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It’s all in a name!

If I hear one more person claim that every time they talk to ‘the man in the street’ about shipping the immediate reaction is ‘Oh, do you work for FedEx or is it DHL?’, I will scream.

No, I haven’t just got out of the wrong side of the bed but I feel it’s time I got something off my chest. Stop talking about the poor image of shipping. Shipping doesn’t have a poor image: it doesn’t have an image at all. It’s invisible to the ‘man on the Tokyo Omnibus’, as they say. Less talk and more action is needed if we are to resolve the problems affecting the industry!

It’s hardly surprising that people relate shipping to the workings of an integrator rather than a combination carrier or a cape size, because they know about integrators and know nothing about those strange things that float around the world delivering their household items and consumables day in, day out. But why should they know? After all, shipping is not a visual industry, unlike the DHL or UPS van constantly running up and down our streets. Unless you want to go for a cruise or island hop on a ferry when is the man in the street going to come in contact with anything maritime? Ports are off limits as are shipyards and as far as infiltrating the offices of the world’s ship owners are concerned, well, we all know how secretive they can be.

So what can be done?

Well it seems that we need to get back to basics. We need to embrace our maritime heritage and we need to instil that sense of pride in our youngsters.

When I was nearing leaving age at school, myself and my chums were subjected to the thoughts and advice of the careers teacher. A strange fellow I seem to recall whom we all reckoned was in the ubiquitous employ of the hotel and catering industry because that was all he recommended. ‘Have you thought about a job in hotel management?’ he would suggest. ‘No’, we would all chortle. ‘I want to be a nuclear physicist, that’s why I am studying maths, chemistry and biology,’ my pal complained, worried about how he could fit a preferred life of molecular study into the daily grind of hotel restaurant rotas and chambermaid management.

I was heartened to see Philip Embiricos, President Designate of BIMCO, take the stand at the recent CMA conference to talk about his venture into children’s book writing. Well, not really children, more older teenagers, but needlessly his explanation of the Panama Canal and the reasons behind its expansion struck such a chord with BIMCO that it decided to reprint the literary effort in other languages including Mandarin so the shipping word could be spread further afield. While it may only be a drop in the ocean, it is a start and well done to them for the lateral thought behind it.

The public needs to be sold the realities of today’s shipping industry and it needs to understand how important this transport mode is in moving 95% of the world’s trade. As far as selling its potential as a future career to a hungrier younger audience is concerned? Well it doesn’t take a singularly focused and obsessed careers teacher to tell you that if you join the shipping industry you can enjoy great vocational training, valuable teamwork and camaraderie and higher rates of pay. Oh and you really can still see the world.

Maybe it’s just a branding issue. Public confusion over the term shipping is one thing, but does the word ‘shipping’ really conjure up youthful dreams of a vibrant and rewarding career? Why not rename it Marine Logistics, after all it worked for the freight forwards. Nobody wants to be a lorry driver anymore, they all want to be logisticians. The thought of entering the heady world of Marine Logistics with its variety of trades and disciplines and rewards may just be the incentive today’s industry needs to finally put the DHL myth to bed. Worth a thought!

Sean Moloney

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EU flags tethered by lack of incentive

Cyprus has warned that the European maritime cluster will decline if EU member states fail to introduce financial incentives to attract domestic vessels to their national flags.

Speaking in Brussels, Makis Constantinides, Permanent Secretary of the Cyprus Ministry of Communications and Works, stressed that offering financial incentives to get European owners to return vessels to their national registries would not lead to falling safety standards.

Mr Constantinides said: “I am sorry to say, Europe doesn’t have the advantage of other non-EU fleets and, inevitably, this will result in the eventual decline of the EU maritime power.

“Safety is not negotiable and flag member states should not tolerate mediocre ships. Financial incentives, however, are important to ship owners and operators and need to be seriously addressed. A large number of ships important to the European interest are flying non-EU flags. We have to provide incentives to attract these vessels to our flags,” he added.

Mr Constantinides didn’t say what incentives individual flag states might offer, however, he stressed each state should consider the international nature of the shipping industry and the practices of flags at non-European maritime centres before acting.

“It is significant both for Cyprus and the EU to have competitive fleets at international level while applying appropriate standards of safety. We are convinced that it [financial incentives] will be to the benefit of the EU to maintain a strong voice in the international maritime fora and achieve a sustainable development of the European maritime cluster,” he concluded.

UK Transport Minister Dr Stephen Ladyman has issued a wake-up call to the shipping industry to initiate a cultural change on environmental issues or lose its status as the most environmentally friendly form of transport.

Dr Ladyman warned that shipping had become complacent and used its perceived environmentally-friendly performance as an excuse to “justify the status quo”, while other transport sectors had made emissions reductions which far outperformed any progress within the maritime fraternity.

Dr Ladyman explained that if the industry failed to adapt to the modern world by embedding environmental impact considerations into all strategic planning and development, it would be beset with even tougher environmental legislation in the future.

“It is better to plan a practical, workable, forward thinking strategy now than wait for the inevitable sudden imposition of more demanding environmental legislation in the future,” Dr Ladyman stressed.

“The world is changing and it is the responsibility of the maritime industry to change with it; otherwise shipping will start to be outmanoeuvred by other transport modes that are better prepared to face the challenges of the future,” he concluded.

Ladyman issues emissions wake-up call
Singapore boosts manager tax breaks

Singapore is extending its incentive scheme for ship managers and logistics companies from five to 10 years and exempting container leasing from goods and services tax in a bid to encourage growth.

The announcement was made by Singapore’s Second Minister for Finance, Tharman Shanmugaratnam, in his 2007 budget speech.

However, there was no mention on extending the tax benefit schemes to in-house ship managers, one of eight changes requested by the Singapore Shipping Association (SSA) in a “wish list” announced a month before the budget.

Under the terms of the Approved Shipping Logistics Enterprise Scheme, ship managers, agents and logistics companies were previously granted a 10% concessionary tax rate for a five-year period. This period has been increased to 10 years but full details will only be released by the Maritime & Port Authority of Singapore in May.

The Minister said the overall corporate tax rate would be reduced by two percentage points to 18% with effect from year of assessment 2008.

The only one of the eight points highlighted by the SSA that was addressed in the budget speech was the exemption of container leasing firms from paying GST leasing containers in Singapore.

In his speech, he repeated Singapore’s desire to become a “gas hub”, much as it is already an oil trading hub, with its first liquefied natural gas terminal due to be operational in 2012.

Owners sick due to cost of waste

Many vessels are failing to adhere to a reasonable standard of medical care and are operating with out-of-date medical supplies onboard because they are unable to keep pace with medical developments, SMI has learned.

The problem of outdated medical itineraries is leading to an over burden on crew and generating vast volumes of waste, explained William Mahaffy, Director of Maritime Programs at MAS.

He said: “Vessels are following lists that are out-of-date in certain circumstances. They don’t follow a reasonable standard of medical care and some of the items onboard are no longer available. No physician providing radio medical advice would order this medication.

“There are some cardiac medications and antiquated antibiotics that are no longer needed. There are multiple medications within the same categories you don’t need because you don’t need four different medications in the same category. It could be simplified significantly,” Mr Mahaffy added.

Ship owners are footing the bill for wasted man hours and replacing the estimated 80% of all onboard medical supplies which are thrown away without being fully used, he explained.

He also stressed that some ships were wasting thousands of dollars by carrying anti-malarial medication while operating in areas which were not at risk from the disease.

“Crews are tasked with controlling an inventory of which they have limited experience and it takes a huge amount of time for them to try and keep up-to-date. As a consequence a terrific amount of waste is occurring.

“We have spoken to safety managers, captains and chief mates and they were also frustrated with the situation. And when you dig down a little deeper: if they are doing four or six inventories per year, and are replenishing as many as 15 items every time, there is a huge amount of shipping cost just to stay current,” he said.

“There are some cardiac medications and antiquated antibiotics that are no longer needed. There are multiple medications within the same categories you don’t need because you don’t need four different medications in the same category. It could be simplified significantly”
Skillful management
InterManager backs Barber’s call for cooperation

InterManager has backed a call by Barber Ship Management for the third party management sector to cooperate to boost training and recruitment of seafarers and says it will be looking to reinstate its manning and training subcommittee to forge such collaboration.

Ole Stene, InterManager President, said he agreed with Geir Sekkesæter’s claims (see p38) that third party managers should work collectively with owners to develop a deep, educated and qualified pool of seafarers and stressed that an association like InterManager was in an ideal position to coordinate such an initiative.

Age-profile appears to be no guarantee against marine accidents following reports that the number of younger vessels involved in serious casualties last year rose at a higher level than any other vessel age group when compared to the previous year.

According to data supplied by Lloyds MIU, 119 vessels of up to four years old were involved in serious casualties last year, some 95% higher than the 61 vessels involved in similar instances in 2005. While 603 vessels of 25 years or older were involved in serious accidents last year, the figure for this age group represented only a 42% increase over the 424 casualties recorded in 2005.

Table 1. Serious Casualties by Vessel Age

<table>
<thead>
<tr>
<th>Vessel Age Range (years)</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5-9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-24</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25+</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>unknown</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Lloyds MIU (www.lloydsmiu.com)
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- Ship Brokers
- Marine & Transport Consultants
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- Advice on loss prevention

**Confidence**
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Analysis of the statistics shows there were 1,209 serious casualties last year compared to 879 in 2005. Equally as interesting is the comparison between the number of constructive total losses recorded last year against previous years. CTLs among the 0–4 year age range rose to six last year, up one on 2005 while there were 147 CTLs of vessels of 25 years or older against 119 previously. All the other age ranges stayed the same or showed a drop when compared on a year-on-year basis.

Despite the increasing world fleet, there were a total of 191 CTLs last year against 196 in 2005. When analysed by owner country of residence, the US topped the list at 13 CTLs last year, an increase of eight from the previous year while owners resident in the Philippines accounted for eight of the CTLs in 2006.

The US also topped the list for the largest number of total losses by flag last year with 26 recorded. Second was Panama with 17 and the Philippines was third. Fiji made a surprise entry to the list and although only two of its vessels were recorded as CTLs last year, with a total flagged fleet of only 31 ships, this represented a worrying 6.45% ratio of its flagged fleet.

Table 2. Total Losses by Owner Country of Residence and by Year

<table>
<thead>
<tr>
<th>Owner</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States of America</td>
<td>13</td>
</tr>
<tr>
<td>Philippines</td>
<td>8</td>
</tr>
<tr>
<td>People’s Republic of China</td>
<td>6</td>
</tr>
<tr>
<td>Canada</td>
<td>6</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>5</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>5</td>
</tr>
<tr>
<td>Turkey</td>
<td>5</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>5</td>
</tr>
<tr>
<td>Greece</td>
<td>4</td>
</tr>
<tr>
<td>Japan</td>
<td>4</td>
</tr>
<tr>
<td>Sweden</td>
<td>4</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3</td>
</tr>
<tr>
<td>Germany</td>
<td>3</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>2</td>
</tr>
<tr>
<td>India</td>
<td>2</td>
</tr>
<tr>
<td>Arab Republic of Egypt</td>
<td>2</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>107</td>
</tr>
<tr>
<td>Total</td>
<td>191</td>
</tr>
</tbody>
</table>

Table 3. Top 20 Total Losses by Flag and Year

<table>
<thead>
<tr>
<th>Flag</th>
<th>2006</th>
<th>TFF*</th>
<th>% FF*</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>26</td>
<td>8564</td>
<td>0.30%</td>
</tr>
<tr>
<td>Panama</td>
<td>17</td>
<td>7424</td>
<td>0.23%</td>
</tr>
<tr>
<td>Philippines</td>
<td>10</td>
<td>871</td>
<td>1.15%</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>9</td>
<td>4537</td>
<td>0.20%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>9</td>
<td>350</td>
<td>0.38%</td>
</tr>
<tr>
<td>PR of China</td>
<td>9</td>
<td>3410</td>
<td>0.26%</td>
</tr>
<tr>
<td>Canada</td>
<td>8</td>
<td>1162</td>
<td>0.69%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>5</td>
<td>2202</td>
<td>0.23%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>5</td>
<td>1701</td>
<td>0.29%</td>
</tr>
<tr>
<td>St. Vincent &amp; Grenadines</td>
<td>5</td>
<td>1523</td>
<td>0.33%</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>5</td>
<td>1717</td>
<td>0.29%</td>
</tr>
<tr>
<td>Sweden</td>
<td>4</td>
<td>568</td>
<td>0.70%</td>
</tr>
<tr>
<td>Cambodia</td>
<td>3</td>
<td>870</td>
<td>0.34%</td>
</tr>
<tr>
<td>Belize</td>
<td>3</td>
<td>1288</td>
<td>0.23%</td>
</tr>
<tr>
<td>Germany</td>
<td>3</td>
<td>1261</td>
<td>0.24%</td>
</tr>
<tr>
<td>India</td>
<td>3</td>
<td>952</td>
<td>0.32%</td>
</tr>
<tr>
<td>DPR of Korea</td>
<td>2</td>
<td>406</td>
<td>0.49%</td>
</tr>
<tr>
<td>Fiji</td>
<td>2</td>
<td>31</td>
<td>6.45%</td>
</tr>
<tr>
<td>Greece</td>
<td>2</td>
<td>1405</td>
<td>0.14%</td>
</tr>
<tr>
<td>Other</td>
<td>61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>191</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Total Flagged Fleet. **% Flagged Fleet.

While 603 vessels of 25 years or older were involved in serious accidents last year, the figure for this age group represented only a 42% increase over the 424 casualties recorded in 2005.

source: LloydsMIU (www.lloydsmiu.com)
Marine casualties approaching tipping point

The much-touted mantra that crew shortages would translate into inexperienced seafarers and increased marine casualties is starting to become a reality, according to Norwegian classification giant DNV.

Marine incidents may have been on the downturn since the late 1980s, but a new study has revealed that the industry may be approaching a tipping point due to the reduced experience and extra burden placed upon the modern seafarer.

Dr Espen Cramer, head of DNV Maritime Solutions, said: “In sum, the general level of experience on board vessels has been reduced. There are more new recruits, less retention and faster promotion. In addition to these trends, the workload on board with respect to paperwork and inspections has increased while the crew size is stable. The loss of experience is also a stress factor for those onboard who continuously have to train new crew members.”

Serious accidents have become more commonplace across many sectors over the past five years. Even the highly regulated and safety conscious tanker market has been affected.

Collisions, strandings and contact damage have been identified as high areas of concern by DNV. However, increased attention to training for both sea and shore-based staff could help reverse the trend, Dr Cramer explained.

He said: “The crew has to be more involved in safety programmes and the management has to demonstrate more commitment to safety. In that respect, shipping still has more to learn from other industries, such as offshore and aviation, where there has been an intense focus on human and organisational factors for more than 25 years.”
SIR. Your Editorial in the Jan/Feb issue struck a familiar chord with me – one that the Connecticut Maritime Association (CMA) has featured several times in its annual conferences. I refer to shipping’s non-dialogue with regulatory regimes. In your article it is Brussels and not Washington that has been ignored. Until about five years ago I found the statement by your high ranking European Commission official: “in the 20 years or so that I have been here, I have yet to see a ship manager in the office” to be similar to what I heard in Washington.

Two thoughts crossed my mind when I read your piece. The first is the fact that ship owners themselves are no longer the primary employers of seafarers. It is the ship managers and crewing agencies that deal with crew issues and port-related problems. In the US the owners’ agents are the people who deal with the government agencies. I gather the same is mostly true in Europe except maybe they have BIMCO and the Round Table to help them.

My second thought was inspired by a further statement by the Commission official above to the effect that the only reason why ship owners and managers were opposed to the input of the Commission is because they did not want change. I don’t agree. It seems to me that owners and managers are not so much against change as they are against continuous change to poorly thought out or phrased rules, regulations and forms that must be changed or restated again and again AFTER the first notice – kind of analogous to Microsoft software patches and updates. Ship owners, operators and managers do have to become more proactive, and the regulators have to LISTEN and maybe even ask questions. Also, I have heard too many tales of woe from US federal agencies that resist changes to regulations or forms that will save time and lots of money each year because they do not have the budget to make a one-time change that may cost one-tenth the first year savings. In their defense changing rules or forms is a bureaucratic nightmare and thus costs a lot of money. STILL….

I do agree with your comment that legislation of things maritime tends to be driven by public pressures leading to laws that are reactions rather than from owners or managers’ proactive moves. The case of Dubai Ports World still resonates here. Doesn’t this suggest that our industry could save itself a lot of anguish by being more visible in the halls of the rule makers? I do not think lobbying the lawmakers will do much except to make you poorer and the legislators richer. However, visits to those that recommend rules might not be a bad use of time. To that end, maybe some of your readers who deal with ship operations would like to sit in on portions of the National Association of Maritime Organizations (NAMO) (www.namo.org) meeting next September in New York. Meet some of the people who formulate and recommend those e/NOA-NOD regs, the APIS rules, the ballast water rules, the TWIC and security rules, etc. They are real people and they do listen – most of the time, and even make changes – sometimes.

Donald B. Frost
President, D.B. Frost & Associates,
Marine Transportation Planners, Consultants and Maritime Arbitrations, Fairfield, CT. USA
JOHN C. LYRAS
Chairman, Paralos Maritime Corporation and European Community Shipowners’ Association (ECSA) Board Member

“What tends to happen when you have a small firm is that the big boys come along and either buy you out or squeeze you out of business. Quite frankly I don’t see how that is in line with competition policy, but it is happening.”

“The people in my office see me more often that my wife does. But to me it’s all part of the culture of Greek shipping which is something I really value. To be philosophical, life is whole. I don’t distinguish work from non-work. Shipping is a family business; we know the people who work onboard our ships and in our office. In a sense, we live with them. My country is blessed with a very large shipping community with a very long tradition at sea. We have a wealth of experience which has evolved due to our dealings with other countries around the globe. We deal in every port worldwide and while our ships are predominantly built in the Far East now, we previously built ships around the world. This has given us the experience and expertise in our country that is also useful for an association like ECSA, particularly because our shipping industry is very hands-on.

“I think this makes us unique in Europe because the Norwegians – who I guess are the closest to us in a practical hands-on sense – have distanced themselves from this tradition because they have become corporate entities driven in part by the stock markets. We don’t have that in Greece. Our industry is generally populated with private and family concerns and so on.

“I like the idea of small and medium sized enterprises; it is very close to my heart because in Greece that is what we are. We may have large asset values and large turnovers but we are, effectively, businesses with a small number of employees. Our culture is totally different from the corporation culture.

“We find that the ‘mega corporations’ are getting all of the attention and they have a lot more influence than my firm can have, either as an individual entity or collectively through an international organisation. So, I fear that in Europe there is not enough being done to pre-
serve the entrepreneurial spirit and to support anybody with the ability to get ahead if they have the drive and the ideas.

“What tends to happen when you have a small firm is that the big boys come along and either buy you out or squeeze you out of business. Quite frankly I don’t see how that is in line with competition policy, but it is happening.

“I think the European Commission should look at the fact that much of the GDP in Europe is produced by small firms. Then it should look at ways the big corporations are leaning on or obstructing the progress of small firms. One area of obstruction is bureaucracy which is happening more and more in our business. If you have to employ security officers and quality control officers, all of whom have to fill in thousands of forms every day, this is a far greater burden on a firm with 20 employees than it is for a large organisation like BP.

“Another area is the markets. What is happening in practice is that the big firms are creating an oligopoly. They don’t actually fix prices but they go and play golf together and say: ‘right, who is going to put the price up’. This is how they get round the competition regulations. In effect, the cost of transportation has gone up by 7% overall in the past 20 years, compared to the 20% per annum increase in the value of trade. Now, if you look at the total price of gasoline, the price of transportation accounts for one cent and the rest is taxes and so on. But, when has the price of gasoline come down? It has never come down.

“In our business the freight rates go up and down all the time because it is a freely competitive market and it remains that way because there are many different companies involved. All economic text books say that to have a freely competitive market you have to have a lot of players. There has to be low barriers of entry and therefore low barriers of exit as well. You have to have many players in order to ensure free and fair competition, or so the theory goes. However, in effect you are damaging healthy competition. For me there is a big inconsistency in competition policy, or so the theory goes. However, in effect you are damaging healthy competition.

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“What is pleasing to see is that the Greek shipping industry has still been able to attract talented individuals at corporate level. We have done this despite all of the image knocks the industry takes and the fact that the average man on the street isn’t well informed about the industry; only hearing about shipping when there is an accident and remaining blissfully unaware that his entire standard of living depends on the shipping industry.

“We have the same problems as other countries in attracting people to be seafarers, but at the moment there is little problem in attracting people to be entrepreneurs in the Greek shipping business. This is a relief because it could have become a problem as a result of the issue of criminalisation and the witch-hunt that shipping has to endure whenever there is an accident.

“A lot of people are talking about high-profile accidents at the moment. But what they didn’t mention is that apart from the Erika, which may or may not have been a bit of a shady operation, the Herald of Free Enterprise was owned by P&O and the MSC Napoli by the third largest liner company in the world. Accidents are going to happen, planes fall out of the sky. It’s considered that it shouldn’t happen, which is illogical.

“For me the concept of zero casualties and zero emissions is nothing more than a bit of marketing bullshit. We should strive to prevent accidents and to reduce them, but, quite frankly, what the community should be told and what governments should be doing is planning to deal with an accident. For me the only country in Europe that is doing that at the moment is the UK. It has a mechanism in place, it has equipment in place and it has the experience and the know-how. We have seen this with both the Sea Empress and the Braer and now we are seeing it with the MSC Napoli. Whereas the French and the Spanish say: ‘Oh, we have had an accident’, then put the ship owner in jail and the Master and everybody else in jail with them.”

KONG-GYUN OH
Newly appointed Chairman and Chief Executive Officer of the Korean Register

“As the old saying goes ‘Well begun, half done’, I think it is very important to have a strong reliable network of people around you, especially when you are new to the job.”

Kong-Gyun Oh caused industry interest at the end of February when he stepped down as Director-General of Incheon Regional Maritime Affairs and Fisheries Office to take over as the Korean Register’s (KR) Chairman and Chief Executive Officer. He started his career with the Korean Ministry in 1979 and has served in various senior governmental positions over the past 28 years. He graduated from Korea’s Maritime University in 1975 with a Bachelor’s degree in machinery and obtained a Master’s degree in law at the same university in 2004.

