill - Engineering Director SeaTec UK Ltd.

11.00 – 11.15 Ship owning perspective: Giancarlo Coletta - Purchasing Director Grimaldi Group

11.15 – 11.30 Ship yard perspectives: Loïc Simon - Safety Manager FREMM DCNS

11.30 – 12.30 Panel Discussion

Moderator: *Alfons Guinier – Secretary General, ECSA*

Lunch kindly offered by the Sponsors: 12.30 – 14.00

Afternoon Session – How can the present Classification Process be improved? How can the industry help with the improvement? How can the cooperation with the industry be increased?

Brainstorm Sessions (participants will be divided into 2 groups)

Different perspectives will be given followed by discussions

*Introduction of the session by
the moderator*

*Introduction of the session by
the moderator*

Group 1:

Group 2:

14.00 – 14.15

14.00 – 14.15

Recognised Organisation:

Recognised Organisation:

Eirik Andreassen – Director International Affairs
Det Norske Veritas

Tim Kent – Technical Director,
Lloyd's Register

14.15 – 14.30 Discussions

14.15 – 14.30 Discussions

14.30 – 14.45

14.35 – 14.45

Marine Equipment Industry:

Shipping industry:

Rino Raijmakers – Quality Manager
HRP Thruster Systems

Robby De Backer - Director Newbuilding
Dept. - Jan De Nul

14.45 – 15.00 Discussions

14.45 – 15.00 Discussions

15.00 – 15.15

15.00 – 15.15

Marine Equipment Industry:

Marine Equipment Industry:

Tim Mallet - Product Engineering Manager
Cummins Marine

Martin Uhlig – Sales Director
Brandschutztechnik - Döpl

15.15 – 15.30 Discussions

15.15 – 15.30 Discussions

15.30 – 15.45

15.30 - 15.45

Marine Equipment Industry:

Marine Equipment Industry:

Wolfgang Sprogis
Caterpillar Motoren

Ole Borring Soerensen – Marine
Coatings sector of CEPE: Marine
Paints and effective classification

15.45 – 16.00 Discussions

15.45 – 16.00 Discussions

*Moderator: Gert Jan Huisink
Chairman of EMEC EC Working Group*

*Moderator: Oscar Rivella
Member of EMEC EC Working Group*

16.05 – 16.25 Conclusions of the Brainstorm Sessions by the moderators

16.25 – 16.30 Conclusions of the workshop: *Pim van Gulpen – EMEC Chairman*

All the keynote speeches and presentations of the workshop can be accessed on:
<http://www.emec.eu/class/>

6. The aftermath of the workshop

In the aftermath of this 2nd international conference on efficient classification, the marine equipment industry considers that the time is over for questioning the necessity and usefulness of harmonisation and mutual recognition.

Stakeholders are now called to acknowledge the changes in the regulatory framework, assume their role in the implementation process and comply with the obligations stemming from Article 10 of Regulation 391/2009.

All players should be aware that EU law defines a precise time frame for the implementation of Article 10: indefinite procrastination is not an option that Regulation 391/2009 considers. On the other hand, ROs should appreciate the fact that the said Regulation entrust them with the responsibility of e-shaping the regulatory framework, which is not only an important mission but also a great opportunity that should not be missed.

In the absence of results at the end of the four-year period set by the Regulation, it should be expected that the Commission step into the process and introduce harmonization and mutual recognition through strict regulatory measures. In this respect, while everyone tend to agree that a bottom-up approach is preferable to regulation, nobody should forget that with opportunities come responsibilities and that, with Article 10 in force, harmonization and mutual recognition are no longer theoretical concepts but a reality for the industry.

Against this background, it is not encouraging to see the same arguments being repeated over and over again, and new arguments being created with the purpose of preventing the implementation of legislation approved by the European Parliament and the EU Council. At the end of the day, the Regulation reflects practices that are well established within the industry and legal principles that have been in force for some years already. Harmonisation and mutual recognition are not news. The real innovation is that they have to be applied consistently and in efficient and predictable way, giving certainty to the players and improving the efficiency of classification as suggested at the workshop on the 21st of October with relation to the 'ripe low hanging fruits'. (see p.23)

Indeed, mutual recognition and harmonization are already at the core of the Marine Equipment Directive. This measure, whose scope includes important safety-sensitive equipment, pursues the objective of fostering maritime safety, while favouring free movement of marine equipment. Under the MED, marine equipment bearing the "wheelmark" has to be recognised by all EU notified bodies and be allowed to circulate within the EU, once its compliance with the applicable international standards is established.

The MED has produced valuable results for the industry, making certification more efficient. Nobody could possibly argue that creating a harmonised European framework for certain important type of equipment has determined any negative consequence on safety: indeed, safety is not a private affair of classification societies. Safety is a general interest of society and it is time to move on to an organic approach where a uniform and general high standard of safety is guaranteed by each RO to any supplier with benefits for everyone.

The MED is a very good benchmark to foresee and measure the potential advantages deriving from harmonisation and mutual recognition. It should be pointed out that, pursuant to Article 10 of the Regulation, marine equipment bearing the "wheelmark" shall be recognised by ROs for MED but also for classification purposes. Therefore, the industry can already see today some results of the new Regulation: indeed, for "wheelmark" equipment, mutual recognition of class certificates is already applicable without any further activity by ROs or stakeholder.

It has also been said, recently, that mutual recognition may create problems for the preservation of industry know-how. The marine equipment industry values knowledge as one of its most important assets and would never support a legislative act that undermines the integrity of its IPRs. On the contrary, suppliers expect that the situation in relation to information and know-how will improve with mutual recognition, since ROs shall not repeat testing on marine equipment that has already been certified. In any case, it is certain that know-how and IPRs will not be less protected than they are today. As a matter of fact, knowledge related to marine equipment is already copiously shared by manufacturers with ROs: the need of obtaining multiple certificates makes it necessary, for the industry, to reveal a significant amount of information to surveyors. This, in the view of suppliers, is a serious factor of risk for any investment on innovation the industry makes.

