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Beating a single drum

Henry Ford once said: “Coming together is a beginning; keeping together is progress; working together is success.”

An appropriate comment for the motor industry of his time but almost certainly fitting for today’s shipping industry, determined to successfully resolve issues of common interest while keeping the regulator – regional and international – at bay.

The call for the global shipping industry to have one voice is not new so it was unsurprising that V.Ships President and industry luminary Roberto Giorgi used his chairing of the opening session of the recent CMA conference in Stamford Connecticut to renew his call for one industry-wide ship owner/manager association.

Creation of such a body, he said, would unite and strengthen shipping’s voice while at the same time present shipping as a highly focused and professional industry for the young and talented to consider as a career.

But his opening of this particular Pandora’s Box was interesting as it came only a matter of months after many sectors of the global shipping industry had poured scorn on rumours emerging last year from the BIMCO camp of the possibility of cross-association merger talks.

“It’ll never happen,” chanted the nay-sayers, “because there are too many interested parties and such like that they are prevented from assuming full membership. The reason constantly given that they are not an owner organisation.

Necessity is the mother of invention and this financial crisis will create its own winners and its own losers. If the legacy of it all is an industry that delivers a cohesive and unified viewpoint that portrays shipping as nothing short of the professional industry we know it is, then some good will have come out of it all. But that would mean all stakeholders having a say – equal or otherwise.

Happy reading.

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ICS Chairman calls for economic sustainability

Stringent measures to reduce shipping’s impact on the environment also need to be economically sustainable, according to the Chairman of the International Chamber of Shipping (ICS).

Speaking at the Connecticut Maritime Association event in the US, Mr Masamichi Morooka told delegates: “In a truly difficult economic climate like the present, which for many shipping companies is the worst in living memory, there is really only one issue on the minds of ship operators working on the waterfront – and that question is: ‘how are we going to survive?’

“The protection of the environment is of great importance, but we must balance the measures we take with the economic impact of these measures. At present shipping finance has virtually dried up. This is not just for new ships but also for the investments needed to continue operating existing ships in a safe and environmentally sustainable manner,” he pointed out.

Speaking during a key debate on The Regulatory Environment, Mr Morooka questioned: “If a shipping company is already sinking in debt, how is it going to pay for the retrofitting of expensive new ballast water treatment systems that will be required in the next few years, at an estimated cost of between one and five million dollars per ship?”

He pointed out that investing in environmental measures such as exhaust gas cleaning systems and ‘green’ technologies to reduce CO2 emissions, as well as installing ballast water treatment systems and the use of distillate fuels, could cost the shipping industry ‘hundreds of billions’.

“How will ship operators manage all these additional costs rising so high that they have a dramatic impact on world trade or force cargo back onto roads or to other, less carbon-efficient modes of transport?

“We are committed to protecting the environment but I do not believe that ship owners should shy away from asking these challenging questions,” Mr Morooka said.

“While our regulators have a responsibility to balance the interests of shipowners with the need to protect the environment and the interests of wider society, they also need to be pragmatic and to have an understanding of the impact that their actions are having on the industry’s own long-term sustainability. Otherwise there is a danger of creating an industry in which investors will not want to invest,” he warned.

Tanker owners question the use of Worldscale

INTERTANKO has defended the tanker industry claiming its members did not act irresponsibly by ordering tonnage when the markets were strong but has raised questions whether Worldscale is the right mechanism to set market rates.

Addressing this year’s Connecticut Maritime Association conference, Intertanko Chairman Graham Westgarth (pictured) said there was no doubt tanker owners built the ships: “but one point people seem to forget – if you go back and look at the projections of the IEA around 2006/07, had they come to pass then the industry would have been much more balanced. The point I am making is we did not act irresponsibly and should not accept this criticism without putting the situation into context.”

INTERTANKO has considered for some time the appropriateness of the risk/reward mechanisms and whether the structures that have existed for decades are the right ones.

“Let me take as an example two economic calculations of Suezmaxes round trip voyages from USAC to WAF. One of the voyages was conducted in 2003 and the other in 2013. The freight in both instances was approximately $1.7 million. However, when you look at the respective time charter rates one yielded approximately $30,000 per day while the other yielded $15,000. Looking closer at the figures two things jump out, one being the respective fuel prices $174 vs $650 the other being that the broker commission is almost identical.

“I am not blaming anyone but simply challenging the fact whether the Worldscale tool as it currently stands is the right mechanism. Another anomaly, in my mind at least, is the fact that when fixing below breakeven rates the WS rate is still a positive number. A number of our members have suggested that zero Worldscale should equate to an average daily running cost – in that way at least it illustrates the point that if you fix below DRC then it’s clear to everyone brokers, charterers and owners that the voyage is based on negative returns. This would at least ensure all parties understood the implications of their decisions,” he said.

“One other point I would make at this juncture is that we are not simply looking for change because of the current conditions but really seeking to have a dialogue on solutions which would work in any market in terms of ensuring a transparent and fair risk/reward mechanism,” he told delegates.

Referring to the issue of late payment, he added: “We all know balance sheets are stretched and cash flow is tight. It’s disappointing therefore to hear from some members that freight payments of up to two weeks are not infrequent. One suggestion is to look at introducing a voluntary ‘Fair Trade’ agreement where a commitment is made to pay freight and demurrage promptly.”
IMO must act to prevent another Costa Concordia

The International Maritime Organization (IMO) has to establish operational and management measures robust enough to prevent the recurrence of the type of navigation that resulted in the Costa Concordia disaster and it has to review and improve all technical standards of large passenger ships covering design and stability, particularly damage stability, according to its Secretary General.

Speaking at this year’s Connecticut Maritime Association conference, Koji Sekimizu (pictured) said: “We all saw and understood the fact that a modern large cruise ship could capsize within hours if it hit rocks. Operational and management issues are important but the IMO must reconsider survivability of large cruise ships when damaged. If the IMO was not to deal with a safety standard review, who else could do it?

“Notwithstanding the progress made to date, the cruise industry still needs to establish operational and management measures robust enough to prevent a recurrence of the type of navigation we all saw which resulted in the fatal grounding with the rocks,” he told delegates.

“The safety of passenger ships - and the passengers and seafarers that sail on them - has always been a matter of highest concern to the Organization but this tragic accident has raised new challenges for the Organization that need to be addressed expeditiously.

“However, over a year has passed since that accident occurred and the Organization, through its Maritime Safety Committee, has only been able to take limited actions due to the lack of the official investigation report.

“I am now pleased to say that the casualty investigation report will be submitted shortly for detailed consideration by the Committee in June of this year. I have no doubt that the Committee will take swift action to address the most pressing operational issues stemming from the loss of the Costa Concordia, while laying out a clear plan of action for consideration of the more complex technical issues with an aim of improving the existing requirements for design and stability of passenger ships,” he said.
UKSR focuses on workboats

The UK Ship Register is revising and adapting the contents of its ‘Brown Code’ for workboats and pilot boats, to take into account the increasing demands faced by vessels serving the offshore renewables sector, as well as the oil and gas industry.

This is part of the UKSR’s work on offshore and special purpose vessels, said Paul Wilkins, the register’s lead on offshore and cargo ship standards. The focus is on revising pre-existing standards, considering the demands on boats that carry personnel and small quantities of cargo to and from wind farms during construction and, later, maintenance, and how standards need to relate to the industry.

“We are seeing some unique and novel vessel designs which our standards have to reflect but we will have to be in touch with the industry’s needs,” he said. “Obviously we can’t demand things which are not realistic but we are looking to promote standards.”

While wind farms off the UK have so far been fairly close to shore there will be much greater distances involved in the future, said Mr Wilkins. “So the characteristics and use of the vessels and even the staff will differ from the way wind farms have been covered so far. We also have to look at bigger craft, because at present the workboats are limited [in the Code coverage] to below 24 metres in length.”

Ajay Joseph is ISSA Ship Supplier of the Year

Prompt, reliable and efficient ship supplier is what the shipping industry craves for and an adherence to the letter of the law when it comes to customer service is what won Mumbai-based Ajay Joseph the accolade of ISSA Ship Supplier of the Year for 2012.

Presenting the certificate and ISSA Shield to the Global Marine Supply boss, ISSA President Jens Olsen paid tribute to the circumstances which led to Mr Joseph being honoured.

As Mr Joseph said: “Shipping is a large part of today’s complex business world and the ability to move cargo quickly and efficiently over great distances and across borders is crucial to keeping the flow of business regular. But despite excellent facilities at port, accidents can happen.”

And that was what happened at Nhava Sheva Port when the containership HS Bruckner was accidentally hit by the port’s gantry crane. “The damage caused was crucial and the vessel was unable to sail. An emergency repair was needed,” said Mr Joseph. Global Marine was contacted to carry out a complete repair and immediately sent out an engineer. A new radar was needed and the main mast had to be fabricated to fit the radar in the correct position. “After we received approval for our quote we quickly arranged our workshop team and the class approved material. By noon we were ready to board the vessel. As it was Sunday, we had some port clearance difficulties but we soon resolved these issues.

“Our teams soon started the repair work. The vessel was moved to an outside anchorage in order to vacate the berth and the repair job was completed within three to four days.”
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To say that Roberto Giorgi put the cat among the pigeons on the first day’s debate of the Connecticut Maritime Association 2013 conference in Stamford, may be something of an understatement when you consider the subdued response from his industry peers.

It was not that his suggestion of a single industry-wide association was a bad one: on the contrary, there were positive murmurings that the benefits of one ship owner association would outweigh the negatives. It was more of an acknowledgement that while it should happen, the likelihood of it happening at least very soon, was remote.

For a raft of reasons – not least political.

