

To: International Expert Conference on “The Safety of Navigation and Environmental Security in a Transboundary Context in the Black Sea Basin”

Odessa Hotel

6a Prymorska Street, UA 65026

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Report: The results of implementation MARPOL 73/78 project - “BSEC Marmara 1” environmental vessel (IMO № 8328692, PC № 832136).

(Presentation by Ekomorsphera Ltd., author Prof. Igor P. Reshetnikov/Turkey, Academician Anatoliy Sharapatyuk/Ukraine)

Dear Madams and Gentlemen,

It is known, that on a global scale the European Commission and the EU countries annually spend almost 1,5 billion Euro for projects in the field of sea and water resources management.

But today especially important that Ukraine also recognizes international law and the settlement on prevented damage which **is equivalent** to penalties for environmental contamination is represented and not only raises penalties from foreign shipowners, but also compensates works of shipping companies on oil pollution prevention at sea executed in favour of the countries-participants of MARPOL 73/78 convention i.e. guarantes the repay back of the investments in nature protection.

Therefore one from the first projects of our company in this area the unique nature protection vessel " BSEC MARMARA 1 " for prevention of pollution of the Black-Azov Sea Basin and Sea of Marmara, DWT 2440 T, patented in the Europe, Ukraine, Greece, Russia and Turkey and intended to clear the waters polluted by mineral oil from ships is.

Originally this international project has been presented on April, 14th 1995 in Athenes (Greece) at a meeting of Ministers for Foreign Affairs of countries BSEC where it has been actively supported by all delegations, and then on June, 06-08th 1999, at BSEC pier n Bosporus (Istynie), took place an official inauguration of the project.

The project also has been actively supported by parliamentary delegation of Turkey on XII General Parliamentary Assembly of BSEC countries in St.-Petersburg on December, 9-10th 1998.

The history of modernization of a vessel, the facts and prospects of its work in Turkey, since 18.12.96, are in details stated in the legalized joint report of the governmental Black Sea Shipping company, company BSEC Ekomorsphera Limited company and the Union of Municipalities of the Marmara Region (is applied).

The brief information on the project.

On the beginning of 1993 the Black Sea Shipping company (BLASCO) was one of the largest companies of the world.

Today in BLASCO structure is a unique vessel - " BSEC MARMARA 1 " which is under the international charter-parties with company Ekomorsphera Limited from 17.09.1996.

The history of "BSEC MARMARA 1", this state, but not completed project No 1637 goes back to the period of purchase by BLASCO from the Open Society " Gazprom " the bunkering vessel under project 610 (DWT 3500) with its subsequent re-equipment during 1990-1991.

The re-equipment of a vessel was including a double boards, a double bottom, a technological complex and so forth in Rijeka (shipyard "Victor Lenac"). However a vessel without a design ecological class and on a tow has been delivered 18.09.91 (a tow "Novator") to Odessa for the further its idle position at moorings of Illychevsk shipyard. Means for end of the project has not sufficed.

In connection with absence of the Ukrainian fleet which is handing over a dirty ballast on a vessel and insignificant volume of gas-free works on under repair ships, the vessel has lost a former class of the tanker and was idle without work of 7 years.

In such condition the vessel gradually turned to the ship scrap metal, wishing it to restore was not, since credits for an ecological vessel did not give out the Ukrainian banks.

Our company, regular BLASCO Captain and a crew of a vessel have suggested to restore a vessel and to direct it for work in Bosporus passage where there is a greater need for delivery of a dirty ballast and a pre-repair washing of ship tanks .

The time-charter-party on a vessel was completed, however credits and borrows from the international financial structures we could not receive and that is why charter-party with the leasing rights for our company was required. Therefore 28.05.1997 it has been made full technical survey of a vessel with representatives of the Russian Maritime Register of Shipping and the corresponding detailed Act about a technical condition of a vessel is issued.

The general technical and sanitary condition of a vessel has been recognized unsatisfactory, thus BLASCO has estimated a vessel in the sum 300.000 US dollars, the same price is specified as insurance in the contract from 01.09.1997. Thus the Charterers have agreed to accept individual share in restoration of working capacity of a vessel and its modernization at a rate of 100 % of actual expenses under condition of indemnification of these charges by the subsequent proportional decrease in the size of the rate of the freight.

Since 1996 we have made a number of works on restoration of a vessel and reception of a new class by it: the renovation of the hull and docking of a vessel in Odessa in January - March, 1997; in Turkey from April 1998 - full clearing up to white metal of the hull and superstructures outside and inside of all superstructures, painting of the hull by a special paint "JOTUN", major overhaul of all systems and pumps, major overhaul 2 diesel engine-generators on 160 KW; installation of new power station, purchase of the new technological and ecological equipment, the new washing equipment and hoses, the blender of fuel, installation 8 new and modernization 2 existing clearing filters for clearing ballast waters, increase in productivity of a technological complex in 5 times (up to 500 M/T per day) and many other things.

We constantly paid the salary to the Ukrainian crew (11 people), have made a new nature protection class of a vessel for the period 4 + 5 years with use of own patents and "know-how" and received with assistance of BSEC PERMIS extra borrows.

28.12.98 vessel has received a new nature protection class, unique in a class of the Russian Register, thus primary survey on a class has been made in full, as on a new vessel.

The vessel " BSEC MARMARA1 " has started to work in Sea of Marmara since March, 25th 1999 and actual result of its work are 3436132 kg of the commodity fuel received as a result of a filtration onboard 18858587 litres of polluted ballast waters. Acknowledgement to it are the official state documents which are available in corresponding Reports of working groups of the BSEC countries.

Onboard a vessel " BSEC MARMARA 1 " our visitors were heads of many international organizations, governors and mayors from many countries, ambassadors and diplomats, official delegation of the World bank, valuable European financial and insurance experts, sea inspectors of the European Union and journalists.

