

SeaBird Marine Services

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This document is revised periodically.

For latest updates, please contact: seabird@seabird-marine.com



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1.0 Preface

1.1 Suez Canal History

The idea of linking the Mediterranean and Red sea first occurred during the Pharaohic age.

The pharaohs dug the first canal linking both seas, the Mediterranean and the Red Sea, through the eastern branch of the Nile Delta. Later the canal was neglected until the Greeks, followed by the Romans, dug it several times but it again fell into neglect. The canal was dug once again at the time of the Arab conquest of Egypt. It continued to exist for many years but was later filled up.

During the French campaign of 1798, Napoleon Bonaparte thought of linking the two seas directly by means of a navigation canal, but engineers did not support the idea for believing that the Red Sea level was nine meters higher than that of the Mediterranean. On November 30, 1854 the French engineer Ferdinand de Lesseps managed to sign an agreement with the Egyptian government to dig the Suez Canal. On April 25, 1859, the digging of the Canal began and continued for ten years. More than 2.4 million Egyptian workers were engaged in the operations, of which more than 125,000 lost their lives. On November 17, 1869, the Suez Canal was opened for navigation.

The Suez Canal has a strategic location. It links two oceans and two seas: the Atlantic and Mediterranean via Gibraltar to Port Said, and the Indian Ocean and the Red Sea via Bab Al Mandab and the Gulf of Suez to the port of Suez. It is the world's longest Canal that has no locks, and can be widened and deepened at any time when necessary. In July 1956, Egypt nationalized the Suez Canal after it had been an international company for about 87 years.

The Suez Canal's strategic importance lies in the fact that it is essential for world trade. It transports 14% of the total world trade, 26% of oil exports, 41% of the total volume of goods and cargo that reach Arab Gulf ports. The Suez Canal shortens considerably the distance between East and West. For instance, 86% of the distance between the Saudi Port of Jeddah and the Black Sea port of Constanza is saved if compared to the route round the Cape of Good Hope. The distance between Tokyo (Japan) and Rotterdam (Netherlands) is shortened by 23%.

The Egyptian government has always been keen on improving and developing the performance of the Suez Canal in order to cope with the steady increase in maritime transport due to the huge capacity of tankers, giant cargo vessels and the everincreasing number of ships crossing the Canal.

2.0 SEABIRD Suez Canal Transit Services

2.1 Introduction

SEABIRD's Suez Canal Transit Service was established almost 30 years ago. Since then,

it has gained unrivalled experience in serving the needs of ship owners and operators with vessels passing through the Suez Canal.

In January 1998, the Egyptian government abolished its monopoly on ship agency services in Egypt and private companies were permitted to act as port agents at Egyptian ports, including the Suez Canal.

SEABIRD was the first shipping agency to respond to this decree and was granted its agency license in June 1998 and independently deposited the required bank guarantee of one million US dollars to the Suez Canal Authority (SCA). Since then, SEABIRD has been able to attend directly to vessels of any size transiting the Suez Canal.

The Suez Canal Transit (SCT) Services are coordinated from SEABIRD Egypt's Head Office

in Cairo and supported through its Wide Area Network (WAN) offices at Port Said, Suez & Cairo Airport.

Today, SEABIRD is the holder of the first market share place; attending to 2,372 vessels

in 2006 accounting for 14% of the market.

2.2 Operational Procedures

SEABIRD takes over the day-to-day operations and boarding arrangements, on behalf of

its principals, for vessels transiting the Canal from the initial ETA advice up to the vessel's exit and sailing from the Suez Canal.

In this capacity, SEABIRD takes it on its responsibility:

- To ensure that vessels' transits are booked with the Suez Canal Authority and all Operational arrangements are made in ample time prior to vessels' arrivals.
- To monitor closely the ETAs of our principals' vessels and maintain contact with Masters advising them of transit prospects as well as any other necessary Information such as arrival instructions and convoy times.
- To arrange for representatives of the Suez Canal offices to closely liaise with Masters of the vessels upon arrival for transit, and to render any perceptible Assistance to Masters.
- To ensure that any specific instructions requested by the Principal will be carried out, whenever possible.

- To advise principals on daily basis with vessels' positions in the Canal, i.e. arrival, entering, exiting times, together with figures for bunkers on board and any additional information that may be required.

- To follow up in case of any crew changes or air freighted consignments arriving at Cairo airport destined for the vessels. SEABIRD dedicated employees – based at Cairo

Airport - ensure prompt assistance to both crew personnel and air consignments.

- If a vessel requires supply of provisions, stores, fresh water, bunkers etc., SEABIRD

follows up such deliveries via its recognized local subcontractors.

2.3 Financial Procedure

The Financial Procedures placed by SEABIRD Egypt ensure smooth finances of the canal

transits. Banking arrangements and transfer of transit funds are handled as per the following procedure:

- Upon receipt of nomination from the principal or upon receipt of the ETAs of the vessel for either Port Said or Suez, SEABIRD sends the principal a breakdown of estimated transit funds required. The pro-forma funds are calculated using the prevailing SDR rate of the day, thus avoiding over-estimation.