One thing was clear from the views of the assembled shipping association chairmen, and that was that more pan-industry dialogue was needed – even outside of the Round Table. Shipping has a lot of shared issues that should be solved as one association, Roberto opined. Yes these issues could be resolved but through joint dialogue, many others replied.

“I believe those in shipping should start to discuss having only one trade association, because I do not believe you can achieve more when it comes to industry priorities such as its image unless you are operating 100% as one association. Also the owners do not want to pay a number of entry fees,” he told SM I.

“The industry is very fragmented and if you have fragmentation in the trade associations then it is difficult to find a common way forward to resolve issues of importance to the ship owners and to the seafarers. It can be difficult to find such cohesion among the international ship owner associations,” he added.

“While shipping has become much more proactive, it needs to take more of its own business in its own hands. If the industry is not united on certain topics then it will never be able to achieve what it wants, it will always be reactive. Shipping will become an industry that will not grow as it wants itself to grow but as the regulator wants it to grow.

“Secondly, I believe that if we want to attract the new generation to this industry then we need to do much much more. And shipping should be seen by the younger generation as an industry that is a leader among other industries around the world. Don’t forget 95% of goods travel by ship,” he said.
Emotive words indeed, but how would such an amalgamation work?

Roberto Giorgi again: “The one association would have committees that deal with individual issues. Intercargo could deal with the commercial implications for dry cargo owners while INTERTANKO could be responsible for issues facing tanker owners; BIMCO could look after the legal issues while InterManager could be responsible for Human Resources. The benefit would be to decrease the number of associations but maintain their own areas of responsibility. It would also mean less fees. I would love to see it happen in the next five years.”

This is not the first time the question of one industry association has been talked about. Indeed, it was first mooted in the summer of last year with many believing that the notion had died a quiet death after little action was taken.

Many believe that until the nature of the proposed amalgamation is known it is difficult to predict how such an association would impact the industry. Also merging the direct entry ship owner associations – BIMCO, Intercargo and INTERTANKO with InterManager could cause a conflict of interest with the role and importance globally of the International Chamber of Shipping.

Much would depend upon whether the amalgamation was a completely new single structure or simply a stronger alliance between the three associations. This in turn would influence, for example, how many seats were retained at IMO. At face value it might be easier and less burdensome for the ICS to co-operate with a single body in determining common positions but a new association might try to claim greater legitimacy to speak on behalf of the entire industry, although ICS would still encompass the entire shipping industry.

One thing is clear from all associations, including the ICS, and that is a determination to cooperate fully with all other industry associations – ship owner or not.

Graham Westgarth, President of INTERTANKO, was understanding of the merits of a single pan-industry association voice: “You can argue that INTERTANKO represents all of the tanker owners in the same way that Intercargo represents the bulk carrier owners. I actually think that the world is becoming more complex and the environment is moving much quicker so I believe you need to consider what sort of organisation you want.

“If you look at shipping and how it positions itself politically, then there is a strong argument to say that there should be the creation of one body but that that body would need specialist interests represented because certain legislation is applicable to tankers or bulk carriers.

“We have discussed this at the Round Table but regrettably we haven’t moved in that direction. I think it is something that maybe we need to strive for,” he said.

Gerardo Borromeo, InterManager President, has perhaps the most to gain considering he heads up an association that is currently outside of the much vaunted Round Table of ship owner associations. But he is understanding of the need for one voice within the industry that can also be achieved by the different associations talking through their respective issues.

“One thing you want to be able to get into a room is all the interests that work around the International Chamber of Shipping. So on the one hand you have the owners but you also have the managers and the crew managers and the different interest groups.

“If you can get them into the one room and begin to talk along common themes you will have the first steps towards that one voice. But for as long as we differentiate between the various functions like owners and managers and affiliated interests, then it is very hard to get one voice under one roof,” he said.

Past BIMCO President Robert Lorenz-Meyer, did not rule out such amalgamations but intimated that success could be some time off. “I think we are making progress at the Round Table and trying different things and selecting different themes and trying to find one position. But is it right to go in there with a big hammer and say right now you now have to come together. This will probably not work. Our presidency term is two years and I tried it when I was President and Yudi (Yudhishtir Khatau – current BIMCO President) tried it. But it will probably take another two presidencies until we succeed. This is interesting when you consider that rumours circulating around the industry last year suggested that it was the BIMCO board that had decided to explore ways to amalgamate with Intercargo and INTERTANKO.

Intercargo Chairman Emeritus Nicky Pappadakis, was pragmatic: “It is a very well intentioned aim, difficult to achieve but not impossible. One of the issues that Intercargo supported a number of years ago was taken directly from the airline industry and it is called CHIRP – Confidential Hazardous Incident Reporting Procedure – which meant that the industry could learn from near accidents. The airline industry has learned a lot and it is a pity that this has not been taken up.

“The industry needs unity of voice and I believe that everyone in the industry should have a say. But my personal view, and this is Nicky speaking, is that people will be
working closer together whether it is through the guise of one association and I don’t think I will see it but it wouldn’t surprise me. When I don’t know because container carriers are different to tankers etc. People pay their fees to direct entry organisations and to national ship owner associations because they see that they get different things from different organisations.

“When you talk to governments they will listen to one organisation whereas now, with as many people being experts in one area and not the other, they will hear a tanker view which conflicts with other sectors. Creating one association may happen but I don’t have a particular drum to beat; I am just interested in the well-being of the industry.”

Tom Boardley, Marine Director at Lloyd’s Register and Chairman of the International Association of Classification Societies (IACS), raised some valid concerns. “It is quite difficult because this is not a homogenous industry with all sorts of groups active. In terms of the international classification group, we tend to have an aligned view. When we meet the members of the Round Table we tend to find that we all talk with one voice so from what I can see shipping is an industry with a huge amount of alignment.

“Clearly there will be certain vested interests but our inability to influence and lobby is partly because of the sort of industry that we are. The problem is that we move stuff and not people and so we seem to be taken for granted by the general populous. When I worked in the container industry we hired some very expensive PR people and we told them that we wanted to become better known and better appreciated for what we do. Having burnt through several million dollars of our money, they said actually people think you are OK, they are just not very interested.

“If you want to be popular then go and work for an airline or the hotel industry and then get lots of letters of complaint. But we work in the shipping industry and it is said that cargo doesn’t talk back. Sometimes that is a good thing. I think we have to accept that is where we are but I see a large amount of convergence in the views of the associations particularly when we are dealing with an individual body like the IMO. We tend to come together and we tend to have a high degree of commonality in our views. So I am not sure that the setting up of a new association with all the potentials for rivalry and politics may be the answer but I certainly think that a continued push to work very closely together is the best answer we will get,” he said.

The last comments on the issue had to be left to BIMCO Secretary General Torben Skaanild and V Ships President Roberto Giorgi.

“This whole discussion about one association has been going on for 30 years. I was initially involved together with Helmut Sohmen when we started discussing this all those years ago and it hasn’t come very much further since. It is a question of will,” Mr Skaanild said. “From a neutral point of view I don’t see why we need all these different associations and I see every reason why we should have just one. But if all the interested parties were placed in one room in the way that they elect the Pope – when the white smoke comes out when they have found a solution, then I think that might do it.”

“I agree with you Torben but if you look at the new Pope, he is seen mixing with the crowds and he wears black shoes instead of red shoes,” replied Roberto. “So if the new Pope can change why can’t the shipping industry?”
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I am probably more Brazilian than Norwegian now,” said Hans Ellingsen, the CEO of Olympic Shipping in Brazil, and he was only half-joking.

For Ellingsen, who was born in Skudeneshavn, just north of Stavanger, in Norway, is one of the most able and, indeed, most popular figures working today at the top level in the Brazilian maritime community. He is currently helping to establish Fosnavåg-headquartered Olympic Shipping in Brazil, but he is best known for setting up and heading up Norskan Offshore, the DOF Group subsidiary, which he helped found back in 2001, when it belonged to Solstad Offshore.

In March this year Ellingsen turned 56, and a quick calculation shows he has spent more of his working years in Brazil than he has in Norway, and in 2005 he was granted honorary Brazilian citizenship by the state of Rio de Janeiro.

Some 26 years ago he married his Brazilian wife, Lauris Helena, who hails from the town of Sabara, in the state of Minas Gerais, and they have two daughters, one aged 24 and one 20, both of whom have lived 11 years in Norway.

They have dual passports and are fluent in both languages and both cultures too. Ellingsen has settled in the rapidly growing suburb of Barra, to the south of well-known suburbs like Ipanema, Botofogo and Copacabana, and therefore susceptible to heavy traffic jams en route to work in central Rio.

His family and love for Rio mean he is cutting back some of his business travel. “In the past I had more than 200 travelling days a year, but today it is an average of just three trips to Europe per
Ellingsen’s roots are clearly growing deeper in Brazil and he is looking forward to the arrival of the FIFA World Cup next year – his favourite team is Flamengo, so he is a Flamenguista – and the Olympics two years after that. And, of course, like a true Carioca (native of Rio de Janeiro) he looks forward every year to the world-famous Carnaval [Brazilian spelling]!

He said: “Carnaval is maybe the biggest event in the world, and unlike what many people think, (although not Brazilians) it is not only a big party, but it is also a competition. At the end of the carnival the best Samba school is feted as the winner, after they are evaluated by 40 referees. It’s the only thing which can compete with football in terms of public interest and popularity. I have been at the parade [in the famous 1.2km long Sambodrome] several times and I love it, but I never participated on the ground. My family has but I am too lazy for that.”

People who work with him would refute that.

In terms of playing sport, Ellingsen was, as a young man, a keen swimmer. He reminisced: “In my younger days I was a very keen swimmer, and held the Norwegian Carioca first touched base with Brazil way back in the 1950s when his father was the head of marine operations for Esso in the South American country. “This was before Petrobras had the monopoly for petro-logistic activities, and Esso was the biggest player in Brazil at that time.”

