

CIRCULAR

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TO MEMBERS OF THE ASSOCIATION

Dear Member:

STEEL CARGO: VENTILATION PRACTICES

Your Managers have recently been alerted to the fact that there has been an increase in transit-related damage to steel cargoes resulting from condensation caused by improper ventilation. Members intending to carry steel should be aware of the potential for these costly claims and ensure that steps are taken to prevent such condensation.

Although masters and chief officers are usually aware of the need for proper cargo ventilation, their lack of awareness of specific requirements for the ventilation of steel is becoming increasingly common.

In many cases, it is presumed that steel cargoes should be ventilated as much as possible during periods of good weather without necessarily taking into consideration prevailing humidity conditions, dew points and temperatures. As a result, cargo sweat and/or ship's sweat will form, often leading to claims.

Condensation-related claims in respect of steel have traditionally been expensive and time-consuming to defend. This has been particularly true in the United States. However, over the last two years as a result of high steel demand in China and elsewhere, the incidence of claims may have fallen off somewhat. By contrast, the recent drop in demand could lead to an uplift in steel claims due to lower demand creating, by extension, a weak secondary salvage market.

Cargo ventilation

In general, cargoes loaded in a cold climate being transported to a warmer climate should **not** be ventilated. Conversely, cargoes loaded in a warm climate being transported to a colder climate **should** be ventilated.

The decision to ventilate a steel cargo should be based on the dew point of the outside air relative to the dew point of the air within the hold. Owners should ensure that their vessels are provided with a hygrometer (an instrument consisting of both a wet and dry bulb thermometer utilized to determine dew point/relative humidity) so proper measurements can be made. Also, portable wet/dry thermometers or a sling psychrometer may be placed in each cargo hold in order to determine the dew point.

If the dew point of the air inside the cargo hold is lower than the dew point of the outside air, ventilation should **not** be carried out and conversely, if the dew point of the air inside the cargo hold is higher than the dew point of the outside air, ventilation **should** be carried out.

When deciding to ventilate or not, careful consideration should be given to the surface temperature of the cargo, particularly when cargo is loaded in a cold climate and designated for discharge in a warmer climate. When this is the case, there will be little or no need for ventilation and steps should be taken to ensure that the warmer outside air is not introduced into the hold so as to create condensation developing on the steel cargo.

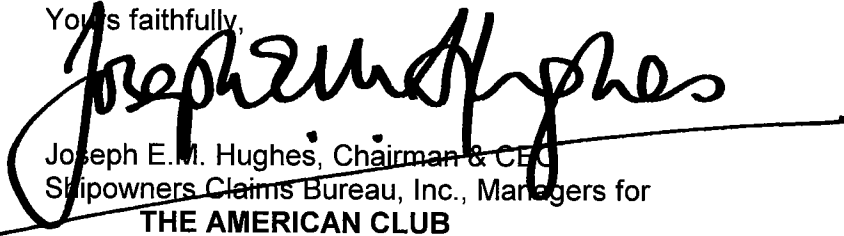


Maintaining proper records

It is essential that vessels carrying steel cargoes maintain clear and concise records of the temperature, dew point, humidity and prevailing weather conditions in the form of a ventilation log. A proper bilge-sounding log should also be maintained in order to document any increase in bilge levels due to the formation of condensation. Without the benefit of such records, defending Members' interests against claims of condensation-related rust damage may be difficult.

If any Member requires any further information on this specific subject, or generally, the Managers will, as always, be pleased to respond.

Yours faithfully,

A large, handwritten signature in black ink, which appears to read "Joseph E. M. Hughes". The signature is written over a horizontal line that extends across the width of the signature area.

Joseph E. M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB

The Managers would like to thank Technical Maritime Associates of Metairie, Louisiana for the information provided in this Circular.