- The amount should be remitted to SEABIRD Egypt's bank account two working days prior to the arrival of the vessel at Suez Canal.

- SEABIRD Egypt offices are electronically linked to the company's bank.

Immediately

after receipt of the funds, they are automatically utilized to make the necessary arrangements with the SCA, ensuring smooth transit.

- SEABIRD collects and carefully checks all vouchers and invoices, and prepares the disbursement accounts for each vessel prior to dispatch to the principal via courier.

- SEABIRD covers each disbursement account by a separate invoice in US dollars.

- Depending on the number of transits, SEABIRD dispatches a monthly statement of account listing all invoices and advances drawn for completed transits and arrive at the monthly net balance due either way. Settlements are arranged through the agreed banks.

2.4 Crew Change

Arrival and departure of crew members are looked after through SEABIRD logistics special

“Meet and Greet” service based at SEABIRD’s office at the Cairo International Airport.

2.4.1 Joiners:

The following information is required prior to arrival:

- Personal Details: Name, Rank, Nationality, Date of Birth, Passport number and Seaman’s book number.
- Full flight details including any connecting flight(s).
- Copy of passport prior to arrival to be faxed to SEABIRD EGYPT (Suez Canal Dept.) Fax No. +20-066 3223 218.

The following documents are required upon arrival:

- Valid seaman's book.
- An introductory letter from the owners stating vessel’s name, the port ship arrives and the Canal agent's name.
- Contract of employment.
- Officers should also carry their license of competency.

Entry Visa to Egypt:

Entry Visa may be granted upon arrival at Cairo Airport. However, for nationals of Some countries, the Egyptian Authorities require securing a visa before arrival in Cairo. These countries are:

- India
- Pakistan
- Bangladesh
- Somalia
- Sri Lanka
- Turkey

Nationals of the above mentioned countries are expected to send data and information, including a copy of their passport and visa, to the agent 72 hours prior to arrival at Cairo Airport.

2.4.2 Off Signers

The following documents are required for off-signers:

- Personal Details “Name, Rank, Nationality, Date of Birth, Passport number and Seaman’s book number”.
- Full flight details including any connecting flight(s).
- PTA reference NOS.
- Ticket collection place.

Note: Please contact seabird@seabird-marine.com prior to any crew change.

2.5 Spare Parts

Procedure to be followed for forwarding spare parts to Cairo airport for delivery to Vessels transiting the Suez Canal:

2.5.1 General Instructions

All shipments must be consigned to:

Master of M/V (insert vessel name)

In transit. Final destination is Port Said/Suez.

C/O SeaBird Marine Services.

Address : 201/5 Ashtoom El Gamil Blocks

Port Fouad , Port Said , Zip 42523 , Egypt

Tel: +2 012 4096457

Note: The abbreviation (SEABIRD Egypt) is NOT accepted as consignee name. All AWBs (either airfreight AWBs or courier AWBs) and commercial invoices must indicate clearly the wording ***"In transit. Final destination is Port Said/Suez."*** If this clause is missing for any reason, an urgent correction must be sent without any delay through the carrier.

Note: It is not sufficient for the commercial invoice only to bear the above wording. The AWB also must bear the same.

Shipments must be sent to SEABIRD EGYPT at least 3 working days prior to the vessel's arrival, taking into consideration Fridays (a local holiday in Egypt) and official holidays.

Note: Official working hours at the Airport are 9.00 am to 2.00 pm Cairo Local Time. Working beyond these hours requires special arrangement and involves extra charges for night shift clearance.

A pre-alert must be sent to SEABIRD EGYPT at Fax no +20 066 3223 218 as soon as the

spare is dispatched. This pre-alert must include:

- Flight details
- Copy of the AWB
- Copy of the commercial invoice

Note: Arrival notices from airlines/courier services may be delayed for many days and they sometimes are not received at all. It is not recommended to rely on them to provide notification.

2.5.2 The Commercial Invoice

- Please ensure that the original commercial invoice is enclosed in the docs pouch.
- Do not insert any items that are not listed in the invoice, so as to avoid any delays or Customs fines.

Note: In case of any discrepancy between the invoice included in the docs pouch and the invoice attached to the parcel, a Customs fine will be imposed by Customs authorities.

It is forbidden for any crew member to hand-carry any spare parts.

Suppliers must settle all freight amounts at the airport of origin (i.e. AWBs must arrive on freight prepaid basis).

2.5.3 General Recommendations

- (a) It is highly recommended that all shipments are forwarded to Cairo International Airport to ensure smooth clearance.
- (b) Cairo Airport has more clearing facilities than Alexandria Airport and there are extra charges in Alexandria airport.
- (c) It is recommended to consign the master AWB directly to GULF AGENCY COMPANY EGYPT directly (without the consolidator's agent).
- (d) Receiving documents through forwarding companies always takes more time than expected and may hinder clearing operations.
- (e) It is highly recommended not to use EMS courier service as difficulties are experienced in tracing/clearing such shipments.