Ellingsen’s first contact with Brazil and Rio de Janeiro came as an 18-month-old toddler, but his family returned to Norway two years later. Then, as a child growing up in Skudenshavn, Norway, Ellingsen’s older siblings used to remind him of how wonderful it was in Rio de Janeiro, and soon he began to dream of returning there.

“As I was growing up I used to hear my family talking about this wonderful period. I am six years younger than my sister and eight years younger than my brother, so they remembered a lot more. It then became a kind of obsession that I wanted to get back to Rio de Janeiro.

“So I guess I was always destined to come to Brazil,” he told SMi, as he reflected on the way the Brazilian magnet has attracted him nearly all his life. And his dream eventually came true.

In 1977, aged 20, Ellingsen returned to the Land of his Dreams, as a member of the crew of an Ugland pipe-laying vessel: the Flex Service 1. He recalls clearly that “it was one of the first flexible pipe-laying vessels in the world to be deployed in Brazil.

We are very actively now looking for new opportunities

He told SMi: “Even back then you could see that Brazil was one of the few markets that was growing and had the potential to grow still further in the future. And after all this time I can safely say I was right.”

Back then Norskan won an eight-year Petrobras contract to build and operate a single line handler and they sold that on for a profit a couple of years later, having learned the hard way about how bureaucratic and complex the Brazilian maritime and shipbuilding industries are to work in, especially for Europeans not used to them.

“That contract gave us the opportunity to dip our toes into the water and see how Brazil panned out,” explained Ellingsen. “I guess you could call it a trial run.”

From then on it was all systems go and Norskan booked space at the STX OSV Niteroi yard (then called Promar), and the rest is history. They built two Platform Supply Vessels on spec and then, after Petrobras chartered in both of those, the company expanded in leaps and bounds. In 2003 DOF Subsea came in as a 50% shareholder of Norskan, with Solstad, and then in 2008, Solstad got cold feet and pulled out, leaving DOF as the sole owner. Seeing to admit their strategic error, Solstad came back into the Brazil mix in 2010 having realised what a bad move it had made by pulling out in the first place.

Since 2008 Norskan has grown very rapidly, especially after DOF Subsea Brazil merged with Norskan and added another five vessels to the already rapidly expanding fleet. Just three years ago, Norskan was operating with just eight vessels, but now operates 27, with 12 Brazilian flag and the other 15 foreign flag (including 12 Anchor Handling Tug Support vessels and eight PSVs and three pipe layers).

And now back in the present, Ellingsen, with his customary zeal and attention to detail, is charting a prosperous future for Olympic Shipping in the Brazilian Offshore Support Vessel (OSV) sphere. Olympic did have several vessels working in Brazil but they were being operated by a third party – mostly Asso Maritima, which is part of the Agusto Shipping Group of Italy. Then Stig Remoy and Bjorn Kvalsund, the owners of Olympic, had meetings with Ellingsen, who had been working as a consultant for them (and others) after leaving Norskan, and asked the man from Skudenshavn to take up the Olympic baton. Ellingsen and the company’s staff in Rio de Janeiro spent some months last year moving Olympic through the bureaucratic process of setting up as a Brazilian company, eventually gaining the status of an Empresa Brasileira de Navegação (or EBN).

Now that it has this EBN status, Olympic can qualify for the cheap loans – if building in Brazil – from the Fundo Mercante Marinha (FMM, or Merchant Marine Fund). “We now have five ships operating and the idea is to bring in more as soon as possible.”

The current five in Brazil – two PSV 3000s, one PSV 4500 and two Anchor
Handler Tug Supply (AHTS) vessels with 250 tonnes bollard pull – all have contracts with Petrobras, the state-controlled oil giant in Brazil. Ellingsen said that Olympic would like to add to that roster, adding “we are looking at several options”. And they include buying second hand and, possibly, building in a Brazilian shipyard. His old colleagues at Norskan have been trying to sell two Brazilian-flag PSVs for more than a year now and Ellingsen did consider that option.

“We had some negotiations with Norskan for them, but we could not agree a price with them, and now, I believe, they are almost sold to someone else.” And he added: “We are very actively now looking for new opportunities, both with Petrobras and with the other oil majors who are operating down here.”

With his vast experience of working in Brazil, Ellingsen is a dab hand at dealing with the myriad of problems that spring up from doing business in this wonderful, but often frustrating, South American country.

One major problem facing ship owners – and it is a growing one that has a knock-on effect into other areas – is the spiralling costs of operating in Brazil. “Costs here in Brazil are out of control right now and the cost of officers and crew wages have increased dramatically.”

Today Olympic employs 15 staff onshore at its Rio de Janeiro office, and another 170 on its vessels offshore. It handles its crewing needs in-house.

And exchange rate volatility does not help ship managers either. In recent years the Real has gone from 3.5 to the US dollar (back in 2003) up to 1.57 in late 2008, and now back down to around 2 for most of this year so far. Against the Pound (or Libra Sterlina as the Brazilians like to call it) it has gone from 5.8 to the Pound back in 2004, to 2.48 in late, 2011 and then to today’s 2.95. Inflation is also starting to rise, hitting 6.15% in January of this year, after averaging around 5% throughout 2012.

“And these movements obviously make it difficult for making budgets and planning ahead, but despite this I am very optimistic about the future here in Brazil. There are many things we must be careful about, but I have no doubt Olympic and Brazil have a great future.”

On top of this Brazil is still a very bureaucratic country and business matters which seem to be going well at the beginning can end up taking an eternity to come to fruition, if the project gets caught up in the bureaucratic log-jam.

Ellingsen sighed: “The governments here sometimes try to simplify things, but quite often end up making them even more complicated – and add new taxes along the way!”

But Ellingsen is still, mostly, an admirer of Brazil and its biggest company Petrobras.

Petrobras has had some problems over the past two years and it has taken some time for the new President, Maria das Gracas Foster, to get her people in after she replaced Sergio Gabrielli in February 2012. But the market is hoping things will improve this year.

“In terms of technology, Petrobras is absolutely in the front line for ultra-deep sea oil production, nobody in the world can tell them about that, as they are the market leaders.”

But Norwegian offshore expertise is prized by Brazilian companies and both governments encourage strong links between the two nations: links epitomised by the likes of Hans Ellingsen.

The Brazilian maritime community has already witnessed Ellingsen’s turning Norskan from nonentities into Brazil’s fourth-biggest OSV operator (out of a total of 29!) and many of them are eagerly waiting to see if he can scale the heights again – but this time with Olympic!
On a chilly but sunny winter’s day, a group of top London insurance professionals in hard hats, life jackets and other protective gear advanced carefully along the tilted wall of the emergency boat deck of one of shipping’s greatest casualties, the _Costa Concordia_, writes James Brewer. Their expedition was an important part of the marine market’s close monitoring and involvement in the aftermath of the grounding of the cruise ship on rocks off the Tuscan island of Giglio in January 2012, with the loss of 32 lives.

Stepping aboard the distressed liner was a particularly stirring experience for Lloyd’s broker David Smith. He was conscious of the terrible cost in human terms and of the damage to the vessel, but also of the portentous day a few months earlier when he was alerted to the need to produce swiftly a liability package for the recovery operation.

He had been with a client in New York when his phone rang with a message that he was urgently required back in his London office to put together the foundations of what would be for him “the marine insurance risk of a lifetime”.

Mr Smith, Managing Director of the marine division of broking group Besso, rushed to Newark Airport, New Jersey...
that he could begin work as early as possible the next day on putting together the wreck removal liability programme for a special purpose joint venture of the salvage companies Titan and Micoperi.

For some days, he had been mentally preparing himself for the task: the Titan-Micoperi bid was known to be on the shortlist. Now he had to muster all his experience and underwriting contacts from years in the marine business to formulate the liability contracts.

He had a head start on this particular job. Besso has a long record of arranging the insurance needs of the salvage industry – it is the only insurance brokerage that is an associate member of the International Salvage Union – but assembling a watertight policy for the unique operation required much consultation with and co-operation from parties around the world, for a policy that was to be placed almost entirely at Lloyd’s. Mr Smith himself has organised coverages for Titan for some 20 years.

The measure of the recovery task is indicated by the significant insured limits that were agreed: in total up to $500m. Besso took on responsibility for placing the primary $300m, while the upper layers have been placed by Aon with underwriters in the US.

Besso structured the liability in multiple layers, a standard market procedure to achieve economies of scale. The chance of getting a claim on the lower layers is of course much higher than in the upper layers, so the premium is dearer. Different underwriters inevitably have different appetites for the percentage and layer with which they feel most comfortable.

In all, the primary exposure is in six layers, in a disposition which some might liken to the structure of the reinsurance contract of the International Group of P&I Clubs.

Mr Smith’s admiration for the Lloyd’s and London market, noted for the ability to find solutions to complex risks that face many other markets, was confirmed as he sought support for the cover plan. “This was off-piste to the normal insurance products, and London has the ability to look at things from a different angle,” he said.

Mr Smith recounted: “We worked out a suggested structure which we discussed at length with Titan. It took us a week to come up with what would be satisfactory to the client, and ‘placeable’. We had promised to produce a proposal satisfactory to the vessel owners and the Italian authorities within a few days, and no operations could start until this insurance was in place.”

On Mr Smith’s return from New York, the head of risk management for Crowley, the parent company of Titan, had flown to London, as did a specialist broker from the US operation of Aon, to begin the intense work. “For the scale and magnitude of this policy and the programme involved, most brokers would expect a couple of months’ lead time. We had just a few days,” said Mr Smith, “and those were days of 14 to 15 hours of work. We had to liaise with law firms in the Netherlands, Singapore, London and the US. The lawyers were all very understanding, and highly knowledgeable – most were former master mariners. Everyone was aware that this would be the largest wreck removal job in history – and were almost in awe of it.”