Especially it is necessary to note, that under initiative of BSEC PERMIS by the International financial corporation (IFC, Washington) are made an independent expert appraisal and the analysis of work of an ecological vessel "BSEC MARMARA 1" and has been prepared the report under the Ukrainian project in BSEC.

On May, 01st, 2003 " BSEC MARMARA 1 " project was point as issue of Turkish Parliament to the devoted acceptance of the new environmental law, where on the agenda also there were questions of performance by Turkey the requirements of the international convention on sea pollution prevention from ships (MARPOL 73/78) and movements to the Europe.

Practical realization of the above project has given huge ecological influence, especially in sea of Marmara both the international passages Bosphoruss and Dardanelles through which pass more than 50 000 various ships year. Multi-million budgetary funds of the countries-participants of convention MARPOL 73/78 have simultaneously been rescued.

For example, on November, 11th, 2007 during a storm in Azov and the Black seas from broken Russian tanker " Volganefit-139 " in the sea has poured out more 1,3 thousand tons of fuel oil.

The same time, according to the press-service of Cabinet on Ministries of Ukraine, the state commission concerning technogenic-ecological safety has estimated the losses suffered by Ukraine, in 1,428 billion dollars, and the harm put to ground resources of Crimea - in 88,334 million Grivnas (about 17,6 million dollars).
<http://lenta.ru/news/2008/03/19/billions>

Therefore for continuation of construction of new specialized ecological fleet, and also modernization of existing ships of protection of the nature, capable to participate in prevention of such ecological accidents on the sea, probably to use already existing mechanism "debt-for-nature swaps" and "assurance bonding system".

This costs-creating principle used in formation of diseconomy standard correctly enables consideration by procedure of prevented "ecologic costs" incurred by the state, which otherwise could have been allocated for sterilization of oil pollution in comparison with other existing Versions for the prevented ecological damages.

The sense of the following bank procedure consists that the World bank or the country-creditor forgive a duty in exchange for the obligation of the country-debtor to carry out capital investments in local currency in projects of preservation of the nature and wildlife management, for example, construction of own nature protection multi-purpose fleet (in partnership with different companies and investors).

Under this scheme Poland liquidated half of debts to the countries of the European Union, Bulgaria - 20 percent of a duty of Switzerland

Ukraine has external debts, in particular to World bank and consequently the reality of attraction of the international investments according to procedure " debt-for-nature swaps " on construction of new nature protection fleet for the Ukraine did not cause doubts for us, support of the governments of the OSCE, BSEC, EU and United Nations countries (participants of convention MARPOL 73/78) also.

Now in Europe and BSEC countries are available such 2 ecological vessels: "ARKA" (Holland, DWT 2400 T, constructed 1998, cost approx. USD 50 MLN) and "BSEC MARMARA 1" (Ukraine, DWT 2440 T, built 1983 in Bulgaria, re-equipped in 1990-1991, the hull renovation in 1997, a new class from 28.12.98), the appraised cost value USD 7,2 MLN.

Further Black Sea Economic Cooperation can be in 10-15 new class 1000/2500/3500/5000 T dead-weight multipurpose environmental facilities (MEF) which can work as high profitable MARPOL self-moving stations under auspices of BSEC in different international channels world wide. The value of each MEF can be USD 15,0...25,0 MLN euro.

In the nearest future in a multinational BSEC project can be involved, as shareholders, P&I Clubs, IMO, IFC, GEF including participation in running costs and pure profit. Also can be involved International Oil Pollution Compensation Fund (IOPCF) at IMO.

Other possible partners: countries, banks, ministries of transport, environment, navigation; agencies; ports and harbours; insurance companies; ship owners; associations; crude oil and oil products companies; other different bodies including classification societies and advertisement establishments.

Also because new environmental ships should work at the end of each EC transport corridors located in ports and harbours, the environmental influence of them will spread of all Europe.

In connection with the above-stated we ask convincingly to arrange via Experts of The Commission on the Protection of the Black Sea Against Pollution an international expertise of ecological impact of the "BSEC MARMARA 1" ship already executed for the blessing of the OSCE, BSEC and MARPOL 73/78 countries according to the possible "Calculation of Diseconomy Prevented by "BSEC MARMARA1", Multipurpose Environmental Complex".

We sure such expertise will give a chance to receive the financial injection into BSEC Project Fund with further opportunity for construction of new similar ships under MIGA (World Bank) guaranties to ship-building yards with use of a principles "debt-for-nature swaps" and governmental "assurance bonding system".

It is obvious that BSEC Project Fund has the opportunity to receive a valuable donation based on real results of this BSEC project which are already implemented in favour of OSCE, BSEC and EU countries.

Hope to receive OSCE and Ukraine constructive support on this stage with target to continue environmental job in favour of all MARPOL 73/78 states (more 180 countries).

In conclusion we wish to note that the project of Ukrainian nature protection vessel " BSEC MARMARA 1 " is protected by patents of Ukraine, Turkey, Russia, Austria, Belgium, Switzerland, Liechtenstein, Germany, Denmark, Spain, France, Finland, Great Britain, Greece, Ireland, Italy, Luxembourg, Monaco, Netherlands, Portugal and Sweden.

With the Highest Esteem,

Prof. Igor P. Reshetnikov/Turkey & Academician Anatoliy Sharapatyuk/Ukraine)

Attachment: foto "BSEC MARMARA 1".

Preliminary design of the chemical tanker DWT 1000 T IMO Type 2 with Germanischer Lloyd Class: 100 A5 ESP RSD BWM VEC Chemical Tanker Type 2/Oil Tanker Environmental Passport/Multipurpose Vessel.