2.6 Supply & Purchase

SEABIRD can act as the local coordinator for local supplies where we can source and Quote for best possible prices for provisions, stores, fresh water, consumables and Any materials needed on board.

2.7 Suez Canal Transit Department Contact details

Tel: 002 012 4096457

Fax: 002 066 3223 218

E-MAIL: seabird@seabird-marine.com

3.0 Convoy Guidelines

Three convoys transit the Canal daily, two southbound and one north bound.

3.1 Northbound Convoy "Port Suez"

Vessels complete the transit of the Canal in approximately 10 hours in the Northbound convoy.

Two hours before arrival at the Suez pilot station, vessels should contact the harbor office by VHF channel 14 in order to provide details of transit.

The pilot boat can be contacted via VHF channel 14.

Northbound convoy commences at 0600 HRS LT at KM 160 and consists of two groups of vessels:

3.1.1 Group A

Vessels entitled to the first group:

- 3rd & 4th generation containerships over 40,000 SGRT
- Lash Carriers over 35,000 SCGRT
- LPG-LNG (Loaded or N.G.F.)
- Loaded VLCC'S, Conventional or Chemical Tankers
- Heavy Bulk carriers and other vessels with draft over 38 FT or length over 950 FT B.P)

Arrival Limit:

0100 HRS on passing north of latitude 29 42.8 N.

Late Arrival facilities:

- 3% additional Canal tolls from 0100 Hrs Lt - 0300 Hrs Lt
- 5% additional Canal tolls from 0300 Hrs Lt - 0400 Hrs Lt
- In case vessels arrive after 0400 Hrs Lt, they may still join the northbound convoy on the same day at 0600 HRS against 10 percent additional Canal tolls, provided that circumstances are favorable and authorized by the SC authority.

3.1.2 Group B

Vessels entitled to the second group:

Cargo vessels and other vessels anchored in Suez Anchorages (Area C)

Arrival limit:

0300 HRS on passing north of latitude 29 48.33 N.

Late arrival facilities:

- 3% additional Canal tolls from 0300 Hrs Lt - 0400 Hrs Lt
- 5% additional Canal tolls from 0400 Hrs Lt - 0500 Hrs Lt
- In case vessels arrive after 0500 Hrs Lt, they may still join the northbound convoy on the same day at 0600 HRS against 10 percent additional Canal tolls, provided that circumstances are favorable and authorized by the SC authority.

3.2 South Bound Convoy "Port Said"

Vessels complete transit of the Canal in approximately 12 to 14 hours in the southbound convoy.

Fifteen miles before arrival at the fairway buoy, vessels should contact the harbour office via VHF channel 12 or 16 in order to provide full details of transit.

3.2.1 First SB Convoy (N1)

Commences: 0100 Hrs Lt.

Arrival limit:

1900 HRS South of latitude 31 28, 7 N

Late Arrival facilities:

- 3% additional Canal tolls from 1900 Hrs Lt - 2100 Hrs Lt
- 5% additional Canal tolls from 2100 Hrs Lt - 2200 Hrs Lt
- In case vessels arrives 2200 Hrs Lt, they may still join 1st SB convoy 0100 HRS against 10 percent additional Canal tolls, provided that circumstances are favorable and authorized by the SC authority.

3.2.2 Second SB Convoy (N2)

Commences: 0700 HRS up to 0900 HRS LT.

Arrival limit:

0300 South of latitude 31 28, 7 N

Late Arrival facilities:

- 3% additional Canal tolls from 0300 Hrs Lt - 0400 Hrs Lt
- 5% additional Canal tolls from 0400 Hrs Lt - 0500 Hrs Lt
- In case vessels arrive after 0500 Hrs Lt, they may still join 2nd SB convoy at 0700 HRS against 10 percent additional Canal tolls, provided that circumstances are favorable and authorized by the SC authority

Second SB Convoy (N2) Restrictions:

For Safety Measures, the following vessels are not allowed to join the second SB convoy (N2), which has to moor at Ballah loop:

- Loaded Vessels carrying Petroleum grade A and similar substances (Flash point below 23 °C or 73 °F)
- LPG, LNG or similar vessels that are not GAS free.
- Vessels carrying chemicals in bulk and not fitted with double-bottom.
- Vessels carrying radioactive substances of Group 1.
- Heavy lifters (SEMI-SUBMERSIBLE) carrying heavy lift units with tonnage exceeding lifting capacity of its cranes.
- Vessels carrying deck cargo protruding more than the maximum allowable.
- Vessels with beam over 154 FT.
- Vessels with draft over 42 FT.
- Vessels with Suez GRT above 90,000 TS.
- Navy Ships.