A flotilla of vessels to tackle the project was assembled, and Mr Smith travelled with London underwriters, on his insurance programme and involved in other aspects of the saga, to Giglio and climbed on board the Costa Concordia itself. Titan and Micoperi were keen to show them the level of professionalism that was being put into the exercise, and the scale of risk control being applied.

As a tug on charter bearing the Red Dragon of Wales manoeuvred in the bridge windows. They then boarded the ship and were guided along the two-metre wide teak emergency boat deck. “It was quite an emotional juncture,” recalls Mr Smith, “because you have to be aware that there was great loss of life. At the same time, there is almost a reverence for this ship – she is treated by the salvors with an enormous amount of respect.”

The London visitors were impressed by the very large construction barges, and an accommodation unit which houses up to 200 salvage engineers, divers and the supply workers who deliver food and other daily needs. It is highly unusual to see huge heavy lift barges, the sort of equipment normally used for the offshore energy and construction industry, just 10 metres from the shoreline.

An offshore drilling programme is underway to install piles to anchor the cruise ship so that she does not move any further. The drilling is into solid granite, producing large volumes of sand. This sand would be ideal to help restore the nearby beach which had previously suffered erosion from winter storms, but government orders are for the sand to be disposed of elsewhere because of a slight difference in colour.

The delegation witnessed divers going into the water. Among other tasks, the divers hand remove crustaceans and replenish certain types of underwater plant. Besso placed a separate insurance for all the divers and salvage engineers in the 400-strong operation, and showed the London underwriters the high levels of safety being observed.

Salvors are on track to parbuckle (lift upright) the vessel in June/July. They will then attach sponsons to the landward side of the ship, and refloat it ready to be towed for dismantling to wherever the Italian authorities and owners decide. The Titan/Micoperi job and the liability contract terminate when the Italian authorities accept delivery and the environment around the wreck site is restored.

Mr Smith said that, with more than 4,000 people on board, “the original incident was horrifying; but everything about the wreck removal is absolutely fascinating.”
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When strolling up the Rock of Gibraltar, you can’t help but notice a faint salty taste to the surrounding fog, as carried by the unique, mountain-gap breeze locals call ‘Viento de Levante’. The sea’s efforts to encase the Rock, scattering its flavour in this way, signify Gibraltar’s status as a maritime cluster to be reckoned with, but as competition intensifies from the nearby ports of Algeciras, Ceuta and Tanger Med, is the Rock’s future assured or at threat?

Over 90,000 vessels transit the Strait of Gibraltar each year, calling for everything from bunkers to ship supplies and crew and local ports are strengthening their efforts, with Dutch company Vopak due to open its new 403,000m³ oil storage facility in Algeciras just as SMi went to press.

However, one service for which Gibraltar reigns supreme is that of ship arrest. Guy Stagnetto, Partner at Triay Stagnetto and Neish, a law firm in Gibraltar’s Town Range district, said around eight years ago, ship arrest work seemed to have eased off, owing to an apparent “reluctance from banks to crystallise their losses”. Few lawyers would have predicted the current boom in this line of work, with the Rock continuing its reputation as a ship arrest haven for banks keen to claw back their maritime assets.

It seems Gibraltarian Lawyers are not fazed by even the most ‘messy’ of arrests, such as when cargo remains onboard or if there are ongoing Port State Control issues. When crew welfare is also an issue of concern, Gibraltar’s reputation for ensuring swift and efficient repatriation, along with its observance of English law, means it has remained a firm favourite ship arrest jurisdiction in the eyes of the banks.

“You inevitably get the slightly “messy” arrests from time to time and these take a lot of work on the part of the Admiralty Marshal’s team, the Port and the arresting party. But Gibraltar is viewed as an outstanding jurisdiction for these issues” Mr Stagnetto said. “When banks have decided they want to arrest, of course it’s a bad sign for the market but thankfully, for ship arrest lawyers, the banks keep coming back to Gib.”

Gibraltar’s strong reputation for ship arrest was enhanced some decades ago under Katie Dawson, Admiralty Marshal, who Mr Stagnetto said “was well-regarded and ensured all stakeholders were looked after, including crew.” A new Admiralty Marshal, Liam Yeats, has just been appointed. “He’s
very efficient so we’re hoping he will continue the good work,” Mr Stagnetto said, adding: “When you are facing a complicated arrest, you want to make sure you’re in a jurisdiction that can deal with all those ancillary issues, swiftly, efficiently and well and I am confident that Gibraltar will continue to deliver.”

In such a small jurisdiction where there are only around five firms dealing with admiralty work, Mr Stagnetto said this has led to a friendly rivalry: “The work comes in, we each have our own contacts and inevitably there will be conflict work that gets referred to competitor firms. We generally get along well, as you might expect in a small jurisdiction, but that’s not to say we don’t go at it hammer and tongs – there’s fierce rivalry but we also have good working relationships.”

James Ramagge, Partner in the Shipping & Admiralty department at Triay & Triay law firm, also agreed that demand for ship arrest services on the Rock has remained strong: “We’ve seen a steady progression in ship arrest work, perhaps not a substantial increase but a good increase considering how the market is. Over the past three years, we have seen an incremental increase in ship arrests every year.”

Discussing his work on the ship registry side and the Gibraltar Maritime Administration’s efforts to entice more European owners, Mr Ramagge said the flag has experienced a sound increase in tonnage in recent years but he emphasised the need to grow the flag organically to ensure quality is retained.

Mr Ramagge said in the last 18 months, his firm has stepped up its face-to-face meetings with German owners, as tonnage tax laws bring fresh opportunities. “We’ve been to Germany about five times or so in the last six months. We did a talk at the German Shipowners’ Association (VDR) recently, owing to the fact there is a potential risk to the German tonnage tax system.”

As many German ships are fully registered in Germany but are “bareboated” out to other flags where operations are concerned, the EU has informed German owners that if they are bareboating out, as subsidies are involved, they should now choose an EU flag for this. According to Mr Ramagge, Gibraltar is looking to seize this opportunity.

“We attended a conference run by the VDR, where the Maritime Administrations of Gibraltar, Luxembourg, Cyprus, Malta,
Madeira and the UK were all invited to make presentations in Hamburg and Leer. There was a large attendance of German owners at both and that is why we’ve seen an increase in the number of ships flagged with Gibraltar, particularly from the Hamburg market. At the moment, we’re in the preliminary stages and people are still trying to understand what it all means.

“There hasn’t been a final decision yet on the percentage of ships that have to be re-flagged and so, it’s not something that’s going to happen overnight but we’re trying to really put ourselves into the market and say we’re here. The view Gibraltar has taken is that we would like to take on as many ships as we can but we would like to do this on a rolling programme or timetable, which I think would suit the majority of ship owners anyway.”

The Sorek Group, an English company based in a quaint Mediterranean courtyard near Gibraltar town centre, specialises in vessel registration, crewing certification, shipmanagement and administration. As Jens Sorensen, Consultant, confirmed, his company has also experienced an increase in business, owing to the tonnage tax scheme, from which German ship owners can benefit if at least 60% of their tonnage is EU flagged.

Sorek representatives attended recent meetings with German owners in Hamburg to discuss this issue and, as Mr Sorensen said, although many German owners have picked Malta as their flag of choice, he has seen a definite peak in business from German customers where the Gibraltar flag is concerned.

“The banks are calling in loans now and if ship managers can’t pay, the banks will get somebody else to manage the ship. These new managers come to Gibraltar and ask to register these ships and they may be of perfectly good quality with a good reputation but if the vessel is lacking, it will be turned down. I suppose I would compare it to selling a house; you might not want to put in a new kitchen before you sell it and likewise, you might think a ship can wait for spare parts but it can’t and you will be turned down, because it is a quality registry.”

Turner Shipping (established 1831) in Gibraltar’s Irish Town district – a shipping agent whose customer base includes Shell,

There are more and more conventions and regulations, including the Maritime Labour Convention, which are making it more expensive to operate.”

That said, the Gibraltar Maritime Administration is not interested in simply playing a numbers game as far as tonnage is concerned: “The policy of the registry is one of controlled growth and quite a number of applicants have been turned down. They have a test system to see what the quality of management is, if the ship has been detained, if it has ever been in a collision, vessel age, etcetera – if you don’t fulfil these criteria, you can’t join.

“For our company these meetings were very positive and we have seen an increase in business as a result. The problem is, the market is very poor and most ship owners don’t even earn enough money to pay any capital off – some manage to pay interest but no capital and some of them are just losing money, earning less per day per ship than they are paying in running costs. You have very few owners in the EU with cash to spare and I predict you will, unfortunately, see many shipowning companies going down the pan this year.

Algeciras is definitely going to give us a run for our money now
Ian Penfold, Director, MH Bland

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Vopak and Tanker Pacific – is currently run by Directors Leslie W. Whitwell and British-born Alex W. Lavarello, whose grandfather encouraged him to move from England to work for the family firm.

“Gibraltar ticks many boxes but the number one tick is location,” Mr Lavarello said, adding that in his three years with the company, he has noticed a number of Spanish ship agents moving into Gibraltar and vice versa. Slices of the Gibraltar maritime cake may become slimmer if more Spanish agents move in, but Mr Lavarello seemed untroubled by this thought: “It’s just about fighting your corner, Gibraltar isn’t going to grow in terms of business for ships agents; it has probably reached its peak because unfortunately, we will always struggle with capacity. These are physical limitations which we simply can’t ignore.”