“Class societies today are faced with many challenges. They need to deal with pressures that are quite different to the ones faced 30 years ago. A fiercely competitive commercial environment has changed the way industry views class. Furthermore, in the aftermath of devastating casualties involving the likes of Exxon Valdez, Erika, Prestige, etc., regulators are keen on fortifying their regulatory regimes against the shipping industry, including class.

“To overcome these challenges and transform KR from an ‘emerging class society’ to a ‘truly leading classification society’, KR needs to be more proactive in its marketing approach; it needs to take a more..."
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leading role in the maritime community and develop more effective management strategies.

“I do not realistically expect KR to join the top echelon of classification societies during my tenure as the head of the KR, however, I am quite confident that a bridgehead, from which major progress can be made to achieve such a goal, can definitely be secured. For this reason, I have devised, and will implement, the following five management strategies. First, I intend to develop a corporate culture which can cultivate competent personnel who can readily adapt to an ever-changing global environment. For this, I will work to establish a corporate vision and attainable goals which will act as motivational factors to maximise the capabilities of the KR staff to their fullest. I also plan to introduce a personnel management system based on an individual’s capability and performance, and create a work environment which will encourage open dialogue between the management and staff.

“Secondly, I am keen on expanding KR’s research and development sector to strengthen the technical standards of this society. For this, I plan to place considerably more resources into raising the technical skill level of our staff and expanding and reorganising the size of its R & D centre so that technical services and products, which will act as motivational factors to maximise the capabilities of the KR staff to their fullest. I also plan to introduce a personnel management system based on an individual’s capability and performance, and create a work environment which will encourage open dialogue between the management and staff.

“Thirdly, I will endeavour to secure the safety of KR-classed ships and raise the level of trust our customers place on our services. More specifically, I will make strenuous efforts to substantially reduce the casualty rate and port state control detention rates of our classed vessels. I will also encourage KR staff to take a more active and leading role in the technical contribution to the work of IMO and IACS. Fourthly, I would like to see KR become more customer-centered and market-oriented organisation. The plan includes the establishment of a separate department dedicated to external affairs and a one-stop service system. The technical training and seminars on various fields of study will also be continually encouraged to meet customer demands.

“Lastly, an effort will be made to expand the spectrum of technical services to areas which are traditionally outside the scope of ship classification such as naval and shore-based industry with a view to generating more diversified business opportunities. Also our network of overseas branch offices will be expanded as part of an effort to further globalise our society. As part of this process, we plan to work closely with class societies in developing countries at both technical and administrative level to help them enhance their technical standards under the spirit of cooperation.

“Korea is becoming increasingly influential in the global maritime industry, having become the world’s number one shipbuilding nation and with a steadily increasing presence in the international shipping arena. The key factor in Korea’s success has been its focus on producing high-end, technologically-sophisticated vessels, a strategy that has allowed it to differentiate itself from the other shipbuilding nations. Korea also has a younger and more recently educated shipbuilding workforce.

“As things stand now, Korea’s top shipyards like Hyundai Heavy Industries, Daewoo Shipbuilding and Marine Engineering, and Samsung Heavy Industries and Hanjin Heavy Industries all have a full order catalogue that is enough to keep them at capacity until the end of this decade. Korean yards will need to continue to invest in producing the most technically advanced ships if we are to retain our status as the number one global shipbuilding nation. China has already embarked on a path that it believes will see it attain the number one spot by 2015, and it is already winning a large number of contracts in newbuild sectors like small tankers and bulk carriers. For our part, we have been helping the Korean shipbuilding industry by providing essential technical information from IMO and IACS. Part of this effort has been KR’s in-house development of a database programme of IMO instruments called ‘KR-CON’ which provides the fully up-to-date texts of all the IMO Conventions, Codes, Resolutions and Circulars in CD-ROM format and via the web.

“KR has also successfully developed a software programme called ‘SeaTrust-CSR’ and is continually refining the software for the 
precise implementation of IACS Common Structural Rules (IACS CSR). The software has already been distributed to most of the shipyards and ship design companies in Korea free of charge for easy inception and direct use at design stages. The accuracy of the software has been verified through various channels, and feedback from the users has been carefully considered and incorporated into the software during the last two years. I can confidently say that this is one of the most accurate and user-friendly CSR software available at the moment.

“Korean shipbuilders are developing new designs in accordance with IACS CSR, especially in the tanker sector. In this context, KR is working with major shipyards in Korea to consult on this development with the help of SeaTrust-CSR programme. We are currently involved in the design appraisal of eight tankers of various ranges: VLCC, Aframax, Suezmax and Handy Size. A similar project for bulk carriers is scheduled to be launched shortly. Furthermore, the training on the use of SEATRUST-CSR will be offered to designers of shipyards to help them develop their standard design.

Self assessment is an area of regulation that ship owners and managers are concentrating very heavily on but do you believe that class should be at the forefront of self-assessment of the industry or do you believe that class should work closely with government regulators to ensure compliance? “The two most apparent strengths of the existing classification system has to be the continuous feedback loop of information from surveys during construction of ships and throughout their service life, and the research and development carried out by IACS member societies to develop new or improved universally accepted technical standards for safer ships and cleaner sea. I tend to believe that the vast majority of ship owners and regulators are willing to actively work with classification societies to develop higher standards for ensuring safety of their ships and crew, and protection of the environment.

“IACS member societies have developed a self-regulating quality system, IACS QSCS, and have been implementing it for more than 15 years now. Self-assessment of the classification rules, procedures and class services based on this quality system has been very successful. Recent measures for self-assessment by the industry will certainly contribute to the enhancement of maritime safety and pollution prevention.

“During my 28 years with the Ministry of Maritime Affairs and Fisheries (MOMAF), I was fortunate to work in departments which worked closely with classification societies. I also served as a member of the technical committee of the Korean Register for more than 10 years, so you can say that I know the classification business very well and am very familiar with the inner workings of Korean Register. While with MOMAF, I also held the post of Director-General of the Port Authority which required business-oriented mind and customer-focused management skills. I believe these experiences will help me carry out my new duties.

“As far as my personnel management style is concerned, I prefer a hands-on approach at the beginning of taking on any new posts to ensure a smooth succession. Once my staff familiarise themselves and fully understand my management philosophy and objective, I tend to take on an empowerment style of personnel management and delegate a good portion of the decision-making authority to the staff in charge so they are able to set their own detailed plans and perform their duties more effectively to achieve the overall objective of the society.

“As the old saying goes ‘Well begun, half done’, I think it is very important to have a strong reliable network of people around you, especially when you are new to the job. This holds particularly true for a new chief executive as it is vital to have available competent people who could readily provide information and advice on essential strategic plans, pending issues and needs and policies and procedures of the organisation.”

ANNETTE MALM JUSTAD
Chief Executive Officer, Eitzen Maritime Services

“I’m quite focused on achieving the goals I have set for myself. When it comes to being operational and hands-on I need to be able to contribute.”

Women have never been more prominent in the business world. Positive discrimination, networking initiatives and a host of other contemporary buzz words have entered the fray to ensure that women are given the opportunities they undoubtedly deserve.

However, while such schemes should be applauded and encouraged, they may not be as effective as some reformers believe. “I don’t need to get into the women’s network, I need to get into the men’s network. It is a challenge,” explained Annette Malmö Justad, the figure at the forefront of the Eitzen Maritime Services’ (EMS) high-profile re-branding project.

A challenge it may be, but succeeding in male dominated industries has become something of a specialty for Annette. “Having studied engineering and been part of that type of community you get a flavour of how things work. But being a woman with a family and children you get quite focused on your job and what you want to do because there are other things you also want to achieve. There are also more and more men who want to be able to be visible in more than one arena – that means you can’t hang around the coffee machine so much,” she joked.

And while Annette admits that she would like to see more women in the boardrooms and gangways of the shipping industry, she is more reserved about her own identity as a successful woman in a traditionally patriarchal sector.

“You want to know the truth? I never think about it, or very rarely, because since I started my engineering studies I have never worked with anyone else but men. Some men think this is a bit strange but most people realise that we are people, and that’s what it is about,” she explained.

“I really appreciate now that more women are coming into shipping and into industry in general. If you look at what is happening in many countries, more and more women are taking higher education.
People talk a lot about scarcity on the crew side, there are scarcities of seafarers and so on, but I think that in many communities there is a general awareness that knowledge resources are in short supply. When you think that 50% of academia is made up of women, it would be somewhat strange if people chose not to utilise that resource. That will, in itself, give us more opportunities, however, like you do with others, you have to give people the chance to show what they can do,” she reasoned.

This emphasis on people is set to become a key factor at EMS as Annette sets her sights on developing the brand synergy needed to ensure a uniform quality and common identity across the range. “Building an organisation is basically about people and if they don’t share the common values and common views it is difficult to have a global organisation,” she explained. “On the shipmanagement side that will mean having common processes and common best practices as a basis and building on that.

“It is the people part of the job that I enjoy most and that means you inevitably have to go around and see people. We don’t own a single tonne of steel, so if you can’t work with people and get people working you are not going to achieve anything. Unless you can really be there for your customers they will go away,” she added.

This willingness to embrace and adjust to customer demands was a major motivation behind the EMS re-branding project, Annette explained. And she is very clear about the skills and application required to make the move a success. “What we did was to combine ship management services with ship supply to create synergies within procurement, distribution and complimentary maritime expertise. In this way we get much broader interface towards the ship owner,” she said.

“If you look at ship supply it is very much volume and location critical services, while the ship management services are very expertise driven. So by using that knowledge and expertise from the ship-management sector I think ship supply will be able to offer better products and services. From a business point of view this is about change and the ability to drive change processes because what we are really trying to do is something that is completely new. We as an organisation have to be able to drive change processes successfully and that will be a very important element that I will bring to the table to make sure we innovate and overcome them,” she continued.

“There are always obstacles in the world but you have to overcome them. I think some people will say if you let the ship supply segment buy products for the ship managers, you wouldn’t give them the best deal. I’m not too worried about that because if you look at the total portfolio occupied by ship supply, they are the best benchmark we have to ensure all of our clients are happy with the deal they get,” she added.

A burning desire to succeed and the rational thinking skills of an engineer have helped Annette overcome many obstacles throughout her career, however, EMS is far from a one man – sorry woman – band. “I am not the one who comes up with every new idea, but I usually pick the new ideas and go with them, put them together and say: ‘lets go with this’,” Annette explained.

“I’m quite focused on achieving the goals I have set for myself. When it comes to being operational and hands-on I need to be able to contribute. I need to have knowledge at a certain level meaning that I should try to understand how things work, but then I can pull myself back again. I need to have an understanding about what is going on before I can proceed, but then I don’t want to be so operational myself. You have to involve yourself with people to understand how they do their job and what their concerns are. You need to understand key aspects in order to progress,” she concluded. ■
Europe has been very successful in adapting itself and taking advantage of the developments of the globalization process. European shipping operators are present in all the different shipping sectors offering maritime services intra Europe, linking Europe with its main trading partners and in cross trades between different continents. Moreover, the sector has also invested heavily in the renewal and expansion of the fleet, which is now, in average, quite young.

Over the next 12 months, the forecasted growth in the world economy should also mean a sustained growth of seaborne trade. The European shipping sector is very competitive by world standards and should take advantage of the prevailing market conditions.

Nevertheless, the cyclical nature of the shipping markets cannot be forgotten. There are some factors of risk, including trade imbalances between world regions, instability in energy oil supply conditions or possible new high profile accidents. Shipping markets are also very sensitive to world political issues.
However, uncertainty is inherent to the shipping activity and all those developments may represent threats but also opportunities for good operators, i.e. operators able to offer added value maritime transportation services. “Added value” stands for safe and secure services, fully integrated in sophisticated logistics chains.

Today, European shipping is in a very good position to secure the future of the sector. It is just the right time to be proactive and take strategic decisions in order to warrant the long term competitiveness of the business.

In my view, there are three factors that are acquiring more and more importance and that, I believe, could be crucial for ensuring the long term competitiveness of European shipping:

• The first factor is the increasing demand for greener shipping, as it is for greener cars or greener airplanes. The issues of emissions, fuel efficiency, proper recycling and low environmental impact are a challenge for all industrial sectors. The shipping sector is not an exception. In the medium term, the expected increase of deep-sea and coastal maritime traffic operations would require a sensible improvement of the environmental performance of the fleet.

• The second factor is intelligent logistics. The shipping sector has to take full advantage of the new information and communication technologies coming to the market. European shipping operators have the opportunity of taking the lead and start offering the services required to make intelligent European and worldwide logistics a reality. Those services would allow real time management of traffic movements and capacity use as well as tracking of flows for safety and security purposes.

• The third factor is corporate social responsibility. This factor is of key importance for enhancing the image of shipping in our society. Other sectors, like the energy sector, are making huge efforts to enhance their image as committed to sustainable development and social responsibility principles. The shipping sector should not be perceived by the public opinion as lagging behind on those principles. The society at large should be aware of the importance of shipping for our economy and for the well-being of our citizens.

On the issue of regulation of the shipping industry, international and regional legal regimes should not be opposed as they are complementary in particular as far as Community law is concerned.

Indeed, legislative action at EU level is an added value for the International Maritime Organisation (IMO). It must be recalled that IMO is a standard setter with no enforcement power for ensuring the effective implementation of the adopted rules. This explains why the IMO measures are not always implemented as it might be expected.

On the contrary, as a result of the EC Treaty and the European Area Agreement, the EU ensures that the IMO rules are effectively respected over the entire European area, by no less than 29 European countries. Moreover, the Commission as the guardian of the Treaty has the duty to bring before the Court of Justice each Member State which is not respecting the Community Law. It means that all IMO rules adopted at the European Union level are effectively implemented in a harmonised way.

Besides, in accordance with international law (UNCLOS), the Community as a coastal state can adopt more stringent measure for the protection of its marine environment. Under the terms of this right, which cannot be contested, the EU decided after the Erika and Prestige accidents to adopt specific measures concerning the transport of heavy grades of oil. However, these measures were finally approved by IMO and became an international standard.

Therefore, this cross-fertilisation approach between the Community and IMO should continue as these complementary actions are needed in order to ensure more safety and marine environment protection.
The changing face of the US Coast Guard
By Admiral Thad W. Allen, Commandant of the United States Coast Guard

We are a nation with 95,000 miles of coastline. We depend upon our oceans for the safety and security of our population and economy. Globalisation has transformed maritime trade into the linchpin that connects a worldwide network of interdependent economies through the supply chain. Beyond our ports, advances in technology and changing environmental conditions continually revolutionise the world’s use of, and access to, the outer continental shelf, the Arctic, and the high seas.

From the early days of the Revenue Cutter Marine to the protection of US maritime interests following 9/11, we continually confront asymmetrical, transnational threats. We protect the marine environment and guard its natural resources. We defend our nation at home and abroad. And we save those who cannot save themselves.

The World is changing, and so is our Coast Guard. We need to become more agile, flexible and responsive.

We need to do three things:
1. Make our force structure more responsive to mission execution.
2. Make our support systems more responsive to our operators.
3. Make the Coast Guard more responsive to the needs of our nation.

We need a clear coherent way to employ our forces to create a layered defence for the Nation. We need to consider our operational forces as a strategic trident.
- Shore-based, multi-mission Sector forces;
- Maritime interdiction and patrol Deepwater forces; and
- Deployable specialised forces organised into a single unified operational structure, the Deployable Operations Group (DOG) forces.

It is also time to remove the distinction between our Atlantic and Pacific Coast Guards. Drug trafficking organisations and other transnational threats don’t recognise our organisational boundaries. Our structure at times works against us in operations with Joint Interagency Task Forces and Combinant Commanders whose operating areas are not the same as our area boundaries. It’s time we have one commander in the field responsible for Mission Execution – one single point of accountability completely focused on planning and executing operations. We will do this by combining our Atlantic and Pacific Area command functions into a single Coast Guard Operations Command.

This will improve global resource allocation, force generation, and improve risk management that is now done largely at the tactical level.

Since becoming Commandant, I’ve had the opportunity to visit every Coast Guard District and talk with many staff personally. I have held All Hands with nearly 10,000 personnel.

They have told me they are concerned with the adequacy of our logistics, administrative, and financial systems. They told me we have too many separate processes and data systems. They are frustrated by the lack of uniform systems and doctrine. We have conducted in depth studies regarding our maintenance, logistics, and financial systems and those studies validate what I have been told. More importantly, many of these systems do not adequately support mission execution now, let alone the future challenges I have discussed.

We have been running the Coast Guard like a small business, when we are a Fortune 500 Company. It is time to have just
- One chequebook for the Service,
- One Mission Support Command
- One single support organisation for each of our surface, air, and C4ISR domains.

It’s time we have just one command responsible for Mission Support – someone who can unify and standardise our maintenance, logistics, human resource, and other support systems across all units and all missions.

We will transition to a new Mission Support Organisation with a single point of accountability at Headquarters. This will combine the skills, resources, and talents currently residing within our Atlantic and Pacific Maintenance and Logistics Commands and Centres of Excellence. It will also require us to retool our service delivery systems in the field. This mission support organisation will support our transition to a unified logistics system based upon a bi-level maintenance model consisting of depot and unit-level maintenance throughout our Service.

Finally, the mission support organisation will also unify the Chief Acquisition Officer, the Deepwater Program Executive Officer, and the Service’s Technical Authority, our Chief Engineer, into a single organisation focused on life cycle management of our cutters, aircraft, and sensors.

You’ve all heard about the 10 Commandant’s Intent Action Orders – CIAOs as we’ve been calling them. Each CIAO focuses on one aspect of the transformation we need to make internally to better organise and align our support systems with our operations.

For example, a single financial accounting system will help us manage scarce resources while increasing transparency to the public and being fiscally accountable. We need an integrated business system that:
• aligns with DHS systems and programs,
• reduces the number of financial accounting systems in use,
• consolidates logistics tracking systems, and
• integrates human resources with financial data

Our new core accounting system will also simplify the way we buy, track, maintain, and dispose of our ships, aircraft, boats and equipment over its entire life-span.

This transformation is already underway.

I want to focus on the third thing we need to do to make Coast Guard more responsive to the needs of our Nation. I am talking about thinking, planning and acting with strategic intent. I am talking about setting priorities for the Coast Guard that address the emerging threats and hazards the expanding global economy and changing world are bringing. As I share these priorities, you will notice a common theme.

We are not going it alone. Our strategic priorities require unity of effort and partnerships at every level of government, and with the private sector.

Let me tell you about the Strategy.

First, you need to know that the Coast Guard Strategy is not a one year plan – nor is it a 20 year vision. The Coast Guard Strategy will guide strategic change within our service through my tenure as commandant. It is the Coast Guard’s commitment to the American people to remain Semper Paratus for all hazards and all threats.

Strengthening maritime regimes is the process of creating coordinated and interlocking domestic and international laws, regulations, treaties and practices that increase transparency of activity, reduce risk, and balance competing uses within the maritime domain.
We rely on our partnerships at every level, across government, with the private industry, and with the support and understanding of the American people. We have never enjoyed a better relationship with the Navy and Marine Corps in intelligence and harbour security operations/force protection.

This strategy, derived from the National Strategy for Maritime Security and other national plans, supports the goals and priorities of the Department of Homeland Security. It lays out the kinds of changes I just talked about. It charts our course to build new capabilities to better prepare us for the future.

The Coast Guard Strategy is an integral part of my ongoing efforts with Chief of Naval Operations Admiral Mike Mullen and Marine Corps Commandant General James Conway to better integrate our services in a common global maritime strategic framework. Together, our efforts provide a comprehensive framework for how our maritime services work to meet U.S. national security requirements, both at home and abroad.

This new Strategy is focused on three primary goals:

1. To strengthen our maritime regimes.
2. To increase domain awareness.
3. To enhance our operational capabilities.

Strengthening maritime regimes is the process of creating coordinated and interlocking domestic and international laws, regulations, treaties and practices that increase transparency of activity, reduce risk, and balance competing uses within the maritime domain. We also need to focus international engagement to improve maritime governance. We can all benefit from strong maritime relationships around the world, because today’s global maritime system ties U.S. interests to all nations throughout the global commons.

For example, we are working with the International Maritime Organisation to implement long range tracking, and to expand AIS carriage requirements to smaller, less regulated vessels. We’re also beginning to discuss what we need to do to address regimes regarding recreational vessels, uninspected tugs and work boats, and commercial fishing vessels.

Achieving awareness in the maritime domain, including intelligence and information sharing at all levels of government is a key to our maritime security. Better awareness of what is out there leads to better unity of effort in maritime planning and operations. We need to have a common operating picture.

Conversely, unity of effort in planning and operations feeds our knowledge and understanding of the threats. We also need to integrate our operational capabilities and efforts with our private sector partners to better prepare for, respond to, and recover from incidents.

We’ve already made great progress in increasing our awareness through Global Maritime Intelligence Integration, Joint Harbour Operations Centres, Field Intelligence Support Teams and other joint-agency partnerships with state and local officials as well as the private industry. The Department’s recent efforts to standardise more reliable maritime worker credentials through TWIC is a great example of how we can increase awareness.

Going forward we intend to build out NAIS, complete work on Rescue 21 and build out a Common Operating Picture with a corresponding Common Intelligence Picture.

We will do this in partnership with our DHS counterparts as we seek to build an integrated air, land, and sea operating picture for the Nation.

Enhancing our operational capabilities includes building Coast Guard capabilities for national defence. The nation needs highly capable, interoperable US Navy and Coast Guard capabilities along its own coasts, on the high seas, and deployed abroad in support of U.S. national security interests. Our operational capabilities also include developing a national capacity for Marine Transportation System recovery. The nation needs a coordinated, integrated approach to planning for and responding to major disruptions in our marine transportation system, the lifeblood of America’s economy.

To build out our capabilities for National Defence, we are working closely with our Navy and Marine Corps partners on a National Maritime Strategy. Our forces will operate together and need to effectively communicate. We are already integrating training in Petaluma for the Navy Littoral Combat Ship crews with our crews assigned to our new National Security Cutters.

In the area of Recovery, last Autumn we held our first National Maritime Recovery Symposium with our Industry partners.

We will continue to develop and exercise regional plans for Recovery following disasters.

Finally, I would like to talk about the value of Unity of Effort in transforming the Coast Guard.