7. Dissemination and recommendations:

International approach:

There should be a continuous quest to seek common ground and strongly encourage the international shipping community to join in their effort to make more sense of classification, and in so doing making it more efficient. The principle should be promoted that mutual recognition is not only relevant from the legal standpoint, but it also has a positive impact on safety and competitiveness of both class and the industry. One must look at the entire life cycle of the ship and concentrate on making the industry better in terms of safety through the implementation of common standards by means of efficient and cost effective processes. There should be an imperative need to work closely with the IMO to set the highest possible standards to which the most professional ROs will abide by, therefore facilitating the whole process of mutual recognition. Audits should be carried out, and those ROs which do not adhere to the set standards should be eliminated, thus allowing only those compliant with the set standards to run the industry on a level playing field.

Cooperation:

There is the need for a proactive and constructive cooperation between the ROs and ship owners and equipment suppliers. The industry must prepare itself appropriately as everyone will need to make decisions in a fast and pragmatic manner.

The industry needs simplicity and clarity as well as a sensible safety assessment. This should be supported by measures to stimulate cooperation and discussion between ROs and all relevant stakeholders.

Assessment:

The European Commission should assess the works of the ROs based on facts generated through debates and reflection. Ultimately; the legal obligation will lie on class as they will choose how to conduct the exercise.

In order to achieve mutual recognition, ROs must be responsible for the following:

- Traceability;
- Liability – agreement among ROs;
- Access to information;
- Dealing with failures.

This is not a new item but conversely something which is being dealt with by the European Commission on a daily basis. There are quality criteria which ROs need to meet in order to remain part of the community.

One of the criteria which were added by European Parliament was that to protect information and know-how. In essence, technology equates to the protection of information. This however, could be dealt with easily and without much concern.

Ripe Low hanging fruits:

The work currently being done by the ROs on the 10 items of equipment that could be subject to mutual recognition is a good start, however on the whole it was the opinion of the maritime industry that the 'low hanging fruits' (= easy to harmonise and mutual recognise) need to be plucked today. There is no time to stand idle in the process for difficult cases but a paradigm shift is needed in the perception of the Classification Societies, to look at cases where mutual recognition can be easily achieved. There are no shortages of these 'low hanging fruits' of which some examples are stated below. These examples could be easily harmonised and mutually recognised within a reasonable timeframe and will be already a big step forward for the industry.

Examples of low Hanging Fruit:

- Material certification and testing and at a further extend even consider international standards;
- Test witnessing of equipment;
- Alternative certification procedures like for example putting more focus on process certification and auditing instead of single product certification to improve accountability for certification in the future;
- Type approval for series products, harmonisation of procedures for proven mass produced units, components, equipment and systems;
- Shop Approval, like harmonisation of procedures for approval, existing quality management processes and sub-supplier quality management processes for auditing could be considered.

The role of the industry in this process could be:

- Analyzing concerns for level of approval or certification to reach a common understanding;
- Sampling, sorting and selecting of products / items of real concerns;
- Evaluating the need for Alternative Certification Procedures to be developed by ROs.

Equivalent Standards:

The concept of Mutual Recognition should be based on equivalent standards. It has to be factual but not necessarily identical. An example of such could be some ROs measuring in centimetres whilst others are measuring in inches. One may say that some things may need to be adapted in parallel to harmonisation of the rules.

Clients Choice:

By having an efficient classification system in force, clients would be able to choose their desired RO on the basis of the efficiency of the service offered, rather than being forced into it by various parties.

Article 10 the beginning of...

Harmonisation could also contribute toward protecting the environment and reducing carbon footprints by having harmonised policies/regulations. Class regulation initiated by the EU will make the classification process more efficient. With this firmly in place marine safety will tremendously increase and be strictly bound by the article and regulation, thus making the industry far safer and easier to operate in for all.

The marine industry could learn from other industries, like the aviation industry. The maritime sector should use that industry as a model for the marine industry within the EU. More importantly, a strong collaboration could be called upon with the aim of obtaining or striving for “Joint Seaworthiness Requirements”. This could be done by developing common rules and practices between the European institutions, ROs, ship owners, yards and manufacturers.

Communication:

ROs should develop a communication strategy on the progress and work that is being done with regard to the implementation of Article 10, this could consist out of press releases, a website / online portal posting the work being that is being done and what will be done in the near future by the Mutual Recognition Board of the ROs. This portal should include a list of products already subjected to mutual recognition and the ROs that accept these specific products to be subject to mutual recognition.

The Industry / external comment period on technical requirements which will start from 2011 should be communicated towards all relevant stakeholders with an acceptable response time before submitting for trial application.

ROs should provide a way for the industry to give suggestions on existing rules that could be improved and suggest new equipment that could be considered for mutual recognition, this could be done through an online portal, joint industry working groups / meetings, etc.

8. Conclusions

Creating a system for mutual recognition is a road with many obstacles on its way. Long established practices, now deeply embedded in class rules and procedures, may have to be revised. Things like traceability, liability and access to information are difficult problems that will need to be tackled. However these concerns and ideas on these problems can be overcome through common sense, cooperation, trust and some hard work and good communication of all the involved stake holders.

By having good cooperation between all involved stake holders including ship owners and ship yards, and with the equipment industry from the very beginning and all along the process the low hanging fruits could be dealt with quite easily so that harmonised rules and mutual recognition can become a reality in the near future.