Considering what solution might assist this inevitable problem, Mr Lavarello touched on the hotly-debated issue of opening up the east side of the Rock for bunkering, but said a spill there could bring “horrendous consequences”.

Although an Environmental Impact Assessment was considered and the issue discussed at much length between government and opposing groups, the suggestion to take bunkers off the east side of the Rock seems to have now lost momentum, with many locals dismissing the idea.

We have been here for 25 years but we have to fight for everything every day

Ernest Morillo, Shipping Manager, Tarik

Mr Whitwell said he too had reservations about the concept: “A spill in the bay would be far easier to contain than on the east side, if something was to happen. Besides, it’s worth considering how it could also bring additional interference from the Spanish. We get enough challenges with bunkering on the west side – even the slightest problems are always blamed on Gibraltar. Don’t give the Spanish any more ammunition to hit us with by bunkering on the east side too!”

But isn’t Mr Whitwell concerned over the issue of capacity? “It goes through phases. At the moment the congestion means there are around six to eight ships waiting [for bunkers] but in the past, it has gone up to 30 vessels – though this has usually been because of a backlog built up in bad weather. Ships are getting bigger and space is becoming less. There are only a couple of anchoring positions where you can put bigger ships. Yes, there were too many ships coming in for bunkers but unfortunately Gibraltar is limited in what we can do.”

On the subject of environmental protection, Mr Lavarello noted how the passing of legislation in January, concerning ship-to-ship (STS) transfer operations, shows the Government’s commitment to the environment. Transfer of cargo between ships, when arranged by Gibraltar-based companies, must now take place in British Gibraltar waters under Port Authority supervision. This change to the law ensures such operations can be monitored appropriately for safety, ensuring environmental protection.

“The idea is for the bunkering superintendent to be able to check everything is well onboard and keep a close eye on things. The change in law means it is now substantially more expensive to perform STS operations in Gibraltar than in Malta or Cyprus, for instance, but hopefully principals who
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place health and safety in high regard will favour Gibraltar,” he said.

Family firm T.P. Towage, run by the Peñalver brothers Thomas and Wayne, recently celebrated its 15th anniversary and although business trends have changed significantly for the firm over the years, Thomas Peñalver, Administration Manager, said STS operations have yielded a major opportunity for his company to diversify: “STS operations are new here but very popular and as part of our services we mobilise and de-mobilise equipment such as fenders, hoses and much more. There’s more call for this kind of work since MAPPOL Chapter Eight came into play.

“Companies have been urged to carry out such operations within the bay and there’s a designated area there now. It works well for us and although it’s new it’s really taking off and gathering momentum, bringing more business to Gibraltar.”

Describing his hopes for the future of the Gibraltar maritime cluster, Mr Peñalver added: “There have always been trends here and transitional periods where services have stopped or changed and we have been looking to identify different niches.” He also said he has faith that the authorities hold his industry’s best interests at heart: “There is a new contingent in the Gibraltar Maritime Administration and Port; most of their employees come from a maritime background, they know what they’re looking for, they are in tune with the industry.”

Gibraltar ticks many boxes but the number one tick is location
Alex W. Lavarello, Director, Turner Shipping

Giving his view on bunkering operations at the port, Gavin Griffin, General Manager, Gibraltar, Iberia and North Africa at Inchcape Shipping Services, said it could be unfair to claim Gibraltar has a reputation for delays: “It’s like anywhere else, when there’s bad weather, delays will occur because supplies stop and then you have a backlog which accumulates. I don’t think Gibraltar is any worse than anywhere else.”

But as the nearby ports of Ceuta, Algeciras and Tanger Med build on their own bunkering capabilities; Mr Griffin said such competition is becoming a growing concern: “The uncertainty for Gibraltar is in terms of our neighbours and their influx into the bunkering market – there’s an evident increase in the volumes they are supplying.”

He noted that in order to remain competitive, Gibraltar will need to consider its goals: “It’s about trying to get a little more understanding of what exactly is Gibraltar’s long-term strategy? Then through that, we as individual companies can set out our own strategies. But fundamentally, we have to operate within the local market and the Government’s strategy,” he said, adding that there has been a great development in competence at the Port in recent times, which has impressed him.

Competition between ports in the Strait has also been weighing on the mind of Nicholai Bado, Operations Manager (Strait of Gibraltar), Wilhelmsen Ships Service (WSS), and encouraged him to launch the ‘Your Strait Solution’ initiative a year ago, offering an integrated service for vessels passing through the Strait, coordinating services within the ports of Algeciras, Ceuta and Gibraltar.

Mr Bado said in a stretched market, it seemed logical to develop a solution where customers can make use of all three ports.
but liaise with one ships’ agency only, through one point of contact: “It’s important to make things easy for the customer, particularly if they have been dealing with many points of contact and different currencies. A vessel needing to take on bunkers at Gibraltar and liferaft exchange services at Algeciras will pay just one agency fee, streamlining operations for all involved.”

Although Mr Bado has used the close proximity of ports in the Strait to his company’s advantage, he also raised concerns that Gibraltar has been a little slow to act when it comes to port development, particularly considering the growth of other ports.

Mr Bado, who is Vice Chairman of the Gibraltar Port Operator’s Association (GPOA), praised the Port and Government’s efforts to build on the Gibraltar maritime cluster, but he added that underestimating its neighbours in the past has not served the Rock well: “I think they just forgot about it over time as there was no real competition from neighbouring ports but what they didn’t realise was the massive amount of investment which was going to occur, such as in Algeciras with the new terminal from Vopak. They are also building more onshore tanks in Ceuta.”

Considering how growth in bunkering operations at Algeciras could impact Gibraltar’s maritime companies, Tyrone Payas, Managing Director, Global Agency Company, said: “Of course we’re worried but some people say it could benefit us, as by just having more ships supplied there, there will be more ships in the area. But I do think the Government needs to look into having a land-based storage facility here. However, time is ticking on and Algeciras is ready and Gibraltar is not. “I don’t think they’ll open up the east side for bunkering as the government and some bunker suppliers have identified that
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it would not be recommended because we have a lot of strong currents there. But performing STS transfers on that side for certain products could help to decongest the western side.”

Does Mr Payas believe the Port and Government are doing enough to help his industry, considering the growing threat of Algeciras? “I think a lot more could be done. I know things are going on but it’s not happening fast enough. The Government has been in for just over a year and it can take a while to bring change but we haven’t seen decisions come in yet and that’s a worry. We need to get it sorted so that we’re in a better position to compete. Algeciras has been preparing for years – Gibraltar has been too complacent.”

Danny Gabay, Managing Director at Redwood International, a company specialising in the express delivery of urgent ship spares, customs clearance, freight forwarding and more, also noted the impact of a lack of port capacity on his business: “With the ever increasing competition from surrounding ports the last thing we want is to close doors to potential clients by not having the necessary capacity or infrastructure. We trust the Government of Gibraltar is focusing all its energy on ensuring that any adequate available space for bunkering is made available.

“The most important challenges facing Gibraltar are direct and indirect competition in our region and beyond, and our own local infrastructure. We need to ensure that we remain competitive and provide a reliable and efficient bunkering and service-orientated port. Gibraltar has a lot to offer, especially with an airport five minutes away from the port, but this needs to be adequately marketed.”

Mr Gabay concluded that as a logistics provider, he would like to see Gibraltar develop through the introduction of new connections by air, smooth transit of goods and vehicles through the commercial border and more focus on the commercialisation and marketing of the Port and its services.

Ian Penfold, Director at MH Bland, a port agency and marine services firm established in 1810, said over the past few months, he has seen a “very noticeable change” as Algeciras has awaited its new Vopak terminal. “There is definitely going to be a shift of volumes between Gibraltar and Algeciras. Gibraltar has had the best picture for the past 15 years, having the top end of the market and the best volumes, but I feel that Algeciras is definitely going to give us a run for our money now!”

With reports that two barges were already waiting at the new terminal weeks before opening, it’s no surprise companies such as MH Bland, which has offices in all nearby ports, have warned their Algeciras staff to expect an influx of business. “Algeciras has the space and the anchorage, whereas our government has already said the eastern anchorage is a no go. As an industry, we just have this small side of the
bay,” Mr Penfold said. He added that he is thankful to have set up an office in Algeciras nine years ago, as being well established there should help in these transitional times.

He also expressed concerns over bunker prices in Algeciras: “If you consider port costs for the ship, it can be a lot cheaper to take on fuel in Algeciras than Gibraltar but then, Gibraltar always had the edge on the price of the fuel itself. Now this price is the same at both ports, so companies start to look at how else they can save money. If more volumes are shipped into Algeciras, this means the price could decrease there even further.”

Is Mr Penfold particularly worried about this shift? “Not really. You’ve always got to embrace change. We are present in Algeciras, Tanger Med and Ceuta. We knew what was coming so we geared ourselves up to all the ports. We wanted to be as ready as we could be.”

He also said that Malta has played an important role in Gibraltar losing out on elements of the market: “Malta’s prices have always been competitive but recently, they have been a lot cheaper than Gibraltar. Many of our principles have given me feedback that while they will still check Gibraltar’s prices, they are now automatically bypassing Gib because they know Malta will be cheaper – they just carry on through, especially those going to the eastern Mediterranean or the Black Sea.”

Competition between ports in the Strait is also becoming a significant problem for Gibraltar-based ship agencies owing to annual port operator’s license fees. In Gibraltar, companies must pay £1,000 (plus a £100 admin fee) for a licence for each service offered. For small but multifaceted firms such as Tarik, which offers everything from bunkering supplies at anchor to crew change and ship chandlery, these costs soon add up.