Partnerships can make things happen not otherwise possible. Much of what I have talked about today involves more than just the Coast Guard. We rely on our partnerships at every level, across government, with the private industry, and with the support and understanding of the American people. We have never enjoyed a better relationship with the Navy and Marine Corps in intelligence and harbour security operations/force protection. We look to expand our relationship with the Navy as it develops a national maritime strategy and works to build out its capability and capacity in Naval Expeditionary warfare.

We are making significant improvements in our interoperable communications & protocols (MOTR). MOTR, or Maritime Operational Threat Response, is the way we are coordinating our responses in cases of national significance. I have to tell you – the Coast Guard is regularly the mission coordinator in cases of national significance. The Coast Guard is a better organisation for being in the department and the department is a better organisation because of the Coast Guard.

I could give examples in almost every mission area – search and rescue, drug interdiction, fisheries enforcement, environmental pollution – you name it. We are on MOTR calls with principals from our partners from DHS, DOJ, and the State Department, every week. Our MOTR process defines unity of effort.

As we navigate the Coast Guard in the 21st Century, we must understand that change is not something that occurs every five or six years when we are prompted by external events. It is something that is happening every day in our operating environment. We must build a Coast Guard that continually senses change and continually adapts. ■

Taken from Admiral Allen’s State of the Coast Guard address February 2007
Sweet talking the 600 lb Gorilla

When it comes to appeasing the wrath of the regulator, many in the shipping industry can be accused of doing it through gritted teeth. After all, it’s what they are used to. The regulators regulate and the regulated step into line or face the consequences. Of course they complain that their views were not taken into account when the rules were drawn up but they have to conform nevertheless. After all, if you listen to the regulators, when it comes to forging their unilateral legislation it is done because they have a right to protect their own interests, or is it the interests of the general public: of the voters? It is difficult to tell!

“The US will pursue policies that are in its best interests. It would prefer to work in multilateral ways but where the executive and legislative branches decide otherwise, we will do what is in the best interest of the US.” With views like this, it’s no wonder that Sean Connaughton, Maritime Administrator at the US Department of Transport, tops the bill whenever he speaks at conferences.

However, it is clear that Connaughton is a pragmatic operator, keen as he says to try and bridge the gap with the world’s owners in making compliance work fairly and evenly.

“My agency is in a unique position because we are a shipowner,” he told SMI. Unlike the Coast Guard which has its own set of requirements, we run ships which must undergo Coast Guard inspections and we are meeting all the same requirements as everyone else.

“We recognise there are issues over compliance which is why we have a group that focuses on taking that knowledge we are learning through compliance further forward. The idea is to reach out to the owners and managers over compliance issues and to find ways to help and assist compliance versus other regulatory environments. We are sorry that we are seeing a greater level of involvement by individual states and governments, but how do we bring expertise to areas where the regulators have never had to deal with?”

It is this issue of industry participation and cooperation that has many observers vexed. After all how can the regulators be blamed for the way they act unless they have been persuaded otherwise by those brave enough in the industry to do so. And if the solution is so clear, why hasn’t someone grabbed the mantle already.

“When it comes to the regulatory process, the US Coast Guard tries to take the industry’s views into account and less formally, attempt to make themselves available for discussion. As a regulator you have to take everyone’s views into account”

“Maybe we should blame ourselves for not being proactive enough and helping them. I believe that ship managers should bang on the regulator’s door and say this is what we are doing. I am determined to do that. There is absolutely no downside to it,” said Peter Cremers, Chief Executive Officer of the Anglo Eastern Group.

“I think most of us wouldn’t mind discussing issues with the authorities and at the end of the day to have an input from the practical side. It is an issue of how mature the shipmanagement industry is and maybe it is more mature today that it was five or 10 years ago,” he added.

British Shipping Minister Stephen Ladyman went further. “The ideal from my point of view is if the industry itself comes forward with ideas they are more likely to be implemented, they will be more practical and they will have lower costs. In the end it is always the consumer that pays for those costs, and in the end they will be less likely to make our shipping industry anti-competitive.

“I can understand why the European Commission and colleagues from other member states are often very anxious to drive forward with measures in respect to not just emissions from ships but also pollution from ships and the risks of shipping. I do think, however, that some of my colleagues spend too much time thinking about the negatives of shipping and not the positives of shipping. So there is a temptation to say ‘let’s pile costs onto the European shipping industry, because if we do it we will be sure that we will improve the environment’. But, what they forget – and this is a battle I constantly have with political colleagues and trade unionists – is that the shipping industry is a global industry and at the stroke of a pen UK-based ship owners can become Liberian-registered Singaporean ship owners. If this happens the influence that European nations have will disappear.”

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Preserving global competition was a common thread that came through the majority of the answers SMI received to its questions about the effect of the regulator’s hand on the shipping industry. Indeed according to John Tzoannos, Secretary General of the Greek Ministry of Mercantile Marine, the industry should not forget that it is facing major challenges from other parts of the world. “We should not be inward looking. The EU maritime policy should also aim at ensuring and preserving a global free market environment, free of obstacles and non-tariff barriers,” he said.

“We are at a crossroads in the future of maritime policy development at the EU.

“We all take it for granted that maritime transport is of strategic importance for world trade and also to the European economy. The low cost dimension and friendliness to the environment are accepted by the experts. Unfortunately, this is not accepted by the general public. The general public are not exposed to the facts. This lack of awareness makes it difficult to develop proper polices, especially when we have a phenomena of knee jerk reactions following accidents and acceptable cases of seafarers becoming made scapegoats following accidents.”

This line was taken further by Rear Admiral Peter Brady, Director General of the Maritime Authority of Jamaica, who said: “Unilateralism is a threat to the harmonisation of international rules and regulations and I believe we must come to our senses and realise that if we do not have harmonisation we will create differentiated systems in various countries. We are supposed to be facilitating trade, it will cause confusion and cause delays in ports, will confuse shore based operators and crews and will bring stress on the industry,” he warned.

But do the regulators take the views of the industry into account when they look at new legislation?

“Yes, I really think they do,” contended Carsten Melchiors, Secretary General of BIMCO. “I have to say we feel welcome and positively received and I won’t say there is always an open door but we can get access to those we require I feel it is the case. But while we work with the regulators from a bureaucratic point of view, the real challenge is the politicians.

“We need to keep on plugging, I find now that all industries, not just shipping, are subject to scrutiny and all need to show transparency. I feel we might not have been practising our ongoing dialogue with politicians so we need to do more, get the dialogue going because the arguments are there,” he added.

Rear Admiral Bob North, President of North Star Maritime and ex-Commandant of the US Coast Guard, was unsurprisingly upbeat about the openness of the regulators towards the industry, at least the one that controls his side of the Atlantic.

“When it comes to the regulatory process, the US Coast Guard tries to take the industry’s views into account and less formally, attempt to make themselves available for discussion. As a regulator you have to take everyone’s views into account, the public, the shipowner and the ship operator, to get a balance that meets the needs of the public you are dealing with as well as with the owner who has to meet the rule.”

He did adopt a slightly starker view when it came to the regulators’ view of industry initiatives such as TMSA and Key Performance Indicators.

“I would say that with TMSA and other vetting approaches, I would like to see the regulatory bodies take more notice because they are of interest to the regulators. They could take more of this into account. They need to work more closely with the industry,” he warned.

Christopher J. Wiernicki, President and Chief Operating Officer of American Bureau of Shipping (ABS), has his own strongly-held views of the role of the regulators.

“More recently through the mechanism of the Round Table we have a solid basis for developing a more concerted leadership within the shipowning faction of the industry. But our current nemesis – the bureau-
“I think most of us wouldn’t mind discussing issues with the authorities and at the end of the day to have an input from the practical side. It is an issue of how mature the shipmanagement industry is and maybe it is more mature today that it was five or 10 years ago”

cracy of Brussels - is much better organised. They know what they want.
“We are fighting skirmishes – the liner operators in one battle to preserve the conference system, the tanker operators in another over a host of issues including penal liabilities, class in another ranging from government diktats that would require us to accept certificates issued by other societies, including non-IACS societies, to the imposition of unlimited liability for our actions, an exposure that has the potential to wipe out classification as you know it. Our opponent is the 600 lb gorilla of public and legislative opinion.
“We need to recognise that concerted action is essential if we are to have any hope of taking the gorilla to school, educating him in the realities of international shipping and establishing a level of mutual trust and respect. And we need to recognise that time is not on our side.
“It is a paradox – on the one hand this is an industry of almost unparalleled technical foresight, ingenuity and innovation. It is an industry that is characterised by entrepreneurial risk taking. And yet we are an industry that has an intense dislike of virtually any and every attempt to impose restrictions or controls over our activities.
“It is an industry that is so fearful of a perceived short-term commercial disadvantage that it resists taking the common sense steps necessary to encourage the trust and the respect of the legislators and the regulatory bodies that ultimately control the shape and nature of our activities. We are allowing others, some with little real understanding of our industry, others with wilful agendas, to define our sandbox.
“Our challenge is to take control of our sandbox. We have an image with the public at large and in key legislative arenas that is lower than a snake’s belly.
“I think of the old adage ‘Mean what you say and say what you mean’. As an industry we are not very good at this. There are a lot of impassioned, committed people out there determined to make this industry better and safer and more respected. Standing behind them, like the shotgun wielding father of the pregnant bride, is a bevy of legislators who will be only too happy to intervene if we, as an industry, do not act.
“We have a choice: we can work collaboratively to address these issues together. We can apply the same degree of ingenuity and courage to the political issues that confront us as we have to the technical development of new ship types and new concepts in marine transportation. We can support the very able people who are providing leadership and demand even more of them. We can come up with new ideas of how to address the adversarial relationship that has existed for so long between this industry and those who have the power to regulate us. We can recognise that we need to identify our commonalities of interest across all segments of our industry – if we are to have the heft to face down the gorilla,” he said.
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Transport is once again at the centre of a game of political football with politicians keen to take pot shots at the industry’s pockets in response to ever-mounting green pressures. New green aviation taxes introduced in the UK have brought into focus the excessive prices ship operators are paying for their crews to transit European countries while outdated immigration policies in the US is proving equally harmful to business operations and bank balances.

Now it appears the marine travel industry has had enough and leading figures have spoken out to urge governments and airlines to take transparent and decisive action, rather than continue to slice away margins under the guise of the environmental cause.

One of the chief rallying voices was Clyde Travel Director, Brian Potter, who estimated that 12% of his company’s turnover was taken by the UK government under the pretense of green taxation, however, none of the money is being reinvested in environmental projects.

He told SMI: “Right now the whole situation is open to abuse – it’s just ridiculous. Shipping companies are already spending a great deal of money on their ships to make them greener. They are not thinking as much about the air fares as they would rightly expect that to be covered by additional tax, and for the government to take responsibility.”

Dennis Woodard, Director of Portman Travel, was equally defiant, and questioned how effective the current fixation with green taxation would prove to be in reducing emissions. “Increasing taxes has no direct environmental advantage and, therefore, the onus should be on offsetting emissions rather than increasing the Chancellor’s budget,” he explained.

With green image such a vital component in the contemporary business world many firms had chosen to take voluntary private action and offset their carbon emissions online. However, as Griffin Marine Travel Director, Stephen Boyes, pointed out, the environment is a global problem and it is the governments, and not individuals, who should take the lead.

“It is down to governments, individually or collectively, to come out with a policy. By passing the buck to the shipping industry, the aviation industry, or any other industry, they are only passing the problem on to somebody else. Putting £20 or £30 on a ticket doesn’t help the environment,” he said.

Mr Boyes pointed to the progress the aviation industry has made in recent years in reducing its emissions with ever more efficient planes entering into service. And while he believed that the airline manufacturer-
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government actually introduces a green tax, or the airlines have a set fee per route, there is nothing we in the travel industry can do,” Mr Potter explained.

Freely available emissions information would certainly aid marine travel operations if shipping companies catch up with demands of other global enterprises and ask their travel providers for emissions data and carbon neutral solutions. However, Mr Potter reasoned that shipping lines were already active in reducing their environmental footprint in other areas of their operations and, as a consequence, were unlikely to be interested in offsetting carbon emissions from crew flights.

This view was supported by Johan Roos, Sustainability Manager at Stena Line. “We do not consider our crew travel strategy to be vastly important in terms of global warming and its environmental impact,” he said. “To us, maritime shipping is one of the answers to combating global warming. In order to do that in an efficient manner we need to be able to ship our crew, and almost by definition, that has to be done by flight. We are not concerned by the impact in a wider context, but obviously, we try to optimise and minimise the number of flights if we can.”

Much of Mr Roos’ scepticism appears to stem from his uncertainty surrounding the much talked about carbon offsetting initiatives. “Carbon offsetting is an interesting concept, but if we look at our operation, there are more pertinent issues to address when it comes to global warming and carbon dioxide emissions in terms of vessel design and logistics in the entire transport chain,” he said.

“Addressing the environmental impacts of flying our crew back and forth, interesting as it is, is not high on our list of actions. We have other things to do that will lessen our impact that are much more efficient than looking at crew flights. I would say 99% of our environmental impact stems from ships that we operate and it’s those 99% we need to address.”

“Emissions trading has its advantages and opportunities, however, in terms of carbon offsetting, I haven’t seen any system to date that I am confident will lead to any lowering of total carbon emissions, other than being a public relations move to give you a better image. I’m not saying that it’s wrong, but I haven’t seen any evidence that it will actually do any good,” Mr Roos added.
However, it looks increasingly likely that green taxes and environmental concerns will have a significant impact in an era where shipping lines are placing even more emphasis on the price of crew travel tickets. "If you add taxes and fuel surcharges up, sometimes they are almost as much as the original fare and that has really impacted upon crew travel budgets. As a consequence we have to be a lot more aware of taxes and fuel surcharges when we are quoting for a job. In addition, clients are asking which is the most economical port to change in, because, in some countries, the cost is horrendous and if you can avoid changing a crew in that country you are obviously going to make a large saving," explained Andy Macfarlane, Manager, Griffin Marine Travel.

This discrepancy in airfares resulting from green tax is best illustrated by comparing like for like. A flight from the UK to Singapore, via Dubai, would cost an extra £80 in green taxes. However, if you chose to stopover in the Netherlands rather than Dubai, the tax increases to £140. Equally, exchanging a stopover in Paris for transiting Frankfurt could lead to a saving of between £50 and £70 on reduced taxes alone.

The global cost picture is further complicated by archaic US immigration policy, coupled with the post 9/11 political climate. Existing legislation has led to spiralling travel costs as seafarers from traditional crewing nations such as the Philippines find it increasingly difficult to obtain a visa to transit the US. Some companies have responded by avoiding the US entirely, however, some marine travel specialists have called upon shipping lines to take a stand and fight for change.

Tim Davey, Managing Director of Global Marine Travel, admits there is no easy solution to the problem, but believes that lines presenting a unified front is the only way to resolve the problem. He said: "The legislation governing the movement of seafarers – whether it is from private yachts right up through to cruise lines and cargo ships – can’t be generic. It needs to be looked at as a separate industry. "Right now we are all operating under rules that were created 20 years ago, before the major expansion in this business. Everything needs to be tailor-made to fit the situation, today. I think it has got to be a collection of the cruise line operators, the cargo operators and a few of the associations that represent the super yachts and bulk carriers. Collectively, they need to come up with a force to go to Washington and talk to the legislators. I’m not big enough to get out there and rattle the heads of a few Senators," he added.

Mr Davey also called for change to immigration legislation in the South Pacific, Australia and his native New Zealand. "The government hasn’t been fast to turn around and react to the maritime wants and needs. It is just grouping us as normal travelling citizens. They do have some programmes in place but I don’t feel that they are really adequate," he concluded.

Whatever the outcome, it is clear something needs to be done to prevent the transport industry being kicked from pillar to post by the law makers. ■
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At’s full steam ahead for Dorchester Atlantic Marine following the merger of Dorchester Maritime and erstwhile sister company Atlantic Marine in December 2006. The two companies previously shared information, strategy and even a common set of shareholders, so it’s little surprise the changeover involved the minimum of fuss despite the subsequent news that long-time Dorchester associate BP Shipping would be taking much of its crew management in-house.

Under the unified banner the company initially boasted a total of 2,500 seafarers working across a fleet of almost 140 vessels and – despite BP’s choice to regain control of officer supply to 30 of its vessels in Dorchester’s current portfolio – the merger has been backed by the arrival of new business from elsewhere.

“Since the merger we have acquired business in the LNG and LPG fields and we have been given full management of a number of chemical tankers, all newbuildings,” explained Jens Alers, Joint Managing Director, Dorchester Atlantic Marine. “It’s very encouraging support for our move towards full management of vessels and our plans to expand our engineering, plan approval and design knowledge.”

With an expanding portfolio and combined expertise following the merger, Dorchester’s knowledge stretches way beyond the tanker market and the company is keen to progress in many areas.

The company has bases in Bermuda, India, Isle of Man, Poland, Australia and Sierra Leone, employing a collective total of 100 shore-based staff and Mr Alers and fellow Managing Director David Furnival have undertaken vast travels in the wake of the merger to ensure the company’s united objectives are conveyed.

“The key is communicating what we are trying to achieve and engaging everybody, as far as we possibly can, in the process. Certainly, from my perspective we have done OK, although we’re not resting on our laurels in any way. We have to keep on communicating, ensuring that we all share the same vision and participating in the progression that we will have in the years to come,” Mr Furnival said.

The importance of this open communication was most evident in
We want to use our financial muscle to participate in the right projects as shareholders. We would like to add an additional revenue stream by participating in the commercial success of the vessel, not just in the technical success

the immediate aftermath of the BP announcement. Mr Alers refused to speculate on any potential job losses as Dorchester will continue to supply BP with officers until August, however, he was keen to stress the need for the continued professional conduct of all staff.

“Obviously what ever we do will be done with a view to mitigating any detrimental effects it might have on our staff. We are not just optimistic but know about the influx of business which we have already acquired, so we will be very careful about statements regarding redundancies. I actually believe the effect the loss of business will have on us is going to be very limited, to a large degree,” Mr Alers said.

“A lot of planning goes in to this. David and I have spent time with our staff, talked them through it and made sure everybody has been professional. That has been our priority of late and it will continue to be so. I can’t really say what ultimate impact it will have on us,” Mr Alers said.

However, with an expanding portfolio and combined expertise following the merger, Dorchester’s knowledge stretches way beyond the tanker market and the company is keen to progress in many areas.

“We want to take shipmanagement one step further, because the field of traditional shipmanagement is very crowded. We have come up with a series of ideas on how we can escape the traditional squeeze of competition. We will do that by moving up the value chain of competition by adding our abilities in the areas of engineering and design to the traditional services of technical and crew management. We also want to use our financial muscle to participate in the right projects as shareholders. We would like to add an additional revenue stream by participating in the commercial success of the vessel, not just in the technical success,” Mr Alers explained.
Shipping has yet to understand that manning is a collective problem not resolved by unilateral efforts, asserts Geir Sekkesæter. And if anyone should know that, it should be him because as president of one of the world’s fastest-growing third party ship management groups, he has a lot to lose if the current seafarer situation is not rectified.

Employing a manning pool of 8,500, Barber Ship Management is not the largest supplier of crews by any means but any hopes of fleet expansion by the Oslo-based company will depend on a solid crew training and recruitment programme that can stand the test of time.

According to Geir Sekkesæter, the industry’s current manning initiatives are on a crash course and if not rectified quickly, shipping will enter one of the greatest risk periods of all times.

“The shipping industry has been whining and moaning about the shortage of skilled seafarers for the last decade. The majority of ship owners and managers have been scrambling to find their own solutions, trying to solve the problem themselves. No single company, including Barber itself, can solve the manning issue. This is a major, major issue which will take the collective efforts of several dedicated parties,” he said.

Today’s unilateral approach to the manning shortage has created a dog eat dog jungle. Many shipping companies have invested heavily in developing and cultivating a pool of trained seafarers, only to lose skilled people to companies willing to pay higher salaries.

“Like other market players, we are under the constant threat of losing our skilled people to companies that don’t invest in training, that don’t build up quality seafarers. In today’s global market, we train them, but might not keep them. Few have taken the responsibility to rectify the situation, many have stolen the assets,” he added.

“Time to cooperate

In many people’s eyes, the time for talking is over and urgent action is needed if the industry is to resolve its crew shortage problems. But according to Geir Sekkesæter, President of Barber Ship Management, managers have little option but to cooperate if a major crisis is to be avoided.”
So what can be done? For Geir Sekkesæter, rectifying the manning problem is neither simple nor complicated. It’s just a matter of engaging likeminded partners, ready to create an indissoluble mutual stock of quality seafarers: Partners that view seafarers as strategic global assets.

“We cannot bare the costs of training ourselves, but we can work collectively with ship managers and owners to develop a deep, educated and qualified pool of seafarers. An aggregate of partners can establish first-class crew career incentives and retirement packages,” he added.

Though competitors, Barber sees no reason not to link up with ship managers like V-Ships, Hanseatic, Columbia or others to build maritime colleges or universities from which to extract competent crew.

“In a global world with increased transparency, like it or not, we have to stand together. Like other segments in the industry, ship managers, owners and even governments, must consolidate their crewing strategy into a common agenda. We must work together,” stressed Sekkesæter.

The era when ship owners set up in India or The Philippines to obtain seafarers for their global fleet is over. Global shipping demands a united effort to map the collective responsibilities and capabilities to best manage the future manning challenges. Widespread industry cooperation will define what factors are predominant to build and best manage critical seafarer resources.

Cooperative strategic planning is a tool to help do a better job, focus talents and energies, assess and adjust direction in light of performance and a changing shipping environment. Being strategic is to be clear about manning objectives.

To counter attack shipping’s greatest risk, manning, the industry needs cooperative strategic planning to formulate an integrated seafarer perspective, a vision, of where the industry should be heading.

“Cooperative strategic planning is a tool to help do a better job, focus talents and energies, assess and adjust direction in light of performance and a changing shipping environment. Being strategic is to be clear about manning objectives, resources and expected results and combining these in response to the wider shipping context in the short- and medium term,” said Sekkesæter.

Shock news like the industry’s shortfall of new and experienced seafarers does not sway the Barber boss.

“Collectively, the shipping industry can meet the future manning demands, but continued independent efforts will create a highly volatile situation. At Barber, we have formulated clear strategic seafarer objectives. We have defined our strategy to be pursued, outlined clear and measurable expected results and identified a range of partners and their respective roles.