Special Cases

A.

Vessels with draft between 42-45 FT, beam less than 146 Ft and in compliance with the rest of above restrictions are allowed to join the 2nd SB convoy (N2) that has to moor at Ballah Loop against an additional charge equal to 5% of the Canal tolls.

Late Arrival facilities for vessels under above mentioned Special Case:

- 8% additional Canal tolls from 0300 Hrs Lt - 0400 Hrs Lt
- 10% additional Canal tolls from 0400 Hrs Lt - 0500 Hrs Lt
- In case vessels arrive after 0500 Hrs Lt, they may still join the 2nd SB convoy at 0700 HRS against 10 percent additional Canal tolls, provided that circumstances are favorable and authorized by the SC authority.

B.

Container ships with Suez Canal GRT between 90,000 MT and 95,000 MT and in compliance with the rest of above restrictions (including Special Case A) are allowed to join the 2nd SB convoy (N2) that has to moor at Ballah Loop against an additional charge equal to 5% of the Canal tolls.

Late Arrival facilities for vessels under above mentioned Special Case:

- 8% additional Canal tolls from 0300 Hrs Lt - 0400 Hrs Lt
- 10% additional Canal tolls from 0400 Hrs Lt - 0500 Hrs Lt
- In case vessels arrive after 0500 Hrs Lt, they may still join the 2nd SB convoy at 0700 HRS against 10 percent additional Canal tolls, provided that circumstances are favorable and authorized by the SC authority.

C.

Container ships with Suez Canal GRT between 95,000 MT and 100,000 MT and in compliance with the rest of above restrictions (including Special Case A) are allowed to join the 2nd SB convoy (N2) that has to moor at Ballah Loop against an additional charge equal to 8% of the Canal tolls.

Late Arrival facilities for vessels under above mentioned Special Case:

- 10% additional Canal tolls from 0300 Hrs Lt - 0400 Hrs Lt
- 12% additional Canal tolls from 0400 Hrs Lt - 0500 Hrs Lt
- In case vessels arrive after 0500 Hrs Lt, they may still join the 2nd SB convoy at 0700 HRS against 12 percent additional Canal tolls, provided that circumstances are favorable and authorized by the SC authority.

4.0 Rebates

It is an important part of SEABIRD service to look constantly for ways to reduce costs for

Principals.

Possible area's for cost reduction is rebates on canal tolls offered by the SCA.

SEABIRD

checks rebate eligibility and assists principals with preparation and submission to the SCA of applications, negotiations for maximum rebate and, on completion of the vessel's voyage, the collection and submission to the SCA of required documentation for refund of a confirmed rebate.

Applicable Rebates are:

- 4.1 Long Haul Rebate
- 4.2 SBT/DHT Rebate
- 4.3 Volume incentive for LNG Transits
- 4.4 Aqaba Wheat Rebate
- 4.5 Automatic rebate Information
- 4.6 Transit after lightering at Ain Sukhna
- 4.7 STS Operations
- 4.8 Passenger Vessels Rebate

4.1 Long Haul Rebate Information

For some years, the SCA has been granting rebates to owners/operators whenever they are able to prove that the voyage cost via Suez Canal is more expensive than proceeding via the Cape/alternative route.

In order to approach the SCA for a rebate, an application has to be sent to them, preferably prior to the vessel leaving its port of origin and definitely 48 hours prior to vessel reaching deviation point.

If/when the SCA grants a rebate for a vessel's transit, the Canal tolls have to be paid in full and the refund of the rebate is only made once the vessel's voyage has been completed and certificates from the port of origin and destination provided to the SCA, proving the vessel's voyage effected.

It is important that vessels should not deviate from the agreed rebate voyage offered (port of origin/destination); then the SCA may reserve the right to either alter their offer or, in some cases, cancel the rebate granted.

Whenever the Principal believes they are entitled for a rebate voyage case, SEABIRD can

arrange to submit an application on its behalf.

In order to do this SEABIRD requires the following information:

- Vessel's full particulars
- Vessel's Transit Draft
- Vessel's speed/consumption
- Unit price/cost of IFO/MDO
- Daily time charter hire
- Port of origin/destination
- Type/qty of cargo onboard
- Vessel's ETS from port of origin
- Vessel's ETA Suez / Port said

How does the SCA calculate the Long Haul Rebate Offer?

There is no simple formula which the SCA uses to calculate their rebate offer.

There is a rebate committee, which meets every day (apart from Fridays & public holidays) and discusses all rebate applications submitted since their last meeting.

All members of this committee agree on the rebate percentage that would be granted to each vessel/route and then the director of the Transit Department signs the rebate offer, and is sent by fax to whoever submitted the rebate application.

When studying applications, the rebate committee refers to:

• **SDR rate**

Special Drawing Right, which is received daily from the Central Bank of Egypt who obtains this rate from the Central Bank of America.