Ernest Morillo, Shipping Manager, said although Tarik was founded in 1987, the company has been made to feel like a ‘small fish’ in the face of regulatory burdens and fees: “Here, there are more and more regulations and we are constantly getting requests for certifications, for new paperwork. The Government is really into that and encourages you to be regulated but when it comes to the crunch and to seeking tenders, there are a lot of big fish out there who have got the know-how, the funds and the equipment. We have been here for 25 years but we have to fight for everything every day. When you also consider additional fees and expenses, you’re probably talking about 15 grand a year, just to get your company started. It’s getting very tough, just trying to keep afloat.”

Mark Canepa, Operations Manager, said he is particularly concerned about Spanish firms operating satellite services in Gibraltar, travelling across the border and doing business on the Rock but not having to pay the overheads and licence fees which companies based in Gibraltar are subject to. He highlighted the injustice of this and said he feels Gibraltar-based ship suppliers and agencies are missing out, owing to this “uneven playing field”.

George R. Desoisa, Managing Director at Euroship, a general ship supplier in Gibraltar, agreed with this sentiment: “At the moment, as a ship supplier in Gibraltar, to be able to have licences and operate in the port, we’ve had to invest in warehousing, staff, training, bank and business references, annual audited accounts etcetera. But then, we have Spanish ship suppliers from across the border in Algeciras, coming into Gibraltar on a daily basis, supplying their goods in transit through the border straight to the port, without a single penny of investment in Gibraltar.

“They don’t have to pay licence fees, taxes or anything and that is unfair. If they continue to let this happen, eventually standards will erode, people will begin working from Spain with just a single salesman based in Gibraltar and ultimately, that is bad for the port and bad for the reputation of Gibraltar. As there is a frontier there, I cannot do the same thing in Spain, as the Spanish authorities won’t allow it. We’ve had to set up in Spain with significant costs, in order to operate there.”

Mr Desoisa also raised concerns over a lack of capacity in the port and suggested the creation of new onshore storage as a solution, or alternatively, that the Rock’s floating oil storage vessels could be moved to the east side, in order to alleviate slots for potential clients coming into Gibraltar.

Stating that he believes opening up the east side for bunkers would be a worthwhile venture, as operations there would be performed only under the safest of circumstances and conditions, he concluded: “Bunkering activity for international clients is performed on the west side so essentially, on the east side, you would have a large storage vessel working with its own crew, staff and bunker barge, who know each other and work together regularly, as opposed to a foreign client working with a bunker barge, which could bring safety issues.”
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- Fiscal advantages.
Quenching the thirst for data has become essential for ship owners who want to recruit and retain crew at a time when there is a serious shortage of qualified officers.

A growing number of seafarers see onboard Wi-Fi connectivity as a ‘must-have’ in order to use their smartphones, tablets and laptops, a huge study has revealed.

The Crew Communications 2012 Survey, commissioned by global satellite communications company Astrium Services and supported by consultants Stark Moore McMillan, asked 960 Filipino seafarers – 12% officers and the remainder general crew - what their requirements were and what was actually available.

Findings were generally positive with over two thirds saying they now use some form of communication service, most or all of the time when at sea, while almost all crew can make voice calls using a vessel’s satcoms system, at least occasionally.

The survey also found a rise in popularity of seafarers using their own device showing that owners investing in vessel-wide broadband connectivity and corresponding Wi-Fi connections to provide free or low cost internet access would experience better crew recruitment and retention.

“The object of the survey was to establish a clear picture of current crew communication requirements, the level of access to communications, what crew paid for these services and how they paid for them,” explained Tilmann Michalkle, Senior Product Manager Crew Communications, Astrium Services.

“Many shipping companies face staff retention issues and communication services can represent an attractive incentive to crew members.”

The survey whitepaper states that in just five years, between 2005 and 2010, the shortage of qualified officers grew from a deficit of 10,000 to 13,000.

Reinhold Lüppen, Director Solutions, and Patrick Decool, Director New Products at Astrium Services Business Communications say the relentless quest by consumers for always-on connectivity and mobility, and the ability of innovators to cater for these needs with user-friendly services, has led to a significant shift in terms of user behaviour and expectations.

“When it comes to smartphones and tablets, we only have to sit down in a café or in an airport departure lounge to realise how indispensable these have become in our everyday lives. The phenomenon known as ‘consumerisation of IT’ has since emerged as a direct result, essentially denoting the increasing use by consumers of personal technology and communications devices in a professional environment.”

These changes, it seems, are happening at a fast pace and are set to continue. Analysts IDC conducted research into people who use a mobile device for professional reasons and found in Western Europe, the population of mobile workers is due to reach 129.5million this year. The largest increase will be in Asia-Pacific where 838.7million people are expected to use a mobile device by 2015.

“In the shipping community, it is estimated that 60 to 70% of crew use their own personal laptops while away at sea, and 30% have smartphones, with growth set to continue,” said the report by Mr Lüppen and Mr Decool.

“Current trends show that crew are likely to keep their laptops to store personal files, film and music, as well as use a smartphone or a tablet for phone calls, social media, games and multimedia, mirroring the trends among land-based consumers.”

They say that while there are similarities between maritime and land-based consumers in the nature of adoption, the major difference is how IT managers deal with issues linked to the use of consumer devices onboard ship.

“What we’re seeing, through the phenomenon of consumerisation of IT, is even stronger emphasis on the issues which have always existed when providing crew with access to private communications – notably budget, potentially disrupted business functions, and network security.”

An important issue is keeping crew通讯 completely separate from business functions to avoid congestion of lines and potential ‘corruption’ of business-critical data.

“Certain satellite communications providers have developed new systems which enable IT managers to dedicate a local area network (LAN) to the crew members, and install a Wi-Fi connection to which they can establish an internet connection from their smartphones and tablets.”

There is also more demand from crew members for bandwidth-hungry activities such as downloading and streaming and the big question for IT managers is how to fulfil communications requirement without blowing the budget. This is not only for personal use but for business use as well, as there is more demand for activities such as video conferencing.

One company, US-based Globecom Maritime, has brought out a new low

It provides users from the bridge to the mess, with a means to make video calls and chat live over the satellite using a fraction of the data, at a fraction of the cost of shore side applications.

Trevor Whitworth, Senior Vice President Sales and Marketing, said: “Demand for video conferencing and instant messaging has experienced rapid growth, but while land-based users have become accustomed to its convenience, shipboard staff need tools that are designed for the constraints of satellite communications.

“Voice and video conferencing applications use a great deal of bandwidth and that makes it very expensive for seafarers. We identified the need for a tool that gives ships the same functionality but keeps cost under control.”

Gregor Ross, Sales and Marketing Director Europe, said ship visits by Globecom Maritime staff had validated the demand from crew for the new service.

“It can start at the top of a gangway. As soon as the Watch know you are there to work on the communications system, they ask if they are getting video chat or instant messaging. The scuttlebutt will make its way around the ship so fast that everyone you come across will ask you the same question. The demand is almost insatiable. Now we can say we have something much better to offer.”

According to the Stark Moore Macmillan Communications 2012 Research Whitepaper, the highest levels of access to communications are provided to crews on car carriers, but even then only 58% of respondents said they had always had access to communications. Those sectors with high data requirements generally provided the best level of onboard communications.

Levels of internet provision were very high in the offshore and cruise sectors but low in the bulk, general cargo and container sectors, as expected, and the service most often provided free of charge to seafarers was text only emails.

When asked their preferred method of access to non-voice crew communications, the resounding answer was by use of a laptop with a Wi-Fi connection.

The average total monthly spend on communications, both at sea and ashore, was $114.62 but this figure varied according to the type of vessel, age and rank of respondent.

However, when asked to identify how much they spent on communications by service, the actual spend at sea and in port/coastal waters was $150 per month – higher than previously estimated. This represented approximately 17% of officers’ disposable income and 40% of ratings’ disposable income.

The survey revealed that most of crew expenditure is on voice communication, but this is higher among older age ranges, indicating that younger people are using other communications methods such as Voice Over Internet Protocol (VoIP) and social media instead.

Indeed, respondents were asked to identify the top five websites they would visit if they had access, and the social networking site Facebook was the most popular across all choices and first choice of almost half of all respondents.

However, Captain Kuba Szymanksi, Secretary General of InterManager said he could not see all companies providing...
seafarers with the means to access social media when they are scared to use it themselves, despite it offering huge benefits for business.

“As with many other industries, the shipping industry has many older senior executives. That means understanding of new technology, including social media, is not necessarily at the top of the priority list for these individuals and is actually very often feared by them – it is a fear of the unknown.”

He said many could be excused for their ignorance because of the speed in which technology had moved but those who tried to understand their shortcomings and were prepared to give social media a try would benefit most.

“They will quickly be able to see the pros and cons. I believe this is what is needed now,” said Capt Szymanski.

“...When it comes to smartphones and tablets, we only have to sit down in a café or in an airport departure lounge to realise how indispensable these have become in our everyday lives...”

“...I can see that most forward-thinking shipping companies have embarked on this task and are testing the water. I believe it would be silly to not at least acknowledge that the new generation prefer new ways of communication. I also believe that since the younger generation is quick with Facebook, Twitter and other social media sites, those companies who embrace new technology will create a tangible advantage.”

He said by using social media, companies could stand to reap a number of benefits including self-education, sharing information, flexibility and efficiency to name a few.

However, he said there was a big downside: “Knowledge is power and, especially for my generation, sharing this power is an alien idea. We worked so hard to get where we are, so why should we make it easier for the rest? I can see a lot of this attitude.”

In terms of provision for seafarers he said: “I don’t think shipping companies are doing enough. Only blue chip companies are trying. In fairness satellite communication is still very new (in the area of social media) and very expensive. There is no hardware available onboard either.