“Effective manning strategies must be consistent with the business and competitive strategy of the ship owner or operator in a global economy. Ship owners must examine manning issues and strategic planning with a long-term perspective. Together, and only together, can we solve the manning problem and the potential risk this represents,” says Sekkesæter. ■
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The answer to this question is only if they have had previous experience in the gas industry and can lay their hands on experienced seafarers. Otherwise, the answer has to be an emphatic “NO”.

Recently, we have seen BP Shipping take the technical management of its LNG fleet back in-house while in a reverse move, Golar exited technical management operations for its large LNGC fleet a few years ago, following sister company Frontline’s lead, and now relies on respected third party managers, such as V. Ships, Thome and Barber.

StealthGas boss Harry Vafias has followed the same logic as BP, bringing the management of around 10 of his large fleet of handysize LPG carriers back in-house and, at the same time, issuing dire warnings about the lack of qualified shipboard personnel.

Despite this move, the charismatic StealthGas President and CEO remains a champion of third party shipmanagement. He explained that the company still used V. Ships (Cyprus), TESMA (now EMS, Singapore), and a smaller outfit based in Manila – Swan Shipping Corp, which is part of Southwest Maritime Corporation.

Swan started life in 1995 as a joint venture between Philippine-based Southwest and Japanese concern Navix, which merged with Mitsui OSK in the late 1990s. Swan manages up to 17 pressurised and semi-refrigerated LPG carriers on behalf of StealthGas; vessels which trade mainly in Far Eastern waters. It also has other gas carriers on its books, however, the Greek owner is Swan’s largest client.

Harry Vafias had inserted a termination clause in his third party ship management contracts whereby the ships could be handed back in three months. StealthGas also has a policy of supervising each ship manager, as indeed do many others including the huge Frontline owning concern, which uses a core base of about four or five large ship management companies to look after its technical interests.

Harry Vafias said that with good people paying special attention, StealthGas could manage the vessels cheaper in-house in terms of daily operating costs. However, by employing three outside concerns, he was able to combine their performances and benchmark them against his own in-house operation. Another advantage of splitting the technical management activities was being able to gain access to a number of different seafarer pools.

As for the in-house technical operations, StealthGas effectively pays a fee to the group technical department, which looks after the interests of bulk carrier owner Brave Maritime, tanker owner Stealth Maritime and StealthGas, which make up the three members of the Vafias Group of companies.

Harry Vafias said that the group had spent a lot of money getting the right people in-house. The management and technical expertise was thinly spread with top management being very hands-on. Nearly all nationalities are represented in the Athens office, which looks after around 75 ships and 16 newbuildings. The vessels on order for the group include 12 LPG carriers, two bulk carriers and two tankers.

He stressed that there was a problem recruiting seafarers.
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generally, but for specialist ships the situation was much worse. “You end up having to settle for second best,” he said, before adding that in his opinion there would be “intense” crewing pressures ahead, including the added headache of the extra cost of more competent specialist crews, preferably with gas ship experience.

Many owners prefer to have their technical management departments located close to where their ships operate. For example, we have seen Teekay open up a Glasgow office which looks after vessels trading in northern European waters. It has also tapped into the rich pool of graduates coming out of the Scottish city’s universities and colleges. In a similar move, both Maersk and Hanseatic have recently opened technical management operations in the City of Newcastle, Tyneside.

Epic Ship Management, which is operated from Limassol by ex-Dobson guru Nigel Cleave, has a couple of small LPG carriers, plus half a dozen gas ship newbuildings on its books primarily owned by private investors. For anybody aspiring to be a private investor, the gas and chemical carrier markets look to be a good long term bet. However, the technical and commercial management teams need to be looked at very carefully before committing large sums of money into an asset, such as a gas ship.

Epic has set up a shipmanagement concern in Singapore, which looks after the gas ships. It can also tap into 50:50 joint venture, Meridian Ship Management, as partner Bibby Line has owned and managed many LPG carriers for a number of years.

There are a lot of managers who claim they can look after and crew gas ships. But there is an underlying problem. Competent and specialist shore-based and seagoing staff are as rare as a Dodo and, in a few years time, could become just as extinct. There are stories of senior officers with gas experience being poached by companies with the lure of six figure sums.

To a certain extent, the larger shipmanagement concerns, both in-house and third party, don’t have the same problem. They have buying power and can therefore recruit and train the best of the few coming through the ranks and, more importantly, can afford to pay them in a quickly rising market.

Training software and hardware people, such as Transas and Kongsberg, have bombarded the industry with software and hardware with the best of intentions – if you take away trying to make a profit or persuading ship managers to buy or lease anything from a full mission bridge simulator to a small PC-based software program about how to repair a pump.

Various shipping organisations are touring schools in an effort to persuade a teenager in the penultimate year of their education to join the shipping profession, either ashore or afloat.

One such organisation is Limassol-based Cymepa. As well as looking after the environment and awarding blue flags to beaches,
This could be you...
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Who:
Robin David

What:
Superintendent

Assignment:
Dry-docking
DWT 380 569 VLCC

Duties:
Full project management responsibility

Star Project management software reduced my workload tremendously, providing me with reliable dry-dock plans, accurate specifications and streamlined communication with all suppliers. Star Project is an important tool for technical superintendents and engineers. It kept control of costs and analysis of actual progress, enabling me to complete this project on time and according to budget.
Cymepa has started a scheme whereby most schools on the island are visited by a senior industry person – preferably a serving master – as despite the abundance of ship managers in and around the Limassol area, there is a dearth of Cypriot seafarers and competent office staff.

Leading UK-based shore side recruitment agency FastStream said the market for specialist shore side staff had gone “berserk”. The company explained that there is a huge demand worldwide and people were shouting for help in finding technical shore staff, especially in the Middle East and Greece. FastStream recently set up an office in Oslo to try to tap into the Norwegian market and hunt for experienced and trainee marine office staff.

An example of the remuneration on offer was the story of one engineering consultant involved with the shiprepair sector who was thought to be commanding fees of between $18,000 and $20,000 per month. Six figure fees for seagoing officers with gas experience is now the norm. Poaching is “rife” said one ship manager, who explained that it was common place for rival companies to dangle large sums of money in front of an experienced deck officer or engineer.

At the other end of the scale from the ‘boutique’ ship manager, Wallem put out a statement about opening a 1,000 capacity officer training establishment in China. This complex can handle both navigation and engineering cadets. Here there is a language problem, especially in the more technically advanced sectors, such as LPG/LNG carriers.

In an effort to attract seagoing staff, Bob Bishop, boss of the world’s largest manning concern, V.Ships, said that his company was prepared to offer recruits the guarantee of a job for life, if they wished, woven into a clearly defined career development path.

Bob Bishop also said that V.Ships intends to increase its 23,500 pool of seafarers to 60,000 by 2010 with a suggestion that greater emphasis was to be put on cadets going to sea in a throwback to days gone by when nearly every shipping company of note had at least one cadet onboard ship.

There was also talk in the US about putting American citizens on LNG vessels trading into the US. However, nobody has suggested where they might be coming from. One positive to support this move was that the cost differential between a US seafarer and other nationalities was narrowing, as companies tried to outbid each other for the few experienced seafarers that became available, or were poached, thus pushing the salary and perks up considerably.

In London, the International Maritime Employers Committee (IMEC) said it was investigating ways of stimulating officer recruitment and training to meet what it sees as the “growing shortage” of staff. A working group was established under the chairmanship of Susanne Meyer of Columbia Shipmanagement.

There is no doubt that this situation is going to get worse in the long term as LNG shipments are due to double by the year 2010. This, plus increased crude oil refining capacity, will have a knock-on effect on LPG shipments, which are forecast to rise from the present 50 million tonnes per year to 75m tonnes by 2010, before rising again to 85 million tonnes per year by 2015. Even StealthGas is due to receive three or four new LPG carriers this year to add to the 29 already in operation, while Epic has a similar expectation.
**Middle East activity hots up**

By Alan Thorpe

The new commercial and industrial development at Dubai Maritime City (DMC) is well underway, especially the re-location of the Jadaf shiprepair area, with the first of the two shiplifts (Rexroth) due to become operational during April. Many of the site’s workshops and offices are already constructed.

At the Jadaf site at DMC there will be a total of 82 workshops and 52 warehouses, many built to the specifications of those companies leasing the facilities. It is expected that the Jadaf part of DMC will be fully operational by the end of the year. There will be three covered dry-docking berths, which will involve a transfer system from the two shiplifts.

Dubai Drydocks is to take care of the larger of the two shiplifts, which will allow ships up to 16,000 dwt to be drydocked. Dubai Drydocks will also eventually have two floating docks in position next to Jadaf. Meanwhile, the smaller of the two shiplifts, which is larger that the existing shiplift at the old Jadaf, will be used by those repair companies located at DMC. However, Dubai Drydocks has stressed that flexibility is the name of the game to enable all repair and service companies to utilise the facilities in full.

End-year figures have been released by Bahrain’s ASRY, showing 2006 to be another record in the yard’s history. ASRY had record results with total income of $140m, an increase of some 26.7% on the previous year. Average contract values also increased to approximately $760,000 per contract. There were 139 vessels in for repair, ranging from the usual VLCCs through to major upgrade and conversion contracts on a number of offshore rigs and heavy lift crane ships and barges, again clearly illustrating ASRY’s range of expertise and skills in undertaking complex and sophisticated repairs to a broad range of vessels.

Turnover on repaired vessels increased and of those vessels docked during the year, 24 were in the 70,000 to 350,000 dwt range, with 12 of them registering over 175,000 dwt, with the remaining 115 vessels below 70,000 dwt. There were 20 vessels which underwent alongside repairs making a total tonnage of just under 7m dwt repaired during the year.

As to be expected with a record set of results, the graving dock and two floating docks were kept very busy all the time with continuous high demand from owners around the world. This perpetual high demand, which continued throughout the year has meant that the need for the two new slipways is even more prevalent. At the moment construction work has started and it is planned to have the new facility operational by February 2008. During 2006 the yard’s graving dock had an occupancy rate of 99.18% up from the 95.6% achieved in the previous year. Floating Dock No. 2 enjoyed an occupancy rate of some 99.18%, up from 95.3%, while Floating Dock No. 3 achieved a rate of 99.18%, up from 95.3% previously.

Dubai Drydocks is currently in the process of re-organising itself into three specific sectors – conventional shiprepair, conversions and new-buildings. The shiprepair business will be based around the three large graving docks in the yard and two floating docks and the larger of the two shiplifts at DMC. One of the floating docks will be moved from its existing location in the yard, and the other, which is part of Platinum yachts, will come up from Jebel Ali.

When the floating dock is moved from the yard to DMC, the area left will be part of the newbuilding section (Safina Project), where two H3 semi-submersible rigs are currently being built. The float out area (similar in design to a Hydrolift system), will be located here.

Dubai Drydocks is to take care of the larger of the two shiplifts, which will allow ships up to 16,000 dwt to be drydocked. Dubai Drydocks will also eventually have two floating docks in position next to Jadaf. Meanwhile, the smaller of the two shiplifts, which is larger that the existing shiplift at the old Jadaf, will be used by those repair companies located at DMC.
Ajman’s Arab Heavy Industries (AHI) part of Singapore’s Keppel Marine & Offshore, has also been very busy over recent weeks, to the point where the yard is now undertaking multi-drydocking in its graving dock with as many as five vessels being drydocked simultaneously.

Meanwhile the tank cleaning farm has been closed and the tank cleaning jetty will be modernised and extended to become the location for conversions. Where the tank cleaning farm was – a workshop and store infrastructure will be built to support the conversion industry.

Dubai Drydocks is currently involved in three FPSO conversion projects with the most significant being the 273,600 dwt Frade for SBM Offshore. This FPSO is to have a central turret installed, which means that Dubai Drydocks has now completed work on all types of mooring systems for FPSOs, namely central turret, bow turret and spread mooring. When delivered she will be chartered under the name of Gimboa to Chevron.

The next delivery is the 274,200 dwt Ciudad de Vitoria, due out of the yard in April for Saipem, and then her sistership Margaux will also be converted to a FPSO, also for Saipem. Dubai Drydocks also has the contract to convert the 62,100 dwt Nordic Laurita to a dynamically-positioned FPSO for Norway’s FPS Ocean. There is also work on three Fred Olsen tankers, the 128,358 dwt Knock Dee, the 145,242 dwt Knock Allen, and the 140,905 dwt Knock Taggart but the scale of the work is yet to be decided by the owner.

Just about to open adjacent to Dubai Drydocks is a new engine repair, maintenance and service centre to be operated by MAN Diesel. Dubai Drydocks has invested some Dhms4m (£0.57m) and it will be used by MAN Diesel for general diesel engine maintenance operations as well as turbo-charger repairs and refurbishment.

The turbo charger repair business in Dubai has increased for MAN Diesel enormously over the past few years, with last year realising a turnover of some €2m. The new facility will have a 120 sq m clean room for re-assembly and calibration purposes, a similar size area for dis-assembly operations, a 60 sq m mechanical workshop and a 30 sq m steam cleaning bay.

MAN Diesel’s Dubai branch handles repairs and refurbishment to virtually all turbo-charger designs included owned and licensed supplied units as well as ABB, Mitsubishi and Napier units.

Ajman’s Arab Heavy Industries (AHI) part of Singapore’s Keppel Marine & Offshore, has also been very busy over recent weeks, to the point where the yard is now undertaking multi-drydocking in its graving dock with as many as five vessels being drydocked simultaneously. Recently in the graving dock were Van Oord’s trailing suction hopper dredger Volvox Atalanta and the Swires’ offshore supply vessel Pacific Rigger. The dredger underwent extensive steel renewal, including the bottom doors, and hydraulic repair work.

Doosan Babcock is the new name for Mitsui Babcock, following the acquisition by South Korea’s Doosan Heavy Industries of the specialised boiler repair company in Dubai. The joint venture between Mitsui Babcock and Dubai’s Nico International will continue under Doosan’s new involvement. John Aitken, Manager of the joint venture said: “The main point I want to get across is that there is simply no change to the operation of this company, The joint venture with Nico is now eight years old and is open ended. It will continue in the same way.

“One of the first decisions taken when Doosan took over was to negotiate an exclusive service agreement with Japan’s Mitsui Engineering & Shipbuilding (MES) covering MES-manufactured and designed boilers. The joint venture is also licensed to carry out work on equipment designed and manufactured by Volcano Burners, Osaka, which supply approximately 50% of the LNG market,” he added.

The joint venture has proved successful over the past two years with its new operational tool offering a condition assessment, inspection, overhaul and maintenance package to ship owners and managers with steam turbine propulsion. This has been particularly successful with owners and operators of large LNG carriers.

The newbuilding division of Dubai’s Albwardy Marine has been brought into the international limelight recently with the launch of the 27 m twin-screw service vessel Flying Angel for the Mission to Seamen, which was christened by UK’s heir to the throne, Prince Charles. Other newbuilding contracts include three new 40 m x 12 m jet fuel barges for Sudan, the modules built in Dubai (Jadaf) and then assembled in Sudan, as well as a 26 m multi-cat vessel for Team Shipping with this vessel’s design including two propellers, a bow thrusters, a 360 degree wheelhouse and bow and stern rollers.

Albwardy has also recently completed the conversion of the Gulf Pearl, ex-SIS Quest, from offshore supply vessel to offshore stimulation vessel. The vessel, which is owned by Seaport and chartered to Schlumberger, was on the Syncroloft at Jadaf for two months.

Another interesting development at Albwardy Marine is the Albwardy Diving Services, headquartered at Fujairah, which has recently won approval from International Paint (IP) for the cleaning of the Interseal anti-fouling systems.

One of the largest projects currently underway in Golten’s Dubai office is work onboard Fred Olsen’s 564 850 dwt Knock Nevis, the world’s largest ship. She is currently in operation as a FSO off Qatar under charter to Denmark’s Maersk. Golten is maintaining and upgrading the vessel to become a more sophisticated FSO. This includes work on her hydraulic system, stripping lines, cargo pumps, and the installation of a radar system in the cargo tanks.

Golten has also recently (November 2006) signed an OEM repair and service agreement with South Korea’s STX Shipbuilding for guarantee work onboard ships built at that yard. This February it signed a further agreement for repair and service work to be carried out on MAN Diesel’s built under licence at STX Shipbuilding.
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The South Korean economy continued to slow in Q4 2006, bringing real GDP growth for the year to 5.0%. Although faster than 2005, there was a steady decline in the rate of growth over the course of 2006: from 6.1% year on year (y/y) in Q1 to 4.0% in Q4. Private consumption, which accounts for the greatest share of GDP, grew by 4.2% over the year (up from 3.2% the previous year) and contributed 2.1 percentage points to overall growth; however, again there was a slowdown in the rate of expansion, with growth falling from 4.8% y/y in Q1 to 3.6% in Q4. Conversely, government consumption accelerated over the year, with this component of GDP rising by 5.8% in 2006 as a whole (up from 4.3% in 2005). There was also a positive trend in investment (excluding a dip in Q2), with gross fixed capital formation growing by 3.2% over the year. Within this component, construction remained weak (declining by 0.1% in 2006), while investment in facilities was robust (up 7.5%). On the external front, South Korea’s risk outlook improved on 13 February when North Korea agreed to take steps towards nuclear disarmament in return for aid worth around USD300m. Under the deal, which was struck between North Korea and five other nations (China, Japan, South Korea, Russia and the US), Pyongyang agreed to freeze its nuclear reactor and allow international inspection of the site; in return, among other things, the US agreed to lift its block on North Korean bank accounts held in Macao and will begin to ease trade sanctions against the country. The deal, which has a clear, phased timeline, marks a step forward in resolving the threat posed by North Korea’s nuclear ambitions. If it is fulfilled (and many previous agreements have stalled), tensions on the peninsula could subside, benefiting South Korea and the region as a whole.

RISK FACTOR

The South Korean economy continues to slow in the second half of the year. However, growth in imports and exports both slowed in Q4 2006, bringing real GDP growth averaging 4.4% for the year as a whole. We expect private consumption to grow by 4.0% over the year (relatively robust, but weaker than at the turn of the decade), as labour market conditions deteriorate slightly and heavily indebted households continue to feel the effects of the interest rate hikes in 2005-06. We also expect export growth to slow as a result of the strong won and weaker US demand. However, private consumption and net exports will still make sizeable contributions to overall growth, forecast at around 2.0 and 1.2 percentage points respectively.

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Import cover: 7.3 months

Usual terms: 30-90 days

Normal period of credit associated with transactions with companies in the stated country. South Korea is ranked 36 out of 157 countries in the Heritage Foundation’s 2007 ‘Index of Economic Freedom’ and seventh in the region. The economy was deemed to be 68.6% ‘free’, with high levels of business, fiscal and monetary freedom; however, problems persist in areas such as the trade environment and the labour market, which is still relatively rigid despite recent reform efforts.

Transfer situation

Local delays: 0-1 months

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

Fx/bank delays: 0-1 month

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on foreign exchange controls, foreign exchange availability and the efficiency of the local banking system.

Import cover: 7.3 months

Usual terms: 30-90 days

The amount of foreign exchange a country has in relation to the average monthly value of imported goods and services. Only liquid foreign exchange reserves from which a country can service its import requirements are included in this calculation.

According to D&B data, South Korea’s payments performance improved in Q4 2006, continuing the trend seen over the course of the year. In Q4, 21.1% of total payments made to US exporters were paid 30 or more days late, compared with 26.3% in Q1, and a regional average in Q4 of 28.8%. Prompt payments in Q4 stood at 71.8% of total payments, up from 66.2% in Q1.
This ‘DB’ Rating Indicates: Slight risk

Enough uncertainty over expected returns to warrant close monitoring of country risk. Customers should actively manage their risk exposures.

**Trend** - Stable - The country’s overall risk outlook has not changed appreciably, even though some minor changes to its political, commercial, macroeconomic, and/or external risk environment may have occurred.

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**THE ‘DB’ RISK INDICATOR**

The ‘DB’ risk indicator provides a comparative, cross-border assessment of the risk of doing business in a country. Essentially, the indicator seeks to encapsulate the risk that country-wide factors pose to the predictability of export payments and investment returns over a time horizon of two years. The ‘DB’ risk indicator comprises a composite index of four overarching country risk categories:

- **Political risk** - internal and external security situation, policy competency and consistency, and other such factors that determine whether a country fosters an enabling business environment;
- **Commercial risk** - the sanctity of contract, judicial competence, regulatory transparency, degree of systemic corruption, and other such factors that determine whether the business environment facilitates the conduct of commercial transactions;
- **Macroeconomic risk** - the inflation rate, government balance, money supply growth and all such macroeconomic factors that determine whether a country is able to deliver sustainable economic growth and a commensurate expansion in business opportunities;
- **External risk** - the current account balance, capital flows, foreign exchange reserves, size of external debt and all such factors that determine whether a country can generate enough foreign exchange to meet its trade and foreign investment liabilities.

The DB risk indicator is divided into seven bands, ranging from DB1 (lowest risk) through DB7 (highest risk). Each band is subdivided into quartiles (a-d), with an a designation representing slightly less risk than a b designation and so on. Only the DB7 indicator is not divided into quartiles.

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**ECONOMIC INDICATORS**

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**Payments Performance**

(% of payments made 30 or more days over terms)

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**Glossary**

- **CLC** - Confirmed Letter of Credit
- **CWP** - Claims Waiting Period
- **FX** - Foreign Exchange
- **L/C** - Letter of Credit
- **MT** - Medium-term
- **OA** - Open Account
- **ST** - Short-term

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**Exchange Rates**

(London, 28 Aug 06)

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*(x 100)*

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The Risk Indicator Rating of a company and an assessment of country risk by D&B, the Risk Credit Unit and the D&B U.S. Risk Unit Number. We challenged it to help you evaluate your business's risk.

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DUN & BRADSTREET TRADE ANALYSIS

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After only 18 months in the job, Kunio Suzuki could be accused of ruffling a few feathers. After all not only has he lashed out at Japan’s Ministry of Finance for dragging its feet on introducing a tonnage tax system for the nation’s shipbuilders, but he has warned that Japan’s shipping sector faces a steep decline if a tonnage tax is not introduced sooner rather than later. And to top it all, he does not share the widely perceived views of the shipping industry that Japanese owners are behind the escalation in officer poaching that has seen wages spiral in some cases out of control.