• **Bunker prices**

Information on bunker prices obtained from worldwide bunker markets as well as independent brokers.

• **Charter rate**

Information is received through Lloyds as well as independent brokers (Clarksons).

• **Weather forecast**

Information is received from the Egyptian international forecast authority and Independents Maritime Research.

• **World scale**

Information received from World Scale London.

• **Speed and consumption**

Information from Lloyds register

• **Freight rates**

Information through international sources as well as B.F.I.

• **Other rebate applications**

• **Suez Canal traffic**

Less traffic means higher rebates in order to attract principals.

SEABIRD Egypt's advantage is that it handles several rebate applications every day and

therefore is in a position to know when a principal underestimates or overestimates a variable.

Therefore, SEABIRD Egypt can adjust rebate applications in order to be as close as possible to the market rates and as favorable as possible to the client.

Documents required for the release of the Long Haul rebate funds

Please Note hereunder details of rebate documentation required by the SCA in order to refund a granted rebate.

On receipt of the following documents in original - signed and stamped - the SCA will refund the rebate to SEABIRD Egypt which will then be credited to the principal's account

for refund or utilization towards subsequent transit costs, whichever required.

- Signed and stamped declaration from the Port Authority office at the port of origin stating: vessel's name, date of arrival, quantity and nature of cargo on arrival, quantity and nature of cargo on departure, date of sailing, port sailing to.
- Signed and stamped declarations from the Port Authority office at the port of destination stating: vessel's name, date of arrival, port coming from, quantity and nature of cargo on arrival.

Note: by the terms "ports of origin and destination" is meant the last port of operations prior to the Suez Canal and the first port of operations after the Suez Canal.

- Signed and stamped declaration from the Port Authority office of any port called at en-route for the purpose of bunkering and/or other owners' matters.

Note: in case of stoppage in intermediate ports for repairs, the SCA allows such stoppages for routine or emergency repairs without affecting the rebate percentage on the condition that the maximum period for repairs does not exceed six days and the stop for repairs must be supported by a certificate from the Port Authority or dockyard.

Important: all declarations must be original and rubber stamped by the Port Authority office and duly signed. SEABIRD recommends that stamps /signatures are done in either red or blue ink to avoid SCA claiming same are photo-copies.

- Claim certificate from the principal prepared on company letterhead and duly signed/stamped (see wording below).

An example of a principal's claim certificate would be:

QUOTE

To: The Suez Canal Authority - Ismailia

Attention: Directorate of Transit

Subject: M/V (insert name of vessel and transit date)

In our capacity as owner/operator/charterer (delete as applicable) of the above vessel, we confirm that the vessel transited the Suez Canal on the above date and we received a rebate on canal tolls of (insert rebate percentage) from your good selves for her voyage from/to (insert origin/destination ports) and the vessel did not call at any port in between for cargo operations.

Please arrange to transfer the rebate refund to the account of Gulf Agency Company (Egypt) Ltd. who arranged to finance our vessel's Suez Canal Transit dues.

(Signature and stamp)

UNQUOTE

Important: the above certificate must be written on the company official letterhead. The above original documents should be forwarded to the SEABIRD Cairo office.

Note: Rebate documentation must be received by the SCA within six months of the vessel's transit. Otherwise, the rebate will be automatically cancelled with no exception.

4.2 SBT/DHT Rebate

4.2.1 SCA Circular No. 6/1993 Article 2

SBT reduction Article 2

Tankers in items 1, 2, 3 loaded or in ballast condition as well as these mentioned in item 5 loaded with bulk liquid or in ballast condition shall have following reduction:

- 4% reduction of the normal Suez Canal dues for segregated ballast Tankers.
- 2% reduction of the normal Suez Canal dues for double hull tankers.

Item 1: Tankers of Crude oil.

Item 2: Tankers of Petroleum Products.

Item 3: Other Bulk Liquids, LPG & LNG Carriers.

Item 5: Combined Carriers:

- If carrying crude oil only.
- If carrying Petroleum Products only.
- If carrying more than one kind of Cargo.
- If carrying Dry Bulk only.
- If carrying other bulk liquid.
- If in Ballast.

4.2.2 Explanatory Note for SCA Circular No. 6/1993 Article 2

- Hull design and percentage of reduction

1) Oil tankers without double bottom tanks complying with MARPOL 73/78, annex 1, regulation 13e shall qualify for 4 % reduction.

2) Oil tankers with double bottom tanks complying with MARPOL 73/78, annex 1, regulation 13e, shall qualify for 2 % reduction.

Note: Tankers with only double bottom tanks are not subject to any reduction, as double bottoms are exempted from tolls unless used to carry cargo.

3) Oil tankers without double bottom tanks complying with MARPOL 73/78, annex 1, regulation 13f (4) shall qualify for 4 % reduction.