“It will take some time before it is widespread. Seafarers are using their own laptops at present and collect thousands of SIM cards, but that is only good when in sight of land...they have to be patient.”

Commenting further on the results of the survey, Mr Lüppen and Mr Decool of Astrium Services, said a major factor of the level of communications provided was the choice of satellite service, with flat-rate VSAT packages, starting at around $2,000 per month, covering many vessels’ corporate and crew needs.

“Shipping companies who invest in VSAT for corporate or business purposes are now understanding the benefits of supplying crew communications with the same equipment, with priority on the ship’s business.

“Contrary to VSAT, mobile satellite services (MSS) offer a pricing scheme based on the amount of date consumed, so it is very important that the IT manager sets...
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limits and alerts for both business and crew in order to avoid receiving unexpectedly high data costs.”

They said another major issue for IT managers, when it came to crew, was additional, time-consuming administration: “Given the increasing use of personal devices at sea, the trendsetting satellite communications providers have developed software and solutions to enable crew to administrate private comms themselves, directly from their tablet computer or their smartphone. Once the separate LAN has been set up, crew are free to create their own account and configure settings linked to the amount of data they wish to consume and the subsequent cost.”

They continued: “What is clear from these examples is that the phenomenon that is consumerisation of IT, or the increasing use of personal devices by crew onboard, need not present such a challenge for IT managers. Clearly it requires them to deal with a host of dramatically different cost, security and technical issues which previously were not part of their remit.”

However, recent developments have shown that the forward-thinking satcoms providers are stepping up to the challenge and working on solutions to help them tackle these head-on.

Astrium Services’ Head of Maritime Services, Tore Morten Olsen, said: “It’s clear to see that seafarers are keen to be able to communicate with friends and family when they are at sea, just as easily as they could at home. Offering this capability supports any operator’s crew welfare strategy.

“This new data will assist us in developing innovative new solutions that will directly meet future user requirements. Likewise, with a stronger understanding of what drives the user, we can support operators through the on-going development of our core connectivity services and value added services.”

Mr Lüppen and Mr Decool concluded by saying: “The thirst for data and related apps and platforms will continue to grow among shipping company staff as it will on land among the rest of the consumer population. With this as a backdrop, the best ships’ systems will be run by IT managers who simplify the management of satellite communications and, even better, place the responsibility for crew comms with the crew themselves.”
UNABATED HYDROCARBON DEMAND DRIVES HIGH-PROFILE FLEET PROJECTS

By David Tinsley

reckoned to be the past year’s single largest newbuild transaction in the tanker market, BP Shipping has ordered 13 crude carriers in the Aframax and Suezmax categories from STX Offshore & Shipbuilding. The agreement with the South Korean yard includes options on eight further vessels.

The company describes the huge investment as a fleet rejuvenation programme, dubbed ‘Project Neptune’. Referring to the initiative in its recruitment drive, the UK-headquartered operator said: “This is a time of major change within the industry and by incorporating cutting-edge design and novel technology, we’ll continue leading the way in safety and environmental designs.” Industry sources have indicated that BP’s specific requirements in this regard have added significantly to the cost per ship relative to standard newbuilds, although the owner is keeping tight-lipped about contract details.

Among the energy majors, the BP Group continues to regard a substantial owned fleet as logistically and strategically important, complementing its extensive chartering activity. At the end of 2012, BP Shipping’s modern fleet comprised 52 internationally-trading tankers and gas carriers, plus four co-owned tankers in the Alaskan trade and 14 specialised vessels including bunker barges and offshore support ships. Affording a measure of its influence in the market, timechartered tonnage at that juncture amounted to 111 hydrocarbon-carrying vessels.

Of the 13 new tanks entrusted to STX at Changwon, 10 are Aframax tankers of 110,000dwt and three are Suezmax crude carriers of about 160,000dwt, with deliveries scheduled in 2014 and 2015. BP’s rationale for committing itself to such an extensive programme is understood to reflect consideration of future changes in trading patterns and demand buoyed by economic advance and the development of new refineries in Asia and the Middle East, as well as the long-term unit efficiency gains to be drawn from the latest designs of tanker compared to even relatively modern ships.

China’s leveraging of shipping and shipbuilding capacity to serve national economic and oil transportation goals has found new expression in recently reported contracts for six VLCCs. The assignment of three 319,000dwt crude carriers to Dalian Shipbuilding Industry Co by China Merchants Energy Shipping appears to have been quickly followed by the owner’s award of a trio of similar capacity tankers to Shanghai Waigaoqiao Shipbuilding, plus options on two further vessels.

In another single stroke, Shanghai Waigaoqiao has added a considerable tranche of dry bulk tonnage to the industry’s workload. The yard announced in January that it had attracted orders from two leading European shipping companies for six 180,000dwt bulkers, plus options on four further vessels. Described as sixth-generation Capesize units, the vessels promise a marked progression in transportation efficiency. Through hull form optimisation and adoption of the latest propulsion equipment and energy saving devices, the yard claims that the design yields a 20% reduction in fuel consumption for an advance in 30% advance in load capacity relative to existing Capesize tonnage.

South Korean supremacy in the LNG construction stakes has been consolidated by Teekay LNG Partners’ decision to direct its latest phase of fleet investment to Daewoo Shipbuilding & Marine Engineering. The project for two vessels of 173,400m3 capacity assumes added technical significance for the milestone nomination of electronically-controlled, gas-injection propulsion machinery. Based in each case on two MAN ME-GI two-stroke engines, the plant is expected to be more fuel-efficient and produce fewer emissions than other powering solutions used in LNG shipping.

“The delivery of these vessels is timed to coincide with the next wave of increased demand for LNG carriers, which is expected when a large number of new LNG export projects come on-stream commencing from late 2015,” stated Teekay. The ships are due in 2016 and the company has options on three further newbuilds.

In another coup for Korea, New York Stock Exchange-listed GasLog has ordered two 174,000m3 LNG carriers from Samsung Heavy Industries. For handover in 2016, the newbuilds are the subject of 10-year time charter agreements with expansion-minded BG Group. The anticipated combined full-delivered cost of the two vessels is approximately $410m/$420m, and each will be powered by tri-fuel diesel-electric main machinery. GasLog has secured four options from Samsung at similar prices and terms until July 2013. The LNGC fleet currently managed and operated by GasLog includes 11 ships owned or leased by UK-domiciled BG Group.

Samsung has also been nominated to construct BW Maritime’s first LNG-FSRU (floating storage regasification unit). Due to be commissioned in 2015, the 170,000m3 vessel-cum-floating terminal will be able to receive and convert LNG into its gaseous form for offloading via pipeline to gas facilities ashore. BW already has two 162,000m3 LNG carriers on the order book at Hyundai Heavy Industries’ Ulsan complex, for delivery next year.

Recently created by Exmar and Teekay LNG Partners as a joint venture in the LNG carrier sector, Exmar LPG BVBA has entrusted Hanjin Heavy Industries with contracts for four “midsize gas carriers”, plus options on up to four further vessels. The firmly-ordered quartet is due to be completed between April 2015 and June 2016. Four existing newbuilds of 38,000m3 capacity booked by Exmar from Hyundai Mipo Dockyard are due to enter the Exmar LPG BVBA partnership in 2014-2015.
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Seeing through new legislation, ensuring ship owners understand the requirements, carrying out inspections, documentation and certifications – the Maritime Labour Convention, entering force this August, is at the forefront of many minds across the world’s ship registries.

The general feeling, however, is that a good deal of the work involved is accomplished or at least well on the way, and that MLC will serve to formalise what good quality ship owners are already doing in terms of crew employment and welfare – while, it is hoped, making some impact on the substandard operators it is targeting.

“The introduction of MLC 2006 will create a better connection between the people at sea and their management ashore,” said Scott Bergeron, CEO of LISCR, the US-based manager of the Liberian Registry. “It will bring a new level of openness and communication that will help eliminate many of the frustrations and insecurities that seafarers experience in their relationships with ship owners, managers and crewing agents. Everything should be transparent, open and, ultimately, audited.”

IRI, the US-based managers of the Marshall Islands Registry, says that having worked on MLC for five years since signing up in 2007, implementation and enforcement officially began in August 2012, when the actual enforcement date was fixed.

“Our inspection and certification process is well on its way to the extent that more than 50% so far have DMLC and by 20th August (2013), we should have everybody inspected and certified. That is a population of 2,200 ships,” said Capt Thomas Heinan, Senior Vice President, Maritime administration, at IRI. “MLC has taken a lot of work on our part to educate the ship owners and operators what it is they require under the Convention. We started the process quite some time ago, through our MIQC (Marshall Islands Quality Council) meetings, special guest seminars, consulting and training with our ROs, etc. So even before 20th August last year, we had a number of ship owners/operators engaged in the process and certificates already issued.”

One point to emerge throughout the discussions with ship owners was that ‘most of them were pretty much already doing what is required by MLC’, said Capt Heinan. Nevertheless, the process has involved a huge amount of commitment by the registry, including specific individuals in its regulatory affairs group, as well as input by all of its regional offices.

MLC is ‘at the forefront of everybody’s minds’, according to Dick Welsh, Director of the Isle of Man Ship Registry. “We are ahead of the game and our regulations are more or less complete and all our guidance notices have gone out,” he said. “We have done a lot of work with ship owners and we are convinced that we will have our regulations in place before the August deadline.

With elements of MLC open to interpretation, a particular challenge is for ship owners with multiple flag fleets, he pointed out: “They need to know what they have to do with each flag. It could all be different. The classification societies act as ROs for most flags but for the Isle of Man, we have said we will do this ourselves – it gives us a better base to go forward.”

As for the requirements, he said: “We are very confident that we have provided a lot of information to ship owners. While we have a relatively small pool of ship owners, we have found nothing that is adrift.”