“As most of my career in the shipping company has been spent as a sales rep, it was a new experience for me to start lobbying the government and parliament towards furthering the Japanese shipping industry’s demands. After one and half years of my two-year presidential term, we have made significant progress on several issues, such as the introduction of a tonnage tax system and the reform of the pilotage system. The Japanese Shipowners’ Association (JSA) is in a good position to accomplish almost all of its goals,” Kunio Suzuki told SMI.

But how successful has the Japanese shipping industry been in securing what it believes it needs in a tonnage tax system that will put it on a par with its competitors? After all, being able to compete fairly and openly in a global shipping market has to be at the heart of any association’s representing the interests of some of the world’s largest and most powerful shipping lines.

“We would like to see the implementation of measures that will create an environment that will enable Japanese shipping companies to play on a level playing field,” he contended.

“We are especially keen to participate on an equal competitive footing with other countries in the tax system. In particular, we would like to see the introduction of the tonnage tax system and the abolishment of property tax for ships. Property tax is normally applicable only to real estate or fixed property in many countries, but in Japan it is uniquely applied to ships.”

He went on: “The introduction of the tonnage tax system has not been formally announced, but it is described in the ‘large package of tax revisions for FY 2007’ of the ruling parties as follows: It will be examined to find a way to introduce the Tonnage Tax system in discussion of tax revisions of FY 2008 with the proviso that a relevant law will be put in place at the ordinary parliamentary session in 2007.

“We therefore understand that the tonnage tax system will possibly be introduced in the fiscal year 2008. However, if it is not introduced, Japanese shipping companies will have to operate under the most disadvantageous conditions by far, in comparison with other countries. In the short run, in a situation where the shipping market is continuously strong worldwide, the earning retention gap between Japanese shipping companies will have to operate under the most disadvantageous conditions by far, in comparison with other countries.
companies and those foreign shipping companies which introduced the tax will increasingly widen, consequently leading to a significant competitive gap between the Japanese and foreign shipping companies. In the longer term, there will be the threat that the Japanese shipping companies will not be able to assume their role of ensuring the stable transportation of goods in the Japanese and international trades,” he warned.

Strong stuff indeed, but as the Mitsui OSK Chairman admitted, no one has a crystal ball to show the future clearly. “I dared to say at a press conference last November that if there was no tonnage-based tax system, the industry would decline much earlier than 10 years or 20 years henceforward. I have a sense of crisis, in that the competitive gap between Japanese and foreign shipping companies is unlikely to close and that Japanese shipping will decline without a tonnage-based tax.”

Mr Suzuki went on to warn that in a worst case scenario Japanese shipping companies would be eaten up by foreign rivals. In a lightly veiled reference to the ministry’s insistence that adoption of the tax would have to involve benefit to the community at large, Mr Suzuki said at the time: “If the authorities understand the role we are playing in the nation’s economic life, I would say the ruling principle should be to let us do business on the basis of globally unified rules without the constraint of a disadvantageous tax system.”

“A limit on dividends would curb the freedom of activities by public companies. Shareholders are one of the most important and the main managerial objective is to enhance the shareholders’ value. It seems to me that it is inconceivable that we are not allowed to increase dividend payments with profits from business done on globally unified rules.”

Mr Suzuki has compared European companies enjoying the benefits of a tonnage-based tax to those in Japan paying corporate tax to illustrate his argument.

“In Europe and the US shipping firms apportion 30% to 40% of net profits for dividends,” he said. “But even Japan’s three largest companies are allotting 20% for dividends.

“In my opinion, if Japanese enterprises are to be blue chip enterprises, they will be required to use 25%-30% of their net profits for dividends,” he said.

And the impact of the tonnage tax system is significant. Indeed, according to a Kaji Press calculation Japanese ship owners stand to

Kunio Suzuki on the environment

The JSA has been very proactive in an environmental sense and has set a target to reduce 1990 CO₂ levels by 10% by 2010. What is the probability of success in this project, and do these targets go far enough?

“The JSA set a target to reduce 1990 CO₂ levels by 10% by 2010 per transportation unit (an index not CO₂ emission itself). According to our research in 2005, the industry reduced its levels by 21%, thereby reaching its target. It is expected that cargo volume will increase in the future, along with global economic expansion. In that situation, the amount of CO₂ emissions will be expected to increase. The industry will strive toward further reductions per transportation unit by increasing transport efficiency. Implementing measures will include using newly built ships, adopting energy efficient machines and ensuring the appropriate maintenance of machines on board.”

Do you feel that ship owners have a shared responsibility to do more for the environmental cause, or is the green lobby out of control?

“We feel it justified that the shipping industry shares adequate responsibility and cooperates with related parties on environmental issues. As vessel casualties may cause pollution or destruction of the marine environment, the shipping industry, as well as individual shipping companies, must make maximum efforts and pay close attention to ensuring the safe navigation of vessels. The Japanese shipping industry is promoting environment-friendly ship navigation, including operating energy-saving ships using advanced technology.

“We positively participate in the discussions on environmental protection at the IMO and cooperate with the Japanese government to help develop effective international rules.”
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save in the region of ¥9bn ($53.5m) in taxes compared with what they paid in 2005 once the tax is introduced.

The role of the JSA has strengthened over the years and it has made strides to become more involved with IMO and regional regulators around the world. But as the controller of a major slice of the world’s fleet, it is understandable that the country’s shipping industry should peg its colours to the multilateral IMO mast rather than open itself to regulation by regional bodies intent on protecting their own interests. The fear the JSA has with unilateralism is that it can act as a barrier to growth and development of international shipping services.

As Mr Suzuki stressed: “Various conventions and rules for safe navigation and protection of the marine environment have been made and amended at the IMO. JSA recognises the importance of these pro-environment rules and actively supports them. While regulations on the environment have been made internationally, local rules such as the regulation on SOx from ships have also been developing.

“As ocean-going shipping acts globally, its service is seriously limited if local rules with different substance and standards exist. Therefore, we expect multilateral rules made under the IMO’s initiative to prevent the situation mentioned above. At the same time, the JSA would like to cooperate with the Japanese government and would like to play a positive role in the IMO,” he said.

The Japanese Shipowners Association drives its presence on the international scene through close cooperation with the Japanese government and international shipping bodies such as ICS and ISF and uses bases such as its London operation to press home its message internationally at the IMO.

“At government level, strict port state control by the Japanese government works in practice to eliminate substandard ships. But the Japanese shipping industry cooperates with the government to ensure that international rules developing in the IMO or other bodies for eliminating substandard ships become effective and reasonable,” said the Mitsui OSK Chairman.

But it is the area of seafarer training and employment where Japanese shipping companies have come under most criticism. A shortage of competent officers has not only forced wage levels up through head hunting and poaching, but has raised the spectre of unsafe manning and shipping through the promotion of incompetent and unsuitable candidates. But the industry’s prevalence to link incompetent seafarers with vessel casualties is misplaced, says Kunio Suzuki as is its suggestion that poaching of seafarers is on the increase.

“Seafarers’ training and qualification certification have been appropriately implemented on the basis of the STCW convention, and we think it is not fair to link the increase in vessel casualties directly to the problems of seafarer recruitment and competence,” he told SMI.

“While statistics show that around 80% of vessel casualties are caused by human error, we think it is important that there should be positive implementation of seafarers’ training and close attention should be paid to ensuring high-quality seafarers.

“While we do not think that poaching of sea staff is a common recruitment practice, the number of seafarers is not matching the rapid increase in global tonnage, and it is undeniable that seafarers’ wages are showing an upward trend. In 2003, the IMMAJ and the IMEC formed the Joint Negotiating Group (JNG) and since then, the JNG has been negotiating with the ITF on seafarers’ wages along the lines of our farm position that ‘seafarers wages should be based on living standards of the country of residence’. Major members of the IMMAJ and the JSA overlap, and the associations have strengthened their cooperation with each other recent years. The JSA would like to cooperate with the IMMAJ so that the JSA’s voice is represented in the negotiations with the ITF through the JNG.

“We think that global seafarer training should be promoted uniformly by an intergovernmental body such as the IMO. The JSA will do its best to play a positive role in cooperation with the JG in its work in the IMO’s subcommittee on Standard of Training and Watchkeeping,” he stressed.
Oriental drive, perseverance and long-term thinking are encapsulated by Hyundai Heavy Industries, which combines a propensity for setting new business records with an unrelenting commitment to building for the future by way of investment in R&D and the strengthening of in-house technological capabilities.

Such is the absence of complacency that new initiatives designed to extend the company’s market reach and increase its product self-reliance were being implemented at the very time it was surpassing projections for 2006 newbuild and engine production and contract intake.

Additions to the shipbuilding orderbook in the January-November period amounted to 108 vessels valued at $10.6 billion, such that contract volume during the first 11 months of 2006 exceeded the original projection for the whole year by 44%. The level of ordering reflected both the buoyancy in the market and the measures taken by the South Korean company, the world’s largest shipbuilder and marine diesel engine maker, to sharpen competitiveness and raise output. Such is the scale of the operation that the period saw the delivery of 68 vessels, with the net workload at the giant Ulsan complex still ensuring production continuity for the next three and half years.

Besides the acceleration in contractual activity, HHI has seen its earnings benefit from the fact that construction starts in 2006 included newbuilds booked since the shipbuilding prices turned sharply upwards. The orderbook displays a wide product mix, including the higher value-added categories of vessel. However, the focus on containerships and tankers has proved advantageous due to the pronounced increases in market prices for these types since 2003. What was claimed to be the single largest contract in the industry’s history was landed during the autumn in the shape of eight boxships of 11,400 teu capacity, reportedly costing $145m apiece. The order award by French operator CMA CGM was an endorsement of Korean strength in containership construction and of the industry’s vital role in cradling a future generation of ultra-large container liners.

HHI has been pushing down unit costs through investments in plant and raised productivity. A new block production factory came on-stream at Ulsan during the year, offering a 110,000 tonne annual capacity and more stable output. Having signed a memorandum of understanding with Jiangsu Shagan Group covering the annual import of 180,000t of shipbuilding plate, HHI anticipates that more than one-fifth of its overall plate requirement of some 3.2mt in 2007 will be sourced in China.
The group has been steadily increasing its self-reliance in key areas of shipboard equipment and machinery, including main and auxiliary engines, propellers and electrical components. The engine and machinery division has recorded a near 30% surge in sales, and has a commanding 35% share of the global marine engine market.

While the bulk of HHI’s huge output of marine diesels, in respect of horsepower, is based on designs licensed from MAN B&W and Wärtsilä, the expanded HiMSEN in-house offering of small engines denotes the company’s will to develop indigenous technology and increase the self-supplied content in newbuild projects.

In a recent, major initiative aimed at widening its market reach and technological offering, HHI signed a deal with Wärtsilä Corporation to manufacture dual-fuel (DF) machinery for LNG carriers. The South Korea-located 50:50 joint venture, Wärtsilä Hyundai Engine Company, is scheduled to start deliveries of the Finnish-developed 50DF engine during the second half of 2008. The move will give added dimension to the group’s self-sufficiency in the sourcing of key elements for newbuild construction against a backdrop of record contracting of LNG carrier tonnage.

South Korea’s overall stake in the LNGC shipbuilding market currently stands at more than 70%, and Wärtsilä Hyundai Engine Co will serve clients throughout Korea and also Japan, China, and Taiwan, effectively bringing the entire field of large LNG tanker production within the ambit of the joint undertaking.

According to the Korean Shipbuilders’ Association, new orders secured by Korean yards in 2006 rose by 63.7% to 498 ships of 33.66m gt and 19.58m cgt (compensated gross tons) compared with 2005. Broker sources say that Korean builders increased their global market share from 39.5% in 2005 to around 44% last year, against the backdrop of surging contractual activity by shipowners worldwide, and notwithstanding the staggering scale of development of the Chinese shipbuilding industry. The indications are that China’s much increased stake in the market, reckoned to have included a more than
one-quarter share of new orders in 2006, has been primarily at the expense of Japanese and European yards in terms of market shares.

How the relative positions will alter over the next couple of years will, of course, be determined by market demand, with analysts divided as to whether the so-called ‘super cycle’ of ordering will be prolonged, and by the impact of the coming on-stream of new Chinese capacity. China will inevitably challenge South Korea for market leadership, and some experts believe that the mantle could pass by around 2015. Joint ventures between the developing Chinese shipbuilding industry and established Japanese and Korean yards will inevitably mean transfer of technology, engineering skills and production know-how.

Despite the belief by some analysts that newbuild prices could fall by as much as 20% - 30%, leading figures in South Korea’s shipbuilding industry take the view that current buoyant price levels will be maintained at least until 2008.

Of course, volume and market share of itself is not the sole criterion of business success and an increased Korean focus on more sophisticated and more work-intensive categories of tonnage should ultimately translate into higher unit income and payback on endeavours, even if overall market share ultimately falls. By the same token, lessons learned from other parts of the world should underline the fact that critical mass is vital to all industrial enterprise, and that ‘giving up’ any field can have a certain finality, with no prospect of profitability returning to that sector.

It is significant that Japan, for instance, has continued to maintain a considerable position in bulk carrier construction, normally regarded as an area of low unit returns, through constant attention to productivity enhancement and to astute design which marries commercial attractiveness with production-friendliness. It is also significant that one of the newcomers to the international stage, Vietnam, has quickly taken steps to include a higher-value dimension to shipbuilding output. While still at an early stage in fostering worldwide business in the more populous tonnage...
categories, notably bulkers, Vinashin’s recently forged strategic cooperation with Hoegh Autoliners will shortly take Vietnamese shipbuilding into the upper size echelon of the vehicle carrier category, attended by the input of technological know-how from the Nordic region.

Despite the belief by some analysts that newbuild prices could fall by as much as 20%-30%, leading figures in South Korea’s shipbuilding industry take the view that current buoyant price levels will be maintained at least until 2008, and that a further uplift may be attainable subsequently. With the world’s major yards fully booked for more than three years, there is as yet no pressure to take on more work at lower prices, while the increasing cost of steel and other materials and marine equipment, and currency appreciation against the US dollar, coupled with the cost impact of new legislation such as coatings for ballast tanks, will all exert an upward influence on newbuild prices.

Samsung Heavy Industries is understood to have secured new orders worth in the region of $13bn during 2006 against an original target of $7.7bn, and is enjoying robust profitability. The company was the first in Korea to foster large-scale business in the industrial shipping category and other higher added-value sectors of the market, and the longstanding strategy has already this year produced a clutch of highly capital-intensive contracts. In February, a deal worth some $1.15bn was concluded with the state-owned Qatar Gas Transport (Nakilat), calling for the construction of four LNG carriers of 266,000 cu m capacity under the Qatargas IV project. At $286.4m each, the QMax vessels are the most costly LNGCs to date, and employ the same design of record-breaking size which featured in a March 2006 contract with Samsung at a price of $284m.

Besides the further QMax commitments at Samsung, February’s tranche of Nakilat orders included four QFLEX vessels of 214,000cu m capacity, to be constructed by Daewoo Shipbuilding & Marine Engineering. The QFLEX series will also serve Qatargas IV, a joint project between Qatar Petroleum and Shell, and the four gas tankers represent an investment of some $984m overall. Daewoo’s management is optimistic that world demand for LNG carriers will remain at a high level over the next few years. The yard has set a target of $10bn on newbuild orders as a whole for 2007, and achieved $11bn last year against a budgeted figure of $10bn.

**Although Japanese shipbuilding’s technical prowess encompasses all fields of newbuild construction, the industry’s resourcefulness and sensitivity to market needs continually finds new expression in the ‘workhorses’ of deepsea trade**

The long-term agreement made in January 2005 by Qatar with Daewoo, HHI and Samsung has yielded total orders for 45 LNG carriers worth $11.3bn to Korea’s shipbuilding industry.

A seminal arrangement has recently been concluded by Samsung in the industrial shipping category, whereby a $400m FPSO (floating production, storage and offloading) vessel ordered by a Norwegian company will be paid for in both US dollars and Korean won. The terms of the deal call for 58% of the price to be in won (222 billion won), with the balance of 42% paid in US dollars ($160m). It is claimed that the denomination of won for a large proportion of the export deal represents a first for Korea’s shipbuilding industry. Samsung will accordingly be able to use dollar payments to cover the costs of imported shipboard equipment, while home-sourced steel and paint, as well as labour costs, can be met using won received in income from the Norwegian deal. By such means, the effects of currency exchange volatility will be obviated from the outset.

The 1m barrel-capacity FPSO is scheduled to be positioned in Norwegian offshore waters at the beginning of 2010. With this latest project, Samsung said it had received orders for 14 out of a total of 55 newbuild FPSOs booked worldwide to date, representing a 25% market share. The industrial shipping workload has also been boosted by last year’s intake of six drillship newbuilds. Two of these establish consecutive price records in the category, at $580m and $631m, respectively, the subject of the latter having been designed to drill to a depth of 11,000m.

Although Japanese shipbuilding’s technical prowess encompasses all fields of newbuild construction, the industry’s resourcefulness and sensitivity to market needs continually finds new expression in the ‘workhorses’ of deepsea trade, namely the ships which carry the world’s bulk commodities. As an early response to the recently confirmed project to enlarge the Panama Canal, Sanoyas Hishino Meisho Corporation has developed a 116,000dwt design, dubbed the Handy Cape bulk carrier.

Compared to the 225m x 32.6m main dimensions of a standard Panamax, the 116 Handy Cape-type will be of 245m x 43m, and will retain a seven-hold configuration. The new class will carry about 110,000t of cargo at the anticipated 15m draught parameter of the expanded Canal, equivalent to a payload gain of some 20% relative to current Panamax types. Capesize bulkers may well be able to access the waterway after the huge development project, but it appears that transits would have to be made at something significantly below full load capacity, due to the Panamanian draught constraint. The 116-type offers wider trading versatility, affording access to ports from which the larger Capesize vessels are precluded.

Sanoyas has quickly attracted a clutch of contracts for the new breed of Handy Cape bulk carrier, including a commitment to a pair of newbuilds for Mitsui OSK Lines, due to be phased into service in 2009 and 2010.

Well-honed skills in design optimisation coupled with high productivity levels have seen the industry remain competitive in all sectors of the bulker market. Oshima Shipbuilding’s output in 2006 included examples of the yard’s 54,000dwt Super-Handymax semi-open bulker, employing full-width, 25.8m hatch openings to all five holds, but with a cross-deck at the fore and aft end of each hatchway. The arrangements are suited to a trading profile potentially involving a wide range of cargoes, including steel products, pipes, timber and pulp, and bulk goods.

Notwithstanding Japan’s strong position in fields such as bulkers, crude carriers, chemical tankers and small LPG carriers, there is no doubt that China, in particular, is increasingly attacking those markets. Overall, there is some evidence of a proportional reduction in Japanese builders’ allocations to R&D. Of no less concern is the age profile of the skilled labour force, along with rising wage and material costs.
Today’s shipmanagement industry is the most regulated it has ever been. Layer upon layer of multilateral and unilateral regulations have compounded shipowners’ operating costs to the extent that the options offered by the third party shipmanager have become more attractive.

But why haven’t the views of the practitioners been taken into account by the regulators as they lay down the rules which govern shipping’s future?

This one-day conference and Round Table Question Time will pit shipmanager with shipowner and shipping industry regulator in the quest for answers to questions like these.

“What drives the regulator to regulate in the way he does?”
“What does the in-house and third party manager need to do to make its voice heard?”
“How can owners and managers work more closely together to ensure their role as influential stakeholder in today’s shipping industry is guaranteed?”

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- What is on the regulator’s mind when he considers both ‘knee-jerk’ and long-term regulation of the maritime sector?
- Are industry initiatives like TMSA and KPI sufficient to rid the shipping industry of its ills and get the regulators on side?
- The owners’ perspective?
- How crucial a role are third party managers now playing in the development of the industry and are they being taken as seriously as they should be?

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- Ole Steen, Managing Director of Jebsens and President of InterManager;
- Alfons Guinier, Secretary General of the European Community Shipowners Association;
- Dr Peter Swift, Managing Director of Intertanko;
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The major issue facing today’s shipowners and managers is the growing shortage of competent crews. Outside talking about it, what must the industry do together to rectify this problem?

The shipping industry’s image needs to be improved dramatically. This is a very difficult question but the best way to improve the image of the industry is to create a better image for the seafarer. In most post-industrial countries now, even in countries with a shipping culture like Norway or Greece, the seafarer’s status has dropped and that is a bad thing.

When I was a young man growing up in Norway, the status of ship’s master was high – he was well paid and he had power and status. Today, that is no longer true. In those days, the status of a master was up there with a doctor or a lawyer. But for various reasons that has slipped and I am sad about that. That is why it is difficult to get young people to see shipping as a worthwhile career.

Today the masters are criminalised; the job is seen as low status, often isolated, away from families for long periods and they are seen as ‘order takers’. These are negative stereotypes and we must work together as an industry to improve this image.

I believe the biggest single challenge facing the industry today is the global shortage of qualified officers and crews. We face this issue at Thome Ship Management in common with all other ship managers in the world today. To combat this situation we have invested in the training of seafarers over many years in the Philippines and more latterly in China.

With so many new ships coming onto the market in the next few years I think this challenge can only get tougher. We note that some owners and managers do not spend sufficient amounts on training and that will surely cause problems in the next few years. Another phenomenon which we have seen is the rise of staff ‘poaching’ which is now quite commonplace throughout the industry. We have seen evidence of this poaching in which higher wages are offered to certain types of seafarer which in turn has caused something of a wages ‘bubble’. In general it is obvious that the industry is going to witness a real labour shortage in the next few years and most studies confirm this.

“I believe the biggest single challenge facing the industry today is the global shortage of qualified officers and crews. We face this issue at Thome Ship Management in common with all other ship managers in the world today. To combat this situation we have invested in the training of seafarers over many years in the Philippines and more latterly in China”

Concerns have been raised that the third party shipmanagement sector is not as professional as it should be and that professional shipmanagement qualifications should be a pre-requisite to a company and its staff trading - similar to a doctor or a lawyer needing required qualifications to employ their skills. Do you agree and if so, why?

I agree with the questions. When the ISMA organisation was alive it aimed for this kind of approach to shipmanagement which was a good idea with good intentions.