4) Double hull oil tankers without double bottom tanks complying with MARPOL 73/78, annex 1, regulation 13f (3) shall qualify for 4 % reduction

5) Double hull oil tankers with double bottom tanks complying with MARPOL 73/78, annex 1, regulation 13f (3) shall qualify for 2 % reduction

4.2.3 Documents required

Applicants should submit the following documents before transiting the Canal:

Copy of international oil pollution prevention (IOPP) certificate of compliance and its supplement for the record of construction and equipment as amended.

Copy of capacity plan.

Copy of tank plan and piping system.

Note: Tankers applying for reduction shall qualify for either a 2% or a 4% discount according to hull design as mentioned above. The 2% or the 4% reductions will not be aggregated under any circumstances.

4.2.4 Suez Canal Measurement

The measurement of tankers constructed according to MARPOL 73/78 without double bottoms includes 100% of their segregated ballast tanks. The measurement of tankers fitted with double bottom tanks (as part of the double hull) includes only about 50% to 65% of the total segregated ballast tanks, due to the exemption of the double bottom from the measurement. The effect is that tolls related to carrying capacity for tankers having a double bottom are less than those for tankers with no double bottom.

This is the reason for applying a 4% reduction for SBT vessels without a double bottom, 2% for SBT vessels with a double bottom as part of a double hull and no reduction for SBT vessels with only a double bottom.

4.3 Volume incentive for LNG transits

4.3.1 SCA Circular No. 1/99 – Article Two

Firstly:

In addition to the reduction granted to LNG'S (35 pct), further Rebates to liquefied natural gas quantities transported through the Suez Canal shall be given as shown hereunder:

A. 5% on the Suez Canal transit dues for the round trip of the same carrier, if gas quantities transported through the Suez Canal by one individual client during one year starting from the date of contracting with SCA, exceed half a million tons and up to one million tons.

B. 10% on the Suez Canal transit dues for the round trip of the same carrier, if gas quantities transported by one individual client during one year starting from the date of contracting with SCA, exceed one million tons and up to two million tons.

C. 15% on the Suez Canal transit dues for the round trip of the same carrier, if gas quantities transported by one individual client during one year starting from the date of contracting with SCA, exceed two million tons.

Secondly:

Reductions stated in article two, item first (a, b, c) shall be settled upon the return trip once the bill of lading and the cargo manifest has been duly submitted.

Thirdly:

Any client who wishes to benefit from the said reductions, article two, item first (a, b, c) shall submit a request stating all necessary information, adequately in advance of transit. A special file on the client's carriers shall be initiated to follow up there trips and calculate their relevant gas quantities that have already been transported.

4.3.2 Documents required:

In order to initiate a volume incentive file, a principal should send to SEABIRD a fax on the company letterhead with the following text:

QUOTE

To: Suez Canal Authority

Attention: Admeasurements Department

Subject: Initiation of volume incentive file (VIF) for LNG transit

In accordance with circular no. 1/99 article two regarding rebates provided to liquefied

natural gas quantities transported through The Suez Canal, we hereby kindly request the initiation of a volume incentive file with immediate effect.

Signed and stamped

UNQUOTE

Principals should, in due course, also forward the original of this letter to SEABIRD to deposit it with the SCA.

As soon as a VIF file for your company is initiated, SEABIRD will provide the SCA with all

necessary information regarding LNG quantities being transported through the Suez Canal by the related vessel.

If the principal achieved the set incentive according the SCA circular within one physical year from the initiation date of the VIF the respective additional rebates will be granted to the LNG vessel.

4.4 Aqaba Wheat rebate

4.4.1 SCA Circular No. 5/1996

Granting rebate in transit dues to ships carrying wheat and heading to Aqaba Harbour.

Firstly:

SCA decided to Grant the ships coming from regions North Of The Suez Canal And carrying wheat (only) to be unloaded in the Jordanian harbour Aqaba a rebate Of 10% In Canal dues for both trips (loaded and ballast).

Secondly:

To have the advantage of this rebate, a certificate from Aqaba harbour proving complete discharge of the shipment in the harbour should be submitted.

Thirdly:

The ship should pay full transit dues at the day of transit till submitting the certificate mentioned in the secondly item.

4.4.2 Documents Required For The Release Of An Aqaba/Wheat Rebate:

Below are the details of the rebate documentation required by SCA in order to refund the rebate granted. Upon receipt of the following original documents signed and stamped, the SCA will refund the rebate to SEABIRD Egypt which will then be credited to

your account for refund or utilization towards subsequent transit costs, whichever required.

Signed and stamped declaration from Aqaba Port authority advising date of arrival, quantity and nature of cargo on arrival and proving complete discharge of the shipment in Aqaba harbour.

a) Certificate From Aqaba

QUOTE

We hereby confirm that (insert vessel name and call sign) arrived at Aqaba Harbour on (insert date) with cargo of (insert quantity in metric tons) bulk wheat only.

Above vessel discharged her entire cargo at Aqaba Harbour.