If ship registries seem generally content with MLC progress, some environmental regulations are causing more concern. In particular, there is the issue of sulphur emission control areas (SECAs) and the certainty (or otherwise) of the required fuel qualities.

Liberia has general concerns about the proliferation of SECAs and has strongly supported the need for governments to present for consideration at IMO adequate justification for their support of these. David Pascoe, Head of Maritime Operations and Standards at LISCR, said: “Implementation and enforcement of SECA requirements should be contingent on the availability of compliant fuels. Liberia is also supportive of the cruise industry’s emissions-averaging plan, as a compliance alternative.”
Dick Welsh at the Isle of Man Ship Registry said that while ship owners were ready to meet the requirements of SECAs, bunker and fuel suppliers ‘have to catch up’.

“We are seeing problems where fuel is taken onboard with a certain specification and certificate with it — then, when tested, it may be higher in sulphur than that. The ship is left with the problem in that it can’t get below 1% and may be due in the US or in another SECA — but is over the limit.

“The problem is, the sample is taken as the fuel goes into the ship and not tested immediately, so usually the ship takes what it is given, and then a dispute comes in when another inspector in another port tells you it is over the limit.

“We are finding problems and ship owners are struggling. The SECAs are agreed by states but what does the actual global supply infrastructure do to cope with it? There is nothing we can do to intervene other than take complaints and give notification of fuel supplied incorrectly and pass this on.”

IRI tells a similar story. “The availability of low-sulphur fuel is still not sufficient and ship owners and operators are finding it difficult in certain trade routes obtaining enough low-sulphur fuel grades in order to operate in these ECAs,” said Capt Heinan. IRI is concerned about the quality of the fuel being provided by suppliers, he said. “One assumes that when one receives bunkers with the BDN indicating that the sulphur content is within compliance levels that is what it is. But one can’t necessarily be absolutely certain of that, so the ship owner/operator is having to take samples and test this stuff after having received it. In certain instances, they have to hold fuel to one side until they get their own test results in and determine whether the fuel is compliant.”

There is no apparent regulatory control in place where substandard fuel is supplied, he added. “There is no national regulatory body necessarily overseeing what suppliers are doing and whether or not the fuel they are supplying is in compliance. And it isn’t just sulphur content that is a concern; there are instances where the fuel could have been compliant so far as the sulphur content was concerned, but it has all kinds of other stuff in it that should be there, and that has resulted in engine damage or engine failure.

“It is a very serious safety issue in terms of safety of navigation — and certain fuels have been found to contain substances hazardous to humans as well. We are looking to raise this concern yet again at the next MEPC; governments need to look seriously at this and put controls in place.”

Garbage disposal regulations and facilities represent another topic raised by Dick Welsh, who says seafarers can find themselves sifting through rubbish onboard, sorting it into different waste streams, then finding, when they try to put it ashore, that the facilities are not available and nobody wants it. “Again it is an example of states agreeing to something without thinking about what they should be providing in terms of facilities,” he said. “We are taking note of where ports fail to accept a ship’s garbage.

“Ballast water management is another big topic, with the IMO implementing regulations before manufacturers were ready with the right spec equipment. Owners now buying vessels are having a real problem putting any trust in the specifications of certain equipment and what it is actually going to do. The Convention is imminent but this is a real headache. Manufacturers need to catch up with the technical requirements but nobody has any faith in the testing regimes. How are you going to test and what are you going to test for? Every scientist has a different approach.”

He added: “All environmental regulations are laid down for the right reasons, but some are not completely thought through.”

Another issue of concern is piracy and while the fall-off in the number of pirate attacks off Somalia has been welcomed by ship registries, the advice from all is that ship owners should not be complacent, especially as attacks are on the increase off West Africa, for example.

The reduction in Somalia piracy may be the result of a combination of factors, said Jorgen Palmibak, Director of Maritime Security at LISCR — including the monsoon season acting as a deterrent, the increased...
activity of the coalition forces in the area, and initiatives by ship owners. “Following best management practice to the letter insofar as that is possible, has been a major factor, as has the judicious re-routing of vessels, even if this may still involve transiting smaller pockets of high-risk waters,” he said. “Planned and controlled shows of force can also be effective, and those owners who have employed armed security personnel onboard their ships have seen that this can have the desired result of repelling aspiring assailants.”

However, shipping cannot afford to relax its efforts to combat piracy, as the focus has switched to other areas, said David Pascoe at LISCR. “The government of Liberia has grave concerns regarding the surge in piracy incidents and other violent acts against shipping and seafarers occurring in waters within the Gulf of Guinea. There is a need for urgent proactive measures by the governments in the region and by the international community to suppress these unlawful acts of piracy and to protect innocent seafarers and others on board vessels, including action to identify and prosecute those responsible. Liberia has expressed its interest in working with the governments in the region to identify and implement possible solutions in close co-operation with the Secretary-General of IMO.”

The use of private armed security has been a key reason for the reduction of piracy off Somalia, according to the Marshall Islands Registry.

“Ironically, we are concerned that ship owners/operators, or more specifically crews, will start to relax and let their guard down; we have to keep reminding them to stay on their toes and retain best management practice,” said Capt Heinan. IRI Chief Operating Officer John Ramage added: “While the Indian Ocean is seeing a bit of a lull, certainly owners shouldn’t be too complacent. West Africa is of great concern now and in general terms the attacks are more violent. Small product tankers are being hijacked and cargo removed. On other occasions, senior officers are being kidnapped and ransomed. And in almost all cases, the ship is ransacked for crew’s personal possessions – laptops, money, etc. – and it is very violent.

“Because there are so many different countries within that area, it is difficult to coordinate a response. You can’t use private contracted armed security people; it has to be local army or military and, if you go from one country to another, the military personnel have to change at the borders.”
In a market where all parties approach with caution and suspicious minds, bunkering suppliers must tread carefully and keep the issues of trust and counterparty risk high on the agenda, according to Lars Møller, CEO of Singapore-based Dynamic Oil Trading: “Being able to provide the best credit terms is a key differentiator for a fuel supplier, but it has to be done based on a trustworthy relationship between the supplier and the customer. Due diligence, as well as access to financial information is clearly vital, but the foundation for obtaining this is trust, which encourages greater financial transparency between parties.”

Emphasising that as liquidity grows tighter, ensuring the financial viability of all partners operating in the fuel supply chain is paramount, Mr Møller added that there must be a sound balance between “forensic analysis” which could stifle a deal versus a simple ‘handshake’ agreement, which could threaten business continuity.

“Understanding counterparty risk is critical, but we must be careful that it does not become too scientific, which threatens deals. Of course, where a company is not financially viable, you walk away, but in conjunction with sensible due diligence and financial analysis, we believe that building close, personal and trustworthy relationships must be the foundation of validating risk,” he said, adding that building such relationships can only be viewed as a long-term proposition.

“Trust has to be earned by proving yourself to your customers, by upholding the standards that you have set and by keeping your promises. But once earned, the trust between a customer and a bunker trader delivers a tremendous dividend for all parties.”

He noted that Dynamic Oil Trading has built up strong working relationships with all parties in the fuel supply chain, including customers (vessel owners and operators), fuel suppliers, refineries, brokers, port authorities etcetera, meaning if a customer has an especially challenging requirement, his company has relationships established to rapidly source the product that they need, at an agreeable price and terms. “When this pattern is repeated across numerous transactions, it can have a significant impact in driving out inefficiencies from the fuel procurement process that are borne of a lack of trust,” he said.

“Ultimately, trust is built between people, not corporations. This is why we place such a value on employing experienced bunker traders that understand the market and that have strong relationships with their customers, suppliers and other partners, based upon the trust they have earned, in order that they can deliver the best possible service, whilst keeping risk to a minimum,” he said.

From a physical fuel supplier’s perspective, Søren Christian Meyer, Global Sales Director, OW Bunker, also emphasised the need for quality relationships in the fuel supply chain: “With regulatory, compliancy and technical challenges creating more choice and variation in fuel oil than ever before – not to mention the pressure to maximise operational efficiencies – ship owners and operators need more from their physical fuel suppliers than just quality products. They need counsel, advice, partnership and flexibility. Above all, they need solutions; solutions that
are developed specifically to meet the individual challenges of their businesses and operations. And in a time when access to credit is increasingly tight for owners and operators, and where bunker suppliers are stepping into the breach as financiers, the stakes of selecting the wrong supplier have never been greater."

Confirming that for suppliers such as OW Bunker, success should be measured against providing a level of service that is defined by quality and value, from the earliest enquiries through to final delivery, Mr Meyer said experience and knowledge of the industry and of the customer’s business and operational strategy are absolutely essential.

“It is the ability to take the lead in finding more efficient ways to supply bunkers and to develop a procurement strategy that provides tangible solutions that can really make a difference to a customer’s bottom line,” he added. “When fuel oil accounts for up to 70% of a vessel’s operating costs and a small variation in cost or volume can make or break a voyage’s profit and loss, it is only right that the supplier must play a significant role in ensuring that a fuel purchase gives full value. This includes investing in the most efficient supply tankers and utilising new technologies to pass on efficiencies to customers.” He noted the example of OW Bunker being the first bunkering company to pioneer the use of Coriolis flow meters over five years ago, to ensure the right volume of fuel oil is delivered to customers.

“Of course customers also want assurance that they are receiving the highest quality products at the best prices and on the best terms possible,” he added. “Significant strides have been made in the past few years to implement regulations across the bunker industry, which have successfully created greater transparency and assurance when it comes to product quality. However, physical suppliers must shoulder the responsibility for setting new benchmarks for excellence that not only ensure products meet the required standards, but where possible, exceed them.”

OW Bunker has launched a