There was a feeling in the 1990s that there needed to be a higher entry level to the industry and that higher quality managers needed to demonstrate they had a higher level of professional competency. But many managers did not even get over the hurdle of the ISM Code which was not a particularly high standard. The code had its critics and failures, but it was a step in the right direction for the industry, albeit a rather small one.

Today the best managers, and I include Thome in that category, have ISO9000 and ISO14000 accreditation which means they have reached a higher standard of professional competency than the ISO Code.
demanded. I agree with the idea that ship managers should be able to demonstrate competency, but so few actually can prove that today. It is tremendously difficult for the industry to enforce qualifications which could be applied like the legal profession or in medicine.

It saddens me to say, but even a smooth-talking second hand car salesman can set himself up as a ship manager and start a shipmanagement company today.

All you need is smooth talk and a laptop and off you go! There is no universally accepted university degree and in the main it is true to say we need people with practical skills and experience as much as any academic qualifications – that makes the certification process even harder for the industry.

Third party managers have earmarked 2007 as a year for growth and fleet expansion. What are Thome’s priorities for the year ahead and where do you see growth happening the quickest?

Yes, it is correct to say we see growth for the sector in the next few years. For Thome, we see ample opportunities in Japan where we already have solid and long-standing relationships. In addition, we are seeing more and more vessels and fleets owned by private equity funds and trusts these days and the nature of shipowning is changing quite rapidly. There is a discernible trend there in that these funds or trusts or owners have no wish to get involved in the actual management of their ‘assets’ which are the vessels. So for managers with a track record, there is an opportunity there and Thome is well placed to take opportunities in that market.

Thome also sees tremendous opportunities in the offshore sector for similar reasons. There is a sizeable market segment of new owners of FPSOs, FSOs, anchor handlers and similar offshore structures which are basically investment funds or trusts, backed by private equity and owners. These people also need hands on professional, operational managers to look after their assets and Thome is well placed for this management as well. It is an exciting part of the market for us and we already have strong links with some of the Norwegian-based funds who need this kind of management.

One possible avenue for individual company growth in the industry is through acquisitions or consolidation. But with the emphasis switching to quality management and adequate resources, do you believe there should be a smaller number of larger-sized third party management companies operating across all sectors or should the status quo remain where third party managers compete across the board irrespective of size or specialisation?

The question of how ‘big’ a ship manager should become has always interested me ever since I began as an active manager 30 years ago. It is always a question I have wondered about and finding the optimum efficiency size for a manager is a difficult business art. My experience tells me that anything below 50 vessels under management means the efficiency size for a manager is a difficult business art. My experience is always a question I have wondered about and finding the optimum interested me ever since I began as an active manager 30 years ago. It

Is there a solid place for very small specialised or ‘boutique’ managers specialising in certain areas such as LNG or Cruise or Ice Class?

I believe there is especially when it comes to the areas of crewing and the provision of LNG ship crews and LNG ship services is one good example. Thome also sees tremendous opportunities in the offshore sector for similar reasons. There is a sizeable market segment of new owners of FPSOs, FSOs, anchor handlers and similar offshore structures which are basically investment funds or trusts, backed by private equity and owners. These people also need hands on professional, operational managers to look after their assets and Thome is well placed for this management as well. It is an exciting part of the market for us and we already have strong links with some of the Norwegian-based funds who need this kind of management.

...
Seldom is a race won by the competitor who is able to achieve the lowest speed, but when it comes to foul release coatings the competitors are tripping over each other to reach a pace that is positively pedestrian.

Silicone-based foul release coatings were striving to work at speeds of 14 or 15 knots only a year ago. Now the key players in the coatings market are competing to obtain foul release performance at speeds as low as 10 knots or, incredibly, eight knots, with huge fuel savings thrown in.

International Paint (IP) recently revealed that by moving away from silicone foul release in favour of a patented fluoropolymer technology it had created a foul release system which worked at 10 knots and produced fuel savings of 6% – a 2% increase on its previous best silicone-based performer. In addition the static performance, abrasion resistance, hold-up and resistance to slime had been greatly improved.

The figures were rightly applauded but the brave move to abandon silicone technology had proved to be a major obstacle for the IP staff. “There was almost a psychological barrier to get away from silicone foul release because it has been so successful for us. We invented it first and had great benefits coming in from it. But we realised that we had come as far as we could with it and we had to consider other technologies,” explained Clive O’Leary, Business Development Manager for Foul Release Technology at IP.

“We asked ourselves a number of questions. If we had a silicone foul release coating, could we make it work at low speed? Most of the answers were, no. We couldn’t make it any smoother, silicone foul release is what it is. Could we get less drag? No. Could we solve the slime problem? No. We won’t add biocides. Could we make the existing coatings tougher? No. Could we improve the hold up? Possibly. Can we solve the over spray? No. It is what it is and there are a whole bunch of limitations on what can be achieved. If you make silicone foul release tougher it stops working,” Mr O’Leary added.

The product, now known to the world as Intersleek 900, appeared to represent a sea change in foul release technology and IP boldly

“The race is on but beware of the tortoise not the hare!

The gloves are off in the battle for supremacy in the foul release coatings market following the introduction of fluoropolymer technology. SMI asks what the future holds for silicone coatings and questions how far foul release technology can go?

“Silicone products are incredibly expensive. That will be a limiting factor for everyone. There could be economies of scale here, but it would still be expensive for the rest when compared to the more traditional fouling control systems”
predicted that it would have a major effect on its competitors. Mr O’Leary said: “I think it’s going to have a dramatic impact on the market because it is not expecting it. A lot of the customers are surprised. The big four competitors are going to be concerned that they have just caught up with current foul release technology and the whole scenario has changed. The whole market is open to us again. They [competitors] are going to be concerned because they are not that comfortable in the current position of over 15 knots. They are happy at 18 knots plus, which further limits it to container ships and LNG carriers really. I think they are going to be surprised; they are not going to know what is going on.”

However, not everybody shares Mr O’Leary’s view. A host of firmly stated “No comments” from coatings experts contacted by SMI suggested the market might be running scared, but not everybody will be giving up without a fight.

Thom Rasmussen, a foul release expert at Danish coatings giants Hempel, said: “We have seen this coming, not from IP as such, but we certainly felt there were a lot of customers with bulk carriers and tankers with a lower speed than we had traditionally specified foul release for. We were not surprised. This was something that had to come.”

With over 200,000,000 sqm of hull underwater around the world needing to be coated, a foul release paint able to perform at lower speeds is likely to be in high demand. Fuel saving capability is a major driver while environmental performance and increased speed are also desirable qualities of foul release coatings technology. However, it appears that not all coatings companies will be following IP’s lead and move away from silicone foul release technology in order to cater for slower vessels. And while IP’s decision was driven by the belief that it had reached the performance threshold of silicone foul release, one coatings expert contacted by SMI suggested that cost was likely to be a more restrictive factor in the development of silicone foul release technology.

He said: “Silicone products are incredibly expensive. That will be a limiting factor for everyone. There could be economies of scale here, but it would still be expensive for the rest when compared to the more traditional fouling control systems. Speed limits for silicone will exist on the upper and lower side but I don’t see that either of those will be over restrictive. The limits are stretched, not every day, but every two years we go further in film thickness, in smoothness and in adjusting surface tension to exactly the right level. This also includes changes in both the upper and lower speed limits.”

“There will be a lower limit because you need some force to release the fouling from foul release coating, but the ideal is to make that force as little as possible. The limit is going further down. It would not surprise me if it ended some-

“We have an experimental product which is producing a foul release performance at eight knots, and that is silicone-based. We made the conscious decision to only sell it as an experimental product rather than a commercial one. It has been available to our customers for about a year now. It works on vessels operating on schedules with as little as 50% activity, which we believe is very good. Although we are not sure what comparable figures IP is quoting for activity with Intersleek 900, we don’t believe that we are playing catch up,” Mr Rasmussen said.

“If you go further down, maybe at eight knots you will not pick up many more square metres of hull because the use potential is really down to 12 knots. It’s more an indication of the product quality that we can actually go as low as eight knots,” he continued.

“We believe that silicone foul release technology has a very bright future. New generations with silicone foul release technology, which employ a different additive in the coating from what we know today, will reach a new level. We really believe we can make it work,” he added.

Having just launched Intersleek 900, IP is in no mood to rest on its laurels. It has already set its sights on its next big development. “The next thing will be to cater for any and one vessel types with one product. The holy grail will be a completely slime-free system, that’s probably going to be the next one, and we are going to understand the relationship between roughness foul release coatings to make it even better,” Mr O’Leary said. “I think we are the only company that will ever get there. And we are not entirely sure we can.”

With over 200,000,000 square metres of hull underwater around the world needing to be coated, a foul release paint able to perform at lower speeds is likely to be in high demand where around four knots,” he suggested.

Others were equally bullish about the future of silicone foul release systems. IP may have placed an arbitrary 10 knots lower speed threshold on Intersleek 900, but Mr Rasmussen suggested that the ten knot limit had already been broken by an existing silicone based product.

Fluoropolymer technology made ‘easy’

The glue that binds creatures to a ship’s hull is either hydrophobic or hydrophilic in its make up. Traditional foul release coatings are only hydrophobic so are unable to resist attack from all species. That is where Fluoropolymer technology is different. Through the miracles of nanotechnology it is both hydrophobic and hydrophilic at the same time – a state known by scientists as amphiphilic. As hydrophobic secreting beasties are unable to attach to a hydrophilic surface, and vice versa, they are unable to get a hold on a Fluoropolymer coating. So anyone who is able to exploit Fluoropolymer technology and create an amphiphilic surface, as International Paint has, is on to a winner it would seem.
Everything that glitters should be gold!

Brussels is so desperate to find a solution to the dearth of European seafarer recruits that it is considering funding a recruitment drive of its own as long as it can find the right business model. But according to the sceptics, the issue is more than just about money. Something more fundamental needs to be done about shipping’s lacklustre image altogether. Sean Moloney reports.

The peal of laughter and subsequent admiring ripple of applause was almost certainly directed at Marc Nuytemans’ delivery rather than at any nascent agreement by a recent gathering of high-ranking shipowners and regulators in Brussels, at the somewhat derogatory reference to the definition of a seafarer he came across in a 17th Century French dictionary, namely: “Un animal de mer vivant sur le tabac et l’alcool”, which roughly translates as a sea animal living on tobacco and alcohol.

Harsh words indeed. Those 17th Century French lexiconarians clearly didn’t mess about when it came to social labelling. But as Managing Director of the Royal Belgian Shipowners’ Association, Marc Nuytemans was probably the most qualified to defend such a statement.

“I am a rare species in this room because I am an ex-seafarer,” he told delegates attending a meeting of the European Community Shipowners’ Associations (ECSA).

“Seafarers are generally described as a kind of uneducated rare species. In my opinion it does not make sense to attract people to a profession by showing an unrealistic view of that profession. Do you have any idea how much an LNG captain is earning now. Try $20K per month and he sails only six months a year. Try and find an LNG captain off the shelf now. So don’t give me these stories about poor working conditions and poor salaries which is just not true. Even a Filipino seafarer is earning $1,560 per month net wage before overtime. Don’t tell me the man is underpaid,” he said.

It was not hard to detect the passion in Nuytemans’ voice after all he is a proud ex-seafarer. But as an owners’ association representative he is viewing the situation from both sides of the divide and his message was equally clear: “If you want to attract good people confront them with the reality that most seafarers are on equal terms pay wise and only work six months per year.”

His views were clearly directed at his peer group which apart from tutting at the escalator work six months per year.”

Something more fundamental needs to be done about shipping’s lacklustre image altogether. Sean Moloney reports.

“If we don’t do anything about encouraging young people to stay in European shipping companies instead of exploiting opportunities on land, then there is a danger we will see European shipping declining”

Fotis Karamitsos, Director of Maritime Transport, European Commission

“Can we work out something more concrete and not on a philosophical level, so we can get governments, shipowners, schools, and the community to give incentives to get young people to look to the sea to drive up our officer levels,” he said.

John C. Lyras, Chairman of Paralos Maritime Corporation and ECSA Board Member, was quick to nail his colours to the mast. “If there was community funding available to cover training costs, then there could be a commitment from the industry to employ these people for a certain number of years,” he said. “But we have a shortage definitely. We also have to bear in mind the competition in the Far East where companies are paying their officers large amounts of money. But it is true and the stats show that in each country you have to employ a certain number of officers who have to spend time onboard ship to get the experience they need if they are to become Masters or pilots or superintendents. So maybe this is a suggestion.”

His fellow Greek Dr John Coustas, President and CEO of Danaos Corporation
“If you debar assistance from individual governments to that second and further phase that takes you from being a trainee to being the professional, then you are weakening your opportunities.”

Lytras is not alone in indicating that the root cause of the problem is the overall deteriorated image of the international shipping industry. “The problem we have with our profile is that people have the wrong facts and the wrong impression about shipping. It is not that they have anything against it but that the media tends to report shipping accidents and no other business at any other time,” he said.

Torben Janholt, President and CEO of J. Lauritzen, put the Danish image into sharper focus. “We have been working on the image of Danish shipping for over six years in order to increase general awareness of the industry. On with it, it can definitely be done,” he said.

Jørgen Hammer Hanse, Director General of the Danish Maritime Authority, agreed with Janholt’s comments by claiming that in Denmark at least, shipping was no longer an invisible industry. “In Denmark the Danish Shipowners Association has done a lot to attract young people to the industry but in addition it is very important that individual companies present themselves to young people to say what is in it for them. It is important that the Commission places more emphasis on growth and on opportunities. You might get the idea that something is rotten with the shipping industry, well maybe out there it is but not in Denmark.

Mark Brownrigg, Director-General of The Chamber of Shipping, is of the view that everyone in the industry starts from his or her own ‘context’ regarding image and is working hard to get a positive message across. “We all have the feeling that seafarer training ends after the first certificate but it does not: it goes onto the master or chief engineer’s certificate. But the trouble with the state aid guidelines or one of the troubles is that they stop at the first certificate. And it stops at the first certificate because that is where you cease to be supranumery and that is a key component. If you debar assistance from individual governments to that second and further phase that takes you from being a trainee to being the professional, then you are weakening your opportunities.”

“Most of the time its not that we have a bad image it’s that we are invisible and apart from the cruise and ferries sector, which is quite visible, the cargo side, which is the biggest part, when it is working well, isn’t seen,” said Michael Parker, Chairman of Andrew Weir Shipping and Chairman of CMA CGM Holdings.

“When you go into a garage you know which fuel you are buying and from whom but you don’t know which shipping line shipped in your containers or wheat or oil for that matter. The problems affecting recruitment go back to the 1980s when we were referred to what as the Americans call ‘a smokestack industry’. If you are a young person you may not want to get into that type of industry.”

Through the auspices of the Danish Shipowners Association we have worked with the press, invited them to various functions and we have agreed that our individual companies should do the same. When the Emma Maersk came to Copenhagen the whole of the city came out over the week to see it. So there was a lot of awareness about it. We work to ensure people know the importance of shipping for the country. Recently it has become obvious in Danish newspapers and magazines that shipping has a positive role to play in the economy. I can only say to the shipping industry that with most shipping companies enjoying very good results over the past few years, get very good results over the past few years, get
young people are starting to get the message that actually this is an exciting industry to be in.” And right he is too. Or is he?

Philippe Louis Dreyfus, President of Louis Dreyfus Armateurs, was a little more sceptical. “When you talk about people living in maritime countries, such as the Norwegians and the Danes, then you can have a positive image in public about shipping. But when you talk about other countries the image, I am sorry to say is not good. And whatever the reason is, you can go to people and give them the facts but they cling to the adage: don’t confuse me with facts as my mind is made up. They don’t want to change. The best thing we can do is say to ourselves that we are good, and be good and also have other people saying that, maybe at political level. Europe has something to do with that and governments should start saying that shipping has to be protected.”

And what about the Italian viewpoint. Well as Emanuele Grimaldi, Managing Director of the Grimaldi Group explained to SMI, to have an image you need to derogate your records. It is very important for people to understand what shipping is, what it produces, how competitive it is and how we deliver. It is also very important for the media to discuss the future of the business.

“There is always room for improvement, but even with environmental, safety and security issues the record of shipping is much better than those of other industries.

“If you look at the construction industry the improvements have been very small – they have a lot of casualties. Even in the road transport sector the casualties are increasing and not reducing. But the problem is that the perception and image is not there in shipping – we need to work very hard on that,” he said. ■
“My packed timetable does not leave me with enough time to pursue my personal interests, one of which is reading. However, I am reading a new book called ‘Driving Customer Equity - How Customer Lifetime Value Is Reshaping Corporate Strategy’ by Roland T. Rust, Valarie A. Zeithaml and Katherine N. Lemon.

“The book is written to provide a new perspective and a new framework for today’s managers on the strategic importance of customers to business success. It helps managers develop a new corporate strategy/business model which is able to adapt to the increasingly competitive business environment where, to succeed, companies have to be customer-focused instead of product-focused.

“The new approach is that companies have to manage according to ‘Customer Equity’, rather than ‘Brand Equity’, and focus on ‘Customer Profitability’, rather than ‘Product Profitability’.

“I think it is a good read for all managers, regardless of whether or not they have an understanding about the inevitable shift to customer equity in the new economy from goods to services.

“It is a book which provides insights and guidance to managers to devise the right strategy and make better business decisions by realising and capitalising on the value and the potential value of the customers, supported by in-depth analysis and practical examples.

“The book reinforces my belief in the critical importance of customer management to business success.”

Elements of Shipping – Eighth Edition
Author: Alan Branch
Publisher: Routledge
Price: $170.00 (Hardback)

Long established as a favourite amongst industry executives and scholars, the latest edition of this much-loved series will bring fans right up to date.

New chapters on sea ports and electronic data interchange, coupled with a fresh focus on professionalism are a tribute to the modern philosophy of the industry.

But while the title suggests an academic read and reams of heavy work, this is far from an insomniac’s guide. Newcomers to the industry will find this book accessible and interesting while non-technical experts will find plenty to digest.

More than 40 years on from the first issue, Elements of Shipping remains fresh and interesting. Insightful debate and accurate updates make this a ‘must have’ in any company library, if only to keep the series complete.

Lost Treasure Ships of the Northern Seas: A Guide and Gazetteer to 2000 Years of
Author: Nigel Pickford
Publisher: Chatham Publishing
Price: $23.00

Adventure-hungry mariners will delight at this voyage to the riches which lay beneath the waves of northern European seas.

This heavily illustrated guide takes the reader on a journey to 500 of the region’s ‘high-value’ ship wrecks, ranging from Roman trading vessels to war-time liners.

And divers hoping to discover untold riches or an intimate insight into the regions maritime heritage will be gripped by 20 detailed case studies explaining the diving site, vessel state and, most importantly, the potential riches to be uncovered.

Those reluctant to dip a toe into the lucrative waters will also be charmed by nostalgia and find it hard to resist a little day dreaming. It may be best to keep your copy away from the office.
Norway rocked by tax delays

Norway has enjoyed an unseasonably warm winter but there is a bitter chill in the air as the industry waits impatiently for the government to update its tonnage tax regime to internationally competitive levels.

Bite a chunk out of the Norwegian shipping industry and the words “pride” and “patriotism” will appear in large concentric lettering. However, if you scratch away the sugary surface of economic growth and multinational expansion there is a distinctly sour message to be digested.

Giant Norwegian conglomerates may have been asserting their colossal presence on the international stage by exporting assets and expertise to growth areas in the Middle East, Asia and South America, to name but a few. But the owners who have proved to be such a rock in supporting the maritime sector’s success are increasingly cutting ties with their homeland.

Single owners are still the predominant flag carriers as the traditional shipping model survives, but the lack of an internationally (or even Europe-wide) competitive financial structure has forced owners to head for foreign shores. Leading the way was Frontline boss, John Fredriksen. He has even elected to pass up his Norwegian citizenship in exchange for a Cypriot passport, and the queue of owners behind him in the Oslo departure lounge is only going to get longer unless the Norwegian Government bows to industry pressure and updates the existing tonnage tax system, which was introduced in 1996.

“It is clear that the tax situation and the conditions for ownership in Norway are less favourable than those that exist in other important maritime nations throughout Europe,” said Knut Hundhammer, Managing Director, Commercial Management, Torvald Klaveness Group.

“The long-term trend where owners locate themselves in other domiciles will go on. A lot of Norwegian ship owners are located or are living abroad. In the long run this will reduce the Norwegian Ownership side – that is quite obvious,” he added.

“We have fought through the Norwegian Shipowners’ Association to have a tonnage tax system that is like the European system, introduced so that ownership of the assets can remain in Norway and be part of the Norwegian environment,” added the usually secretive First Olsen President, Per Oscar Lund.

“So far we haven’t been able to get anything that is sufficient in this respect. There was a report in March last year from an expert committee that basically concluded that there is no point in having Norwegian shipping – just close it down and buy shipping services from abroad – which was quite a blow to the industry and also to at least part of the political environment,” he said.

Fortunately, the theoretical majority view that came forward from the expert commission, which was chaired by a Professor of economics, does not appear to have had much political backing. The new Norwegian Government, which when elected in 2005 became the first majority government to rule the country in 20 years, has presented a more diplomatic front and appears to be committed to helping the development of the Norwegian maritime sector.

Dag Terje Andersen, Minister of Trade and Industry, Norway, said: “In order for Norway to remain a large maritime nation it is – in my
opinion – paramount for Norway is to maintain and further develop its shipping industry. The Norwegian Government has singled out the Maritime industry as one of our five priority areas. “This is an area where Norway is considered to have competitive advantages. We have therefore taken the initiative to establish a national maritime strategy. The outcome will be presented later this year. The strategy will cover the issues of globalisation, recruitment, education, the environment and how to promote short sea shipping,” the minister added.

However, while the government may have been making more positive noises of late, there is still a great deal of uncertainty surrounding if and when words will be transferred into action. The anti-shipment Socialist Left Party has increased its presence in the government and is now the junior party in the three-strong ruling coalition. As the Socialist Left was the only political party opposed to the 2004 Shipping Policy White Paper, which suggested the Norwegian tonnage tax system should be updated to give it parity with other EU nations, there is still some doubt surrounding the government’s ability to deliver.

“We now have a new government in place and it tends to have a more pragmatic view. But it is a coalition and there are different opinions within that government on this issue, so it has taken quite some time to progress,” Per Oscar Lund said. “From what I understand, there is going to be some kind of a White Paper from the government on these issues before the summer. Whether that would be a full European solution is unknown to us now. At the same time it is a question of whether there will be arrangements for transferring from the old system to the new system and whether we will have to pay a lot of taxes on this.”