(Signature and Stamp)

UNQUOTE

Important:

Above declaration must be original and rubber stamped by port authority office and duly signed. We recommend stamps/signatures are done in either red or blue ink to avoid SCA claiming same are photocopies.

b) Claim certificate from yourselves prepared on company letterhead duly signed/stamped (see wording below).

- Example Of Principal's Claim Certificate

QUOTE

To: Suez Canal Authority Ismailia

Attention: Directorate of transit

Subject: MV (insert name of vessel and transit date)

In our capacity as owner/operator/charterer (delete as applicable) of the above vessel, we confirm that the vessel transited the Suez Canal on the above date and we received a rebate on Canal tolls of 10% from your good selves for her laden voyage with cargo of wheat in bulk only from (insert origin) to Aqaba and her ballast voyage from Aqaba to (insert destination port).

We also confirm that the vessel did not call at any port in between for cargo operations.

Please arrange to transfer the rebate refund to the account of Gulf Agency Company (Egypt) Ltd., who arranged to finance our vessel's Suez Canal transit.

(Signature and Stamp)

UNQUOTE

Note: By ports of origin and destination is meant last port of operations prior to Suez Canal and first port of operations after Suez Canal.

Important:

The above certificate must be written on original company letterhead.

The above original documents should be forwarded to SEABIRD Cairo office

Note: Rebate documentation must be received by the SCA within six months of the vessel's transit. Otherwise, the rebate will be automatically cancelled without exception.

4.5 Automatic Rebate Information

The Suez Canal Authority in order to attract VLCCs in ballast 200,000 DWT and above, which sail from ports of the Gulf of Mexico, the Caribbean zone and the north coast of South America with destination the Arabian Gulf offers:

A reduction of 20% from normal Canal tolls for VLCCs coming from the Gulf of Mexico (loop range).

A reduction of 20% from normal canal tolls for VLCCs coming from the Caribbean zone and the north coast of South America.

4.5.1 Documents required for the legalisation of an automatic rebate:

1) Certificate signed and stamped from the Port Authority of port of origin (meaning last

port of discharge prior to Suez Canal) stating the purpose of vessel's call, date of vessel's departure and status of vessel on departure (in ballast).

2) A written commitment to pay full transit dues in case of changing ports of origin/destination stamped and signed by owner/operator.

(Please find sample (a) below)

3) A written commitment of same signed and stamped by the master of the vessel and

sealed by the vessel's stamp.

(Please find sample (b) below)

4) Within a month from transit date, a certificate signed and stamped by the Port Authority of first port of destination in the Arabian Gulf stating date and status of arrival (ballast) and name of port coming from.

5) Within a month from transit date, a certificate signed and stamped by the Port authority of any port called at en route for the purpose of bunkering and/or other owners' matters (maximum period of stay 6 days).

Important:

(1) SCA's rules state that the above documents 'a' and 'b' must be on board the vessel upon arrival at Port Said.

(2) Since it is sometimes not possible for this to be arranged prior to vessels' sailings, the SCA accepts a fax copy of same prior to vessel's arrival and the originals to follow within one month from transit date.

Master should ensure that he will have ready on board the above document 'c' upon arrival at Port Said.

SEABIRD will advise master with a separate message with copy to the Principal good selves.

(3) Vessel should not deviate from the route US Gulf/Arabian Gulf and no delay is permitted.

Suez Canal Authority will calculate the duration of the rebate voyage basis vessel's speed in order to check whether vessel has been delayed.

(4) The only permitted deviation is port calls for owner's matters or repairs and their duration should not exceed 6 days in total.

(5) In case any of the above conditions is not followed, Suez Canal Authority will cancel the granted rebate with no exception.

In view of the above, Principals are kindly requested:

i) To ensure the prompt despatch of the rebate documentation to our office within the above time limits.

ii) To ensure that the vessel will not be intentionally delayed (e.g. drifting for orders).

iii) In case of compulsory delays (e.g. weather conditions, technical problems) or intended deviations for owner's matters/repairs it is essential to notify us immediately in order to check with the Suez Canal Authority and request their approval.

Sample (a): Suggested wording for Principal's Commitment:

(To be prepared on company letterhead)

QUOTE

To: Suez Canal Authority, Ismailia

Subject: (insert name of vessel)

ETA Port Said (insert ETA)

The above vessel is scheduled to arrive at Port Said on (insert ETA) for ballast Suez Canal transit.

The vessel is arriving from (insert name of last disport) and is bound for Arabian Gulf and has been confirmed as eligible for 20% reduction on Canal tolls as per SCA circular no. 2/2005.

We confirm that full Canal tolls will be paid in the event that vessel will change of ports of origin/ destination.

Signature/ stamp

UNQUOTE

Sample (b): Suggested wording for Master's Commitment:

QUOTE

Certificate

Messrs: Suez Canal Authority

I, the undersigned Master of (insert vessel name) certify that the vessel under my command has arrived at Port Said to transit the Suez Canal.