The most recent government talks on the issue, which took place in February this year, appear to have been a panic measure in response to the recent stream of Norwegian owners moving from Scandinavia to Cyprus, Per Oscar Lund explained. However, they seemed to stall on old ground and deliver very little product. “There was a lot of coming back to the fact they are preparing and adapting to the demand of the industry and we try to accommodate them and so on. But so far it is words and we need to see it down in black and white in a proposal on how to deal with this,” he said.

Norway’s slow progress is a little surprising when one considers how successful tonnage tax schemes have been elsewhere. The UK-owner fleet has increased by 140% in tonnage terms since the introduction of tonnage tax in 2000, with the UK-registered fleet expanding by 300% over the same time frame. And while the Norwegians were considered innovators when their current system was introduced in 1996, they appear to be hindered by a more text-book approach this time around.

“There are strong elements not so much in the political environment but in the civil service part of our government that have their book which says: ‘You should not subsidise any industry. You should have the profitability in each industry to see if you survive. If you cannot survive without subsidy then you start another industry that is able too.’ This is a very theoretical view because in Norway we...”

Jan Eyvin Wang, Managing Director, United European Car Carriers (UECC).

Knut Hundhammer, Managing Director, Commercial Management, Torvald Klaveness Group.

“We have to plan on our investments relating to the manning side more than ever before. Clearly the limited number of skilled seafarers will be an ever increasing problem. I think companies who have invested long term in their crews, whether domestically or internationally, and have been good at building successful loyalty programmes will be successful. It is that simple. If seafarers are shown no commitment and people go for whatever they can get in the market that is a risky strategy going forward. I think you have to look long-term with planning and make a commitment to the seafarers you have.”

“The uncertainly moves you into an environment where you go for the safe option. And the safe option today is not necessarily Norway because you don’t know what that is. I think it benefits Norway to get this settled very quickly”

Jan Eyvin Wang, Managing Director, United European Car Carriers (UECC).
subsidise quite a lot. We have an agricultural industry which depends on subsidy for the supply of power and a lot of other things,” a leading Norwegian owner said.

“Also, if there is an industry that has been able to position itself in the world market without having any home market what so ever, why close it down? We have about 70,000 or 80,000 people working in the industry on land in Norway and some of us are paying fairly heavy taxes too. So why shouldn’t we base our future industry in Norway on something we can do and are good at,” he added.

Per Oscar Lund is certain that if the government takes positive action and introduce a tonnage tax, Norway would be rewarded with a heavy increase in investment. “It will be easier to attract Norwegian capital to the shipping environment and we will have more stability on the capital side.”

This level of uncertainty is potentially more damaging than not introducing a tonnage tax system at all, argued Jan Eyvin Wang, Managing Director, United European Car Carriers (UECC). “When you have a debate like this there will always be pros and cons. Right now we are in a waiting modus. We have had bodies of people doing analysis and come forward with recommendations; now we are waiting for the politicians to decide one way or another. It’s important to be able to move forward and conclude. I think, from Norway’s perspective, the sooner you are able to decide the sooner you are able to

Per Oscar Lund, President, First Olsen

“If the government takes positive action to introduce a tonnage tax, Norway would be rewarded with a heavy increase in investment. “It will be easier to attract Norwegian capital to the shipping environment and we will have more stability on the capital side”

Per Oscar Lund, President, First Olsen

“I think there might well be a limit to growth in the third party shipmanagement business because owners will always want to keep a hand on the wheel. Even if an owner is in partnership with a responsible operator like V.Ships or Barber, if an accident happens people will always look to the owner and ask whether they had ensured that sufficiently qualified people were onboard and question whether the owner had the proper safety systems in place. You need to have closeness to that, which means that if a shipmanagement organisation is over a certain size it is not necessarily beneficial to the customer. As long as managers are big enough to provide qualified crew and to maintain education for a sufficient number of seafarers, that is sufficient. If a company has 2,000 vessels, its performance and returns are indistinguishable from a company with 800 ships. When a firm reaches such a size it becomes bureaucratic and costly. This can, however, be offset by a system of local offices which are able to draw on a global support network.”

Per Oscar Lund, President, First Olsen
move forward and make investments and strategic decisions that sup-
port one or the other. What we don’t like is the uncertainty. The uncer-
tainty moves you into an environment where you go for the safe 
option. And the safe option today is not necessarily Norway because 
you don’t know what that is. I think it benefits Norway to get this set-
tled very quickly,” he said.

However, a failure to introduce a tonnage tax is likely to lead to dif-
culties beyond the continued departure of erstwhile Norwegian own-
ers. Knut Hundhammer said: “It seems that the Ministry of Finance (controlled by the Socialist Left Party) has quite an orthodox 
approach to this, treat all the industries the same and give no privi-
leges to one.

The problem is that in a country where you have few strong indus-
try clusters it is very important to take care of the ones you have. And shipping is clearly such an industry cluster and there is a need to nur-
ture that cluster, otherwise it will diminish.”

With low unemployment creating a tight job market in Norway, 
government support is critical to the success of the maritime sector, 
particularly with the difficulties surrounding the outsourcing and 
importing of skills, Knut Hundhammer explained. “We have to 
believe that common sense will prevail and that the government will 
see the value of us as a significant industry cluster in Norway. There 
is just no rationality for anything else – it has to happen.” Knut 
Hundhammer said.

One area where Norway could be said to be leading the world is in 
its environmental strategy. Wilh. Wilhelmsen has unveiled plans for a 
solar powered vessel, while the Norwegian offshore sector is at the 
forefront of fuel cell development. In some respects green issues have 
served to bring the industry and the Norwegian Government together.

“A few weeks ago the Norwegian Shipowners’ Association 
launched a so called 0% emissions policy, stating the Norwegian ship-
ing industry should not produce emissions that are dangerous for the 
environment.

“This is a courageous vision, which, of course, the Norwegian 
Government supports. In order to meet this ambitious goal new tech-
nology and new solutions are necessary,” Dag Terje Andersen said.
The Minister also added his weight to the Intertanko proposal to use 
only distillate fuels in the future.

This green vision is largely shared by the Norwegian shipping com-
nunity at large. Jan Eyvin Wang said: “I believe that over the next 
three to five years you will see more and more focus on the environ-
ment. The maritime industry has a very important role to play to make 
sure that we operate our vessels with the most environmentally-
friendly technology so as to reduce the negative environmental impact 
in everything from ballast water to NOx to SOx. I look upon the envi-
ronmental impact a supply chain has as being a key performance indi-
cator (KPI) in the future.”

However, some aspects of the government’s hard-line green stance 
have caused angst in the shipping industry. The new Norwegian NOx 
tax regime, which entered into force on January 1, 2007, is proving to 
be a major burden on operations in domestic waters and has under-
standably led to further conflict between industry and government.

“This is a tremendous tax increase for Norwegian shipping in 
domestic waters. It is not a big problem for the deep sea shipping 
companies, but this is the start of something. I don’t want to specu-
late, but it has a big impact on domestic shipping in Norway,” Knut 
Hundhammer said.

“As a consequence you can see that things that should go by sea are 
moved to the land and transported by road and rail. That might reduce 
the emissions from ships but it leads to a many fold increase in emiss-
ions from the road. I’m sure it originated from the government’s need to 
demonstrate political resolve.

“If you transport cargos by land or sea, if the sea becomes more 
expensive you will move it to the land and, as we know, shipping is a 
much more environmental way of transporting goods than the land. 
This is the way petitions can create big imbalances in what is a small 
solution,” he argued.

Whether the international operators of Norway will be given an 
equally bitter pill to swallow remains to be seen. However, while 
instability, mistrust and a lack of respect prevail, many of the nation’s 
established owners may start to see Oslo as a holiday destination 
rather than a place to do business.
**Child’s play**

‘Give me the boy and I care not who has the man’ could be a misfit more suitable to BIMCO’s drive to improve the image of shipping than to the founder of the Jesuits who actually coined the phrase nearly 500 years ago. Because the Copenhagen-based owners’ organisation has just entered the children’s book publishing business to educate and inform today’s youngsters and to encourage them to ask their parents those testing questions that just may get them to find out more about this marvellous industry.

Written by BIMCO President Designate Philip Embiricos, the book, entitled: *The Panama Canal and its Expansion*, was initially written in Spanish for the youngsters of Panama. But because it contained a lot of useful information about containerisation and shipping in general, BIMCO took up the idea and with their future President’s help, published it in English ready for a wider audience.

“There are plans to publish versions in Mandarin and Japanese as well,” said the talented Embiricos. “And we will not rest there because we are planning an accompanying website for children as well. If we can get the children interested in shipping, then they will ask their parents questions and with some luck we will educate them at the same time,” he said.

What next, a BIMCO crèche? □

**ON THE RECORD**

Geir Sekkesaeter would seem to be on course to realise his prediction of a year ago that Barber Ship Management will occupy a dominant 20% share of the global third party shipmanagement market by 2011, however, such plans can throw up their own unexpected surprises. According to just-released financials, while the Lysaker-headquartered manager boosted the number of vessels under its full technical management by 12% to 175 ships last year from 156 previously, pressure on margins and higher costs meant that revenues and profits were below expectations. According to Dag Schjerven, President of Wilhelmsen Maritime Services, prospects for 2007 were more positive.

Barber also announced that it had strengthened its recruitment base by opening offices in the Philippines and Ukraine during the fourth quarter of last year. Investments were also made in new and modern simulation tools at the International Maritime Training Centre in Mumbai, the company confirmed.
What I think...

By Michael Hudner,
Chairman
B+H Shipping Group

“I’m not particularly concerned about the age profile of today’s ships. I’m getting older every year and it seems to suit me. We think it’s interesting to continue to expand on but I don’t know why people are so fascinated with the age profile per se. I haven’t seen the connection to profitability but it gives some people bragging rights that they think are important, I’m going to be bragging I’ll be 61 in January, that’s good enough.”

Off to the Races HKSA style

Eurasia’s seafarers had the chance to strike it lucky in the company’s first National Maritime Quiz competition.

While there are no reports on the style of the immediate past InterManager President’s waistcoat, he did appear to have been working on a new catchphrase for an event which helped Eurasia celebrate its 25th anniversary.

“We hope this event has shaken, if not stirred, the minds of the shipping community in India. I would like to thank everybody who has contributed to the past 25 years of success,” he said before heading off to present the winner with a speedboat and a cuddly toy, maybe.

Anyone got a spare Eurocrat?

So much to do and so little time or in European Commission President Jose Manuel Barroso’s case, “so few people”. As if it wasn’t bureaucratic enough, the Commission is short of manpower and struggling to keep up with its work commitments.

European Commissioners have expressed concern about not having enough officials to be able to meet the institution’s policy priorities next year despite plans to ask for just under 900 new officials in 2008. At least 10 commissioners have been seeking assurances that they will get sufficient staff for their activities. However, Budget Commissioner Dalia Grybauskaitė and Personnel Commissioner Siim Kallas have gone on the defensive by responding that Commissioners should redeploy staff to match policy priorities.

The Commission is planning to ask for 890 new posts next year. This breaks down into 640 as the last tranche of recruits from the 10 member states who joined in 2004 and 250 extra officials to deal with the increased workload after Romania and Bulgaria joined the EU.

Grab your binoculars, don your deerstalker and don’t forget your wallet because we’re all off to bet on the Hong Kong Shipowners Association at Happy Valley. As part of its 50th birthday celebrations, the association has organised a special horse race – the Hong Kong Shipowners Cup – on June 6th at Hong Kong Island’s famous racecourse. So if you fancy a flutter in the company of like-minded souls then we’ll see you down there. Ask Arthur Bowring who his favourite is and he will almost certainly say an owner’s association that has represented Hong Kong’s shipping interests for half a century. Its clearly a race that is a win:win for everyone.
**Closing the gap**

China’s bid to become the world’s leading shipbuilding nation by 2015 has been boosted by a record output in 2006.

The 14.52 million dwt produced by Chinese yards in 2006 accounted for nearly 20% of the global total with bulging order books now reaching 68.72m dwt – or 24% of the global share.

**Box busters**

Arriving at a US airport you are invariably forced to get almost naked in order to pass through customs, however, asking a container to empty its pockets has proven to be a little more difficult. Not to be put off, the US Coast Guard is thinking small-scale in its fight against global terror.

Scientists on the west side of the pond are working over-time to develop tiny spying gadgets which will shore-up chinks in the nation’s armour.

Today’s drugs and explosives detection gear is too big to go onboard ship, but the USCG believes nanotechnology will allow sufficient power reductions for sensors to be placed onboard small, unmanned surveillance aircraft.

Equally ingenious underwater sensors will allow independent spy-sub to monitor vessel traffic around US ports.

Future developments should also allow container tampering detection alongside high tech box tracking and sealing.

**Shipping free view**

Shipping is set to go prime time on the box and mainstream on the web following the launch of a new broadcast initiative in Dubai.

MarineBiz TV went live online from March 1st and will be joined by its sister satellite channel on May 1st.

Founders Aries Telecasting, a sibling of Aries Marine Group, aims to create a single point of contact for all maritime and marine sectors and will be targeting key industry decision makers.

Initial programmes will reach Europe, Asia, Africa and Australia, while a second phase expansion will also include South America.

SMI has no news on what the programming schedule will be, but we are eagerly awaiting the ten minute free view.

**Duck tape**

Duck Tape is magical stuff, but asking it to hold an ocean liner together is surely one step too far.

And so it proved for one unlucky owner who was fined a total of $150,000 dollars after his crew tried to tape over cracks in the ship’s hull.

How much of the fine was for sheer stupidity has yet to emerge. However, we do know that during a trans-Atlantic voyage the crew attempted to tape over “two large cracks” in the port side of the main deck.

Some might argue the crew should be given a reprieve for initiative having stealthily attempted to paint over the tape. The California Attorney was less forgiving and issued fines for both gross negligence and environmental restoration.

**Rich list**

We should all feel sorry for John Goulardris because despite amassing a personal fortune of circa £300m, he finds himself languishing in sixth place in the Greek Rich List of UK-born or domiciled millionaires. But who is first?

Why Sir Stelios Haji-Ioannou of course and that is despite losses being incurred in expanding the easy brand.

Compiled by Philip Beresford, author of the Sunday Times Rich List, the league table included a few surprises along with a smattering of shipping names. Sir Stelios’ fortune is valued at just below £1.2bn ($2.3bn). while second in the list is 51-year-old Michael Lemos at £1.1bn. John Goulardris, whose share of the family fortune worth over £1bn values him at £300m is a little way down the list.
Fistes backs cadets at Intertanko

Harnessing the expertise of its membership and driving forward onboard cadetships are among the key objectives of Intertanko’s newly elected chairman Nick Fistes who replaces the retiring Stephen Van Dyck.

He also pledged to redouble efforts at wider membership involvement and to expand the Poseidon Challenge project, launched three years ago at the Athens Tanker Event.

He said: “The last few years have seen a massive investment by tanker owners in new ships. Almost $50bn last year alone. But without a parallel investment in human resources, the hardware investment may lose some of its gloss,” Mr Fistes warned.

Intertanko had been encouraging its members to provide cadet berths on their ships and to provide for such accommodation when designing newbuildings.

Mr Fistes said providing training facilities on ships — desks, chairs, manuals, DVD equipment and other facilities — was necessary. He added: “The easiest way to get seafarers’ attention is when they are at sea, not when they are ashore during their precious leave time.”

Bob Bishop
Chief Executive,
V Ships Management

“We try to have at least two cadets on all V Ships’ managed ships but we are still experiencing resistance from our clients. The best way is to let them have two cadets onboard for free for three months and then threaten to take them away. That is when you hear them squeal.”

Farewell to a legend

Ship managers have said a heartfelt farewell to Fridtjof Thome who passed away at the grand old age of 85.

Fridtjof Thome was the founding-father of Singapore-based Thome Ship Management, which he established as a port agency in 1963.

Born in Norway, Thome was also a key player in the emergence of Wallem Shipmanagement, working for the company in both India and Singapore.
All smiles at V.Ships

You could be excused for thinking that Roberto Giorgi had something to celebrate judging by the width of his smile but news that management at his company V.Holdings had teamed up with UK private equity group Exponent to take over the stock released by past investor Close Brothers was certainly the talk of the V.Ships’ cocktail party at this year’s CMA show in Stamford.

While the terms of the deal were sketchy, Roberto Giorgi confirmed that the whole company was sold as part of the deal but that the management then bought back 50% of the shares with Close brothers retaining a small shareholding of less than 5%. Exponent and Chase took the rest.

But the possible reason for his winning smile? Well in his words, the new investor had pledged to contribute more to non-organic growth and that means more acquisitions.

“We are always looking for selective acquisitions but the deals must make sense and there has to be a chemistry with the people,” he told SMI.

With 34 recruitment offices worldwide, V.Ships is heavily focused on the issue of manning, certainly when you consider its promise to triple the number of their seafarers from 23,500 to 60,000 within the next three years. And according to the V.Ships President, this is an area ripe for acquired growth.

“We are looking to increase our marine services division and to grow in energy and offshore. We want to make sure we are growing our recruitment marine services division,” he said.

The price of the deal is confidential, but reports suggest it values the whole company at around £180m ($350m), lower than earlier estimates of £250m.

Exponent is thought to have beaten off bids from rival private equity firms Advent International, PAI and TDR Capital.

Donald Anderson, V.Holdings group CEO, said of the deal: “With this new investment structure V.Holdings is appropriately capitalised to pursue our business strategy involving an ambitious agenda for organic growth and selective acquisitions in the shipping and energy services sectors.”

He added: “The Exponent team impressed us in terms of what they’ve achieved since their founding in 2004. Their views on future development of the V.Holdings group closely match our own and they recognise what we have achieved to date.”

Richard Campin, co-founder of Exponent, said: “V.Holdings is the most successful ship management company in the world. The business faces many opportunities for significant growth and we look forward to working with the V.Holdings team and contributing to the continued success of the business.”
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SHIP MANAGEMENT
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Technical management is subject to more complexities and pressure than ever before, but could niche specialisation or IT-bolstered maintenance programmes provide a helping hand?

“...the quality of a ship’s performance is only as good as the quality of the seafarer it employs.” One might be tempted to simply print this assessment, made by Eurasia President and Group Managing Director Rajaish Bajpaee, on a postcard and mail it around the world, with a footnote explaining that this is the most critical factor when it comes to safe ship management.

However, the demands of modern technical management are such that even with the most well-trained crew imaginable, superintendents and shore-based staff must balance their abilities to keep up to speed on legislative requirements, while juggling the responsibilities of vessel integrity, safety and maintenance. Maritime conferences the world over have placed such an emphasis on crewing in recent years that some attendees might be forgiven for thinking that the industry’s remit begins and ends with getting qualified seafarers onboard, but technical management remains the lifeblood of any successful outfit.

Moreover, the amount of attention devoted to crewing at the expense of technical issues obfuscates the fact that both areas remain intrinsically linked. Or, as Nigel Cleave, chief executive officer, Epic Ship Management, told SMI: “Technical management issues and crewing issues go hand in hand, and neither can be compromised upon.”

According to Mr Bajpaee the enormous amount of attention currently dedicated to crewing is “fully justified”, given the circumstances, but as he told SMI: “Ship managers must demonstrate how efficient and professionally run operations can enhance the value and benefit to owners in mitigating the costs and managing the risks.

“This could be achieved by reducing the number of off hires, port state control [PSC] detentions and increasing the revenue days and vessel availability. Additionally, a manager’s focus should go beyond the customer – to the customers’ customers. This would improve the manager’s contribution to the value chain of the vessels and lend a marked edge to customers’ efficiency and reputation in the charter markets.” One thing is for sure: “Competing only on the basis of costs is not sustainable in the long run,” he added.

Crew shortage vs technical competence
Opinions are varied when it comes to the question of whether crew shortages are impacting upon the ability of managers to handle day-to-day technical issues across their fleets. Rob Grool, Group Managing Director of Wallem Group, which administers Wallem Shipmanagement, believes this isn’t a problem, “as long as you have proper working procedures in place and you plan ahead.” Holger Pittelkau, Managing Director, Hanseatic Shipping Company, added: “Maintenance, to some degree, is affected by the shortage, but the jobs are not done by the officers or the engineers. To run with a full officers/engineers complement and a couple of crew to meet the minimum Manning criteria will probably become a thing of the past. Junior officers will not be prepared to engage in vessel maintenance, and the use of riding squads to catch up with maintenance has not shown satisfactory results.”

Peter Bond, General Manager, Interorient Navigation (INC), believes the shortage of seafarers is not having a direct effect on these issues, “but what is of concern is a similar shortage of key personnel for shore positions. This may have an impact on managers’ abilities in the future.” This theme is expanded by Jens Martin Jensen, Commercial Manager, Frontline, who said: “Some of the new IPO shipowning companies, which see the market as an opportunity to raise capital, are relying on teams as small as five people maximum to...
cover the technical needs of a large number of ships.” This non-traditional approach to vessel management could lead to severe difficulties when encountering mounting workloads in the future, he opined.

In some ways, the shortage has inspired managers to take a more hands-on approach towards their fleets. Ray McNamara, Divisional Technical Director at VShips, said: “Anyone who says there isn’t a crew shortage is an idiot, but the question is to what extent will the shortage affect you, and what are you going to do about it? In the past 18 months there has been a shift away from hiring headhunters to source crew in a ‘taxi rank’ fashion, to instead embrace modern sourcing operations, and investing in superintendent training.”

Some commentators have predicted that the future of technical ship management will be geared towards specialisation in niche markets, such as the liquefied natural gas (LNG) and liquefied petroleum gas (LPG) sectors. And while most managers who spoke to SMI concurred that niche specialisation is likely to increase over the next five to 10 years, they strongly disagreed that this move would be accompanied by a decrease in demand for companies who apply their knowledge of ship management across a wide range of vessel types.

Mr Bajpeee commented: “As the needs and operational philosophies of each customer are unique in their own ways, the growth in the ship management sector is expected to be across all sectors. Whilst the established traditional shipowners would be looking at specialist managers as an opportunity for switching trades, a large number of non-traditional investors would be looking at generalist managers.

“By specialisation, it does not mean that ship managers shall limit their scope of services to only a particular type of vessel, but rather to develop distinctive practices.

Some of the new IPO shipowning companies, which see the market as an opportunity to raise capital, are relying on teams as small as five people maximum to cover the technical needs of a large number of ships.” This non-traditional approach to vessel management could lead to severe difficulties.
organisation and staff, including specialised crew, to manage specific types of ship.

One example of this could perhaps be seen in the decision taken by Unicom, the Cyprus-based ship management arm of Russian tanker owner Sovcomflot, to create an ‘Ice Captains’ League’, comprising captains with extensive navigational experience of ice-class vessels. While this scheme works as an incentive for such crew members by recognising their skills and areas of expertise, it does not necessarily mean that Unicom’s non-ice class tanker operations will decline in priority, nor popularity.

Avoiding the ‘boutique’ trap

Mr Grool takes umbrage with those who think that managing a wide range of vessels implies some sort of thinning of technical specialisation. “Unless world trade can suddenly do without bulkers, tankers, car carriers, ro-ro vessels and container ships, there will be all sorts of ship to manage. And if anyone thinks that managing a bulker or car carrier is a low-skilled job, he is sadly out of touch with it. Ship managers will add value to owners’ operations of all ship types, because it is all we do, and we do it very well,” he said.

Capt Pittelkau of Hanseatic echoes these sentiments, adding: “There will be room for specialists, but that is not to say that large companies cannot specialise in various areas. The key is to have trained crew. A big fuss is being made about LNG carriers, but if you look at the latest designs, with refrigerated capabilities, there is not much difference between an LNG and LPG carrier. It is supposedly size that makes the difference but container masters who previously commanded 1,600 teu vessels are today in charge of 6,500 teu ships.”

One usual target for the knockers is V.Ships which, with over 900 managed vessels on its books, occasionally comes under criticism for supposedly having ‘too many’ vessels to provide a truly focused, specialist service. Capt McNamara has heard it all before: “We spread our management across a network of international offices, the largest, in Glasgow, Scotland, handling 78 vessels, and the smallest handling

CBM provides a means of assessing the performance levels of onboard equipment and machinery, and of bolstering operations by using predictive maintenance to avoid future equipment failure, and subsequent vessel downtime
Prominent technical issues that managers need to consider include priorities for planned versus predictive maintenance, and also what role IT can play in improving efficient ship operations.

three. There is always someone ‘just round the corner’ to look after our vessels, wherever they are in the world.”

Capt McNamara also sees inherent risks in narrowing one’s focus to niche vessel sectors. “Being a ‘boutique-style' manager isn’t inconceivable, but just look at cable laying, one example of a lucrative, specialised market. Five or six years ago, this trade was so hot. But then communications companies decided it would be easier to enable data transfer by other means, such as WiFi applications, and opportunities for cable-laying contracts dried up. A boutique-style manager wouldn’t be able to handle these ups and downs, but a larger company, with the advantage of experience in a broad range of vessel types, will not be as badly affected if a niche market collapses.”

When discussing the most prominent issues related to technical management, most managers will agree that the condition of onboard equipment remains an ongoing concern. “Prominent technical issues that managers need to consider include priorities for planned versus predictive maintenance, and also what role IT can play in improving efficient ship operations,” said Mr Bajpae.

It may not be surprising then that condition based maintenance (CBM) has been touted as a tool with the potential to assist technical management. Put simply, CBM provides a means of assessing the performance levels of onboard equipment and machinery, and of bolstering operations by using predictive maintenance to avoid future equipment failure, and subsequent vessel downtime. ➥
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CBM has reaped financial benefits when used by land-based industries, though feelings are split within the maritime community. To some, mentions of CBM just come across as another IT fad – “Flavour of the week – been there, seen it, got the T-shirt,” said Mr Grool, dismissively, a view that is probably based on ‘vessel maintenance’ being a ‘state the obvious’ common-sense concept, rather than a refutation of the principles of vessel upkeep – while others believe that CBM may not be so well suited to the world’s sea lanes. “The conditions of operation of ship machinery and equipment are dependent on various parameters,” said Mr Bajpaee, “and the equipment performance largely varies – for example, whether the ship is loading or discharging, in port or manoeuvring, or depending on the sea state and different weather conditions. All these variable conditions need manual intervention to run the equipment optimally. What is good for one condition could be bad for another,” he said.

As far as Capt Bond is concerned, CBM is also just an expansion of common sense maintenance checks: “It would be wrong to say INC has a CBM ‘system’ in place, but we do use CBM tools such as vibration monitoring and infrared technology. We use the information to develop planned maintenance intervals, but are not doing this in a consciously cost-saving way”

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While reputable managers balance a commitment to quality with competitive management fees, some shipowners may be unaware of the amount of work that this process now entails

All ship managers have their own science of determining calculations for management fees, and the expenses related to technical management issues have to be factored into the final sum. However, this can often prove a contentious point, especially as it is impossible to escape the need to remain competitive when approaching shipowners for business.

“Ship managers are struggling to get a cost-covering management fee,” said Hanseatic’s Capt Pittelkau. “What is frequently not appreciated, is that ship managers have to cope with today’s demands and, particularly regarding the tanker business, need to have a significant quality and marine department.” In Hanseatic’s case, this department has evolved from a “one-man club” to a 20-strong unit over the past 15 years. “The costs for this department have not initially been considered in the management fees, and trying to bring these in today is extremely difficult.”

Capt McNamara of V Ships agrees that the management fee should reflect the amount of effort that ship managers put into bolstering their technical management activities. “Take bulk carriers, in particular self-unloading types, which require a huge amount of involvement from superintendents. If you have two ships to one superintendent, while the typical ratio across the industry for these vessel types is four ships to one superintendent, this has to be considered when working out your fee.”

On the whole, the calculation of fees depends largely on the relationship between the manager and shipowner customer, and for long-established arrangements, it would perhaps be unwise to risk causing disharmony for the sake of higher fees. However, a number of ship managers, of all sizes, are feeling the pinch. These managers may be justified in believing that some shipowners are a tad out of touch with the vast complexities involved in running ships in the 21st century.

“Management fees are, in dollar terms, the same as 15 years ago,” remarked Wallem’s Mr Grool, “but we have to employ more and more skilled staff to perform more and more complicated work. The result is that the margins are squeezed and while there are always bottom-feeders who promise an owner they can do it cheaper, there is no shortcut.

“We know what the costs are, we know where we have to find ways to reduce backroom costs, and we will not compromise on quality. But we face a market place where there is a commercial limit on management fees.”
vibration monitoring and infrared technology. We use the information to develop planned maintenance intervals, but are not doing this in a consciously cost-saving way." And as Mr Cleave explained: "Previously, fixed running hours were used for maintenance intervals, as recommended by manufacturers. These provide a good guide, but not the optimal interval."

However, CBM remains a tool rather than a magic solution, and it would behove the manufacturers of related technologies to make this clear when dealing with the maritime sector. A ship managers' attitude towards realising a system of ongoing maintenance is the only real guarantee of quality.

Mr Bajpaee confirms that it is possible to realise benefits from such systems: “By measuring and analysing our vessels' downtimes on a daily basis, CBM techniques, together with our management focus, have enhanced the availability of our vessels to 99% as an average across the whole fleet, which is higher than the goal we had set ourselves. With 28% of our technically managed vessels above 15 years, this is not an easy accomplishment.”

However, he cautioned: “We do not believe in the philosophy that, faced with untimely interruptions in any vessel’s operations, we should rush to some unjustified spending on condition monitoring programmes. CBM need not be a one-technology-solves-all arrangement, where the manager or owner ends up paying for a high-end system which may not always give the required return on investment.”

And there is one solution in which ship managers can place their implicit trust, every time – their own knowledge. For instance, V-Ships has its own divisions such as SeaSquad Repair Services and SeaTec, the latter of which specialises in CBM solutions. Capt McNamara attests that CBM can “save an absolute fortune and help ship managers come out closer to time and budget”. However, he said: “CBM can be used as a diagnostic tool, but not as a replacement for your own experience.” There is a danger that users can end up relying more on what they see on-screen, dealing with a computer interface, than on what they can see, hear and touch in an engine room. The technology can certainly be beneficial when introduced and used selectively, but when it comes to technical management, the skills garnered from years of experience can never be underestimated. ■
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BRAZIL LOOKS TO THE FUTURE WITH OPTIMISM
By David Tinsley

Reinvigoration and expansion of Brazil’s shipbuilding industry is now firmly on the cards following the recent formalisation of a $1.2bn contract for 10 Suezmax tankers from a new yard to be located in Pernambuco.

The deal awarded to the Atlantico Sul consortium of Brazilian construction and shipbuilding companies represents the leading edge of the 42-vessel, fleet newbuild programme planned by Transpetro, the shipping and logistics arm of state-owned oil group Petrobras. Production of the 10 crude oil carriers of 160,000dwt is expected to begin in a year’s time so as to ensure delivery of the first-of-class within three years of contract signing. An imminent start to work on building Atlantico Sul’s new shipyard was anticipated at the time of writing.

The interests behind the shipyard venture are Brazilian engineering contractors Camargo Correa, Andrade Gutierrez and Queiroz Galvão, and Norwegian-owned Aker Yards’ Brazilian affiliate Aker Promar. The capital cost of the project could be in the order of $220m-$230m. The consortium has entered into a technology transfer and technical advisory deal with Samsung Heavy Industries, which will provide knowledge and expertise in shipyard construction and operation, production and ship design. The Suape yard will be centred on a 360m building dock.

The signing of the deal for the Suezmax series from Atlantico Sul was the first concrete step in Transpetro’s tonnage renewal and development scheme. This involves 26 vessels in its opening phase, to be followed in due course by a further tranche of orders for 16 newbuilds. Brazilian construction is required for all the projected tonnage and certain criteria are also stipulated as regards local sourcing of equipment and materials, promising considerable spin-off for the allied sectors.

China’s drive into the most populous categories of the export newbuild market found further recent expression in Jinling Shipyard’s deal with the Reits group of Greece for a series of super-handymax bulkers. Industry sources reported that the contract entailed firm commitments covering six of the 57,000dwt ‘supramax-es’, plus options on two vessels. Deliveries are scheduled to commence towards the end of 2009 from Jinling’s Nanjing yard, which has fostered a particularly good reputation among European shipowners.

Another major bulker project to be executed in China by European interests involves a potential series of 16 vessels of 92,500dwt, sized in mind of the prospective enlargement of the Panama Canal, and to be built by the Jiangsu Yangzijiang yard. Five independent Neapolitan shipowners have cooperated to draw up the programme, and the initial contract awards amount to firm orders for 10 of the bulkers, plus six on option. The single largest participation in terms of number so newbuilds is that of Giuseppe Bottiglieri di Navigazione, accounting for four of the firmly-contracted newbuilds and two options.

European pre-eminence in cruise ship construction, in the face of oriental dominance of all other key fields of shipbuilding, reflects technological, design, labour, and project management skills in concert with marketing emphasis and production resource allocation. Capacity development, though, has for a considerable time been a factor of productivity enhancement and refocking of building berth utilisation, rather than of creation of new facilities. A recent initiative in Italy, however, envisages the establishment of a new yard which will cut its teeth on the fabrication of hulls for two luxury cruise vessels.

Cimar Costruzione Navale, a joint venture between Genoese shipbuilder T.Mariotti and civil engineering firm Costruzione Cimolai, reportedly plans premises on the north Adriatic at Porto Nogaro. The company is understood to have secured a debut contract to construct the hulls of the two 32,000gt newbuilds booked from T.Mariotti by Carnival-owned Seabourn Cruises. Outfitting would be undertaken at the Mariotti yard in Genoa harbour. Significantly larger than existing units of the Seabourn fleet, the vessels are scheduled for handover in the spring of 2009 and spring of 2010, respectively.

Meanwhile, Disney Cruise Line is set to augment its two-ship fleet with a pair of larger newbuildings to be delivered from Germany in 2011 and 2012. The Walt Disney Company announced in February that it had signed a letter of intent with Meyer Werft for two 122,000gt cruise liners each incorporating 1,250 state- rooms.

The projected vessels will have two extra decks compared with the group’s Fincantieri-built, 83,000gt sisters Disney Magic and Disney Wonder, which were introduced from 1998, inaugurating Disney Cruise Line with its orientation to the family market within the cruise business. Specific design plans and itineraries for the new ships are still in development and will be unveiled at a later date.

The agreement is a boost to Meyer Werft, which has a reputation second-to-none for quality and contract performance. Construction will be undertaken in the fully-enclosed building hall at Papenburg, on the River Elms, where the first of a new series of so-called ‘club’ ships for Carnival’s AIDA Cruises brand is nearing completion. The 68,500gt diesel-electric AIDA Diva is due to be completed in April 2007, and is scheduled to be followed at approximately 12-month intervals by three further vessels of the type. Each of the new ships will have a passenger capacity of 2,030, on the basis of lower berths, up to a maximum of about 2,500.
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Objects of desire

**Picture perfect**
Navman has sexed up its latest satnav with a hidden camera James Bond would be proud of. Snapshots mean an end to boring zip codes and the dawn of destination albums, allowing you to capture the moment and navigate back to your favourite places at the click of a button.

Equipped with a 3.5 inch colour screen the Navman’s 4.5 hour battery life means it can also be used as a handheld. But be warned, pedestrians are still exposed to one way systems.

**Navman N40i**
£206.99  
[www.navmanstores.com](http://www.navmanstores.com)

**High life**
Behold the hottest thing on a rooftop since Cat Woman. Aimed at the transient living executive of the 21st Century, Loftcube is a chic studio apartment which can be transported in two standard containers.

Designed to fit on flat, postwar rooftops or car parks, Loftcube is the ultimate in urban space saving. Available in 39sqm and 55sqm models, plans are afoot to create a series of “commuter community’s” worldwide. Made of hot-dip galvanized steel as well as glass, it is completely hippy proof and can be erected in three to four days.

**Loftcube**
£63,000 to £180,000 (depending on spec)  
[www.loftcube.net](http://www.loftcube.net)

**Office wind**
Wind in the office is usually a bad thing, but the Solar Desk Wind Turbine will be a breath of fresh air for office-dwelling greens. It may struggle to power the whole building, or even your wrist watch, but it comes in an 11-piece kit a five-year-old could assemble and it should make a very attractive paper weight. Then all you do is sit back and watch the early morning sunshine get the prop turning and feel the green breeze blow forth.

**Solar Desk Wind Turbine**
£19.99  
[www.iwantoneofthose.com](http://www.iwantoneofthose.com)
Fat-burning phone
A steel-encased fitness phone may not sound useful, but it's completely sweat-proof and should withstand being hurled at the wall when you tire of its motivational taunts. Simply input your age, height, weight (don’t be shy), endurance level and resting heart rate and off you go. A built-in sensor will reveal time, distance and calorie data, while one tap will summon an “encouraging” female voice to keep you going and, obligingly, read out your text messages. There is also a music mode, although the 64MB storage is not really fit for task, and the archaic ability to make a ‘telephone call’.

Nokia 5500 Sports Mobile
£200.00
www.nokia.co.uk

Instant breath test
Drink driving is no joking matter and no police officer is going to be fooled by you munching on a pack of Polos. So if you’re feeling a little merry after lunch this nifty contraption may save your life and your licence. Simply blow into the end and if you don’t have enough blood in your alcohol stream the red light goes on. It also boasts a nifty UV sensor which, when exposed to sun light, causes the pen to change colour in relation to the sun’s intensity – so that’s two ways you won’t get burned.

Alcohol Breath Tester
£19.99
www.iwantoneofthose.com

Big hitter
In the blue corner weighing in at 1.25kg is the latest Sony Vaio TX Series laptop. It boasts an 11.1 inch X-Black screen blessed with Sony’s signature shine and an astonishing battery life of 11 hours – enough to get you from London to New York and back. If that’s not enough, the 1.06GHz Intel Centrino Solo processor, 80GB hard drive and slim-lined DVD rewriter will keep even the 512 MB base model punching above its weight.

Sony Vaio VGNTX3HP
£1,500.00
www.sonystyle.co.uk
In restaurants and cinemas from Nagoya to Nagasaki, people are gathering for the sole purpose of crying together!
Puzant Kevork Thomajan summed up his emotions when he claimed that “a hearty laugh gives one a dry cleaning, while a good cry is a wet wash”. But it would seem that when the chips are down and depression sets in opening the flood gates, in Japan at least, may be the ideal remedy to cleansing your mind and ridding you of your troubles. But as long as you have company while you are doing it.

The latest form of stress relief to sweep Japan is being dubbed the Crying Boom. Embraced by stressed businessmen, middle-aged women and teenagers alike, the latest way to express your feelings is by settling down with a heartbreak DVD or novel, releasing all that pent up sadness and emotion; having a good old cry! In restaurants and cinemas from Nagoya to Nagasaki, people are gathering for the sole purpose of crying together!

According to internet research on the subject, a Southern Korean television series entitled Winter Sonata was shown on Japanese TV. It explored the theme of lost love and was an unprecedented hit, particularly among middle-aged women who found the heart-wrenching story a refreshing change from the typically emotionally restrained dramas they were used to. This started a trend and there has been an influx of Korean dramas onto Japanese television screens with tragedy and doomed romance taking centre stage. Since then, Japanese production companies have jumped in on the act and are competing with each other to create their own brands of tearjerker fiction, each one made seemingly more tragic than the last.

It is not unusual for stressed businessmen to rent out an intimate room in a movie café and watch a Tear Movie. After a good cry, they feel refreshed and emotionally cleansed. Some prefer to watch with company so that they can share their feelings afterwards. This has actually proved so popular that specific clubs have been formed, such as the Minnade Nako Kai in Kyoto and the Lachrymal Gland Club in Sendai. It costs around 1000 yen, (approximately £5) to attend one of these meetings and attendees report a terrific sense of wellbeing afterwards.

So successful is the genre that some book shops even have a crying corner, stacked with books and DVDs designed to reduce you to tears, and rated accordingly.

Better grab those tissues!
Freedom has finally arrived and it’s yours for a cool £1million

White coats, thick glasses and bad hair can step aside – science just got sexy. The DNA of a sports car has been fused with super yacht style to create a marine hell-raiser capable of a spine-tingling 100mph on the open ocean.

Described as the Bugatti Veyron of the sea and launched with the royal approval of Prince Michael of Kent, the XSR48 will set fast-living executives free from traffic jams and speed cameras to enjoy super-car performance and the freedom of the seas.

“There really are no speed cameras or speed traps on the open seas,” said Ian Sanderson, the XSR48’s co-creator and three-time yachtsman of the year. “The real advantage of a superboat is the freedom of the oceans. It offers our clients the chance to enjoy their investment; and they can take their friends with them at 100mph.”

Every sleek curve has been designed by racing experts for equally dedicated speed-freaks, making the XSR48 the voluptuous embodiment of a marine racer’s wet dream. Made of ultra-light carbon fibre and furnished with a full leather interior, the XSR48 is powered by two 1,000hp diesel engines and has been (unofficially) clocked at 110mph during a grueling testing schedule.
Every sleek curve has been designed by racing experts for equally dedicated speed-freaks, making the XSR48 the voluptuous embodiment of a marine racer’s wet dream

It has room onboard for four adults, boasts a double bed and sunbathing platform and will set pulses racing even faster in the US where a petrol version will take advantage of less stringent emissions legislation.

But the XSR48 is no flash in the pan. Built at the famous Berthon Shipyard in Lymington, and modeling the signature curves of award winning superyacht designer Redman Whiteley Dixon, it is the product of 55,000 lovingly invested man-hours.

Designers, craftsmen, engineers and naval architects have explored every aspect of the hydrodynamics, aerodynamics, ergonomics, propulsion, power and performance. Legendary hull designer Fabio Buzzi, High Modulus, the world’s leading exponent in composite marine structures, America’s Cup yacht builder Green Marine and the finest creative minds in the sports car trade have also chipped in to make a craft fit for champions.

Over the next year the XSR48 will really earn its racing spurs. In a bold marketing ploy the 2001 European Endurance Championship winning partnership of Sanderson and Peter Dredge have been reunited and are eager to add to their 11 existing world records.
If the pairing is successful – and few would bet against it – plans are afoot to create a maritime equivalent of the world-famous Le Mans 24-hour sports car race. There are also mutterings of longer endurance events to rival the land-loving Paris – Dakar Rally.

After watching the XSR48 roar onto the commercial stage, Prince Michael was certainly impressed. He hailed the boat as the product of innovation and entrepreneurship with a large side order of adventure thrown in.

While, bad hair or not, scientists will be tripping over their lab coats for a piece of the action, they can even look for their own slice of adventure with a clear conscience: the XSR48 production process is entirely carbon neutral.

However, anybody wishing to get their feet wet should act fast. The order books are already bulging, while 20 of the original 100 craft launched in Europe have already been sold.

Over the next year the XSR48 will really earn its racing spurs. In a bold marketing ploy the 2001 European Endurance Championship winning partnership of Sanderson and Peter Dredge have been reunited and are eager to add to their 11 existing world records.

Lift-off to another dimension

Cruising at less than 35mph the Sea Phantom is much like any other boat. Granted, it may look like an amphibious Batmobile, but to its five passengers it is merely a pleasure cruiser. However, when that speed threshold is crossed a remarkable metamorphosis occurs, and you are transported to another dimension.

Curved foils drop out from the wings and the Sea Phantom rises up from the waves. Air circulating beneath the craft keeps it ‘flying’ and a few seconds after take off the 550-horsepower V-10 motor is powering you along at speeds of 120mph, with the ocean swell rushing by eight feet beneath your seat.

This uplifting reduces the drag of the water resulting in a five fold reduction in fuel consumption, and an unquantifiable level of fun. The white knuckle ride is only enhanced by the Sea Phantom’s jet-like maneuverability and styling. “It will pretty much out manoeuvre anything on water,” explained David Borman, who created the Sea Phantom by cross-breeding a powerboat with a concept aircraft.

Comparisons with aircraft are not misplaced. Borman is the son of two pilots and was inspired by 1960s NASA technology that utilised the body of the plane to produce lift rather than rely on its wings. And once you have got the Sea Phantom up to speed you are, quite literally, low level flying. As you creep over 100mph only 15% of the craft’s weight is supported by contact with the ocean.

The high speed performance capabilities of the Sea Phantom have attracted a number of likely suitors. Borman has already been approached by the US Navy which wishes to use it as a high-speed troop carrier.
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