Coming from: (insert name of last disport)

Proceeding to: Arabian Gulf

The vessel did not and will not call at any ports for cargo operations and will not stop for repairs (if any) more than (six) days.

In compliance with Suez Canal Authority Circular No. 2/2005 my owner/charterer (delete as applicable and insert name of the company that will pay canal tolls) will pay full transit tolls in case of not fulfilling all conditions stated in the above mentioned circular and declarations concerning the tolls reduction on behalf of owner/charterer (delete as applicable).

(Master's signature)

(Vessel's stamp)

Port Said on (insert date of arrival at Port Said)

UNQUOTE

The above original documents should be forwarded to the SEABIRD Cairo office.

Note for vessels calling at Al Basra Oil terminal in Iraq

In case the first call of port in Arabian Gulf will be Mina Al Bakr it is imperative that the Master is instructed to prepare a declaration and have the same signed/stamped by the Iraqi Customs office prior to the vessel's sailing.

4.6 Transit after lightering at Ain Sukhna

4.6.1 SCA circular no. 5/2004

Suez Canal tolls for tankers that lighten part of their crude oil cargo at SUMED terminal at Sukhna.

1. Tolls of USD 0.63 will be levied on each metric ton of crude oil on board during Suez Canal transit.
2. Crude oil cargo carried by the tanker shall be deducted from the volume discharged at SUMED from the total cargo indicated in the cargo manifest and the bill of lading (in metric tons).
3. Minimum transit dues for the loaded northbound trip are USD 130,000

4.7 STS operations

4.7.1 SCA circular no. 3/99

Companies specialized in loading, unloading and re-loading operations (STS) can get involved to encourage the passage of super tankers that currently do not use the Suez Canal.

The company can lighten part of the super tanker's cargo (mother ship) into a smaller tanker "Suez max" (daughter) at the Gulf of Suez, whereby, the two ships transit the Suez Canal before the mother super tanker gets her cargo back at Port Said.

The two ships will be financially treated as follows:

1. Dues are calculated at the rate of USD 0.10/barrel and collected for the total volume of cargo carried by the two ships.
2. The two ships are duly exempted from the charge of escorting tugboats while transiting the canal.
3. Once the cargo has been reloaded back onto the super tanker, the smaller tanker is exempted from the transit dues of the return ballast trip, provided that the ship gets back directly as the job is completed and has not been involved in any commercial business or activity, except for similar operations performed in the opposite direction.

4.7.2 Addendum to SCA Circular 3/99 regarding STS operations

The company should include key personnel that have over 5 years of extensive experience in STS operations, which are conducted on anchor or underway. STS superintendents (mooring masters) should be master mariners with "all tonnage foreign-going" license that is IMO recognized.

STS Superintendents (mooring masters) who conduct the operation should have over 5 years of extensive experience in on anchor or underway STS operations with similar size and tonnage of such vessels.

Company has to comply with the following:

- Mooring equipment guideline (OCIMF)
- International safety guide for oil tankers and terminals (isgott/isc/ocimf/iaph)
- International regulations for preventing collisions at sea (IMO)
- Standard marine communication phrases (IMO)
- Recommendations for oil tanker manifolds & associated equipment (OCIMF)
- International convention on standards of training certification and watch-keeping (1995) and STCW code IMO guidelines for handling storage, inspection and testing of hoses in the field (OCIMF)

4.8 Passenger Vessels Rebate

4.8.1 Circular no. 1/2002

Rebates to be given to passenger ships, cruise ships and yachts of not less than 300 Suez Canal gross tons.

Passenger ships, cruise ships and yachts of not less than 300 Suez Canal gross tons shall be given the following rebates:

50% reduction on normal transit dues for each leg of the round trip for ships that call on either Egyptian or foreign Mediterranean or Red Sea ports provided that the ship's duration of stay at the Egyptian ports is less than 72 hours.

However, in case the duration of stay at Egyptian ports is less than 72 hours but within the minimum of 36 hours, the reduction shall be calculated in the following manner:

50% x the number of hours at Egyptian ports

72

Not less than half the ship's duration of stay at Egyptian ports should be spent at Red Sea ports.

For the rebate on the return trip to be granted, the return trip should be made within a maximum of one month from the date of transit. In all cases, the transit dues shall be collected in full upon transit from either north or

south entrance. The rebate amounts shall be refunded whenever the following documents are duly submitted:

An authenticated certificate from each Egyptian port of call showing date and time of arrival and departure of the subject ship and stating that the ship was solely involved in tourist activities and that no goods loading or unloading operations, as far as this ship is concerned, were handled at such port.

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All Communications to be made through our Head Office at Port Said
Seabird Marine Services (Port Office)
Address:
Memphis & Nahda Street
FreePor Building
1st Floor, Unit 22
Port Said
Egypt .
Contact Person:
Marketing & Commercial Manger - Mohamed Khalifa
Telephone: 0020 12 409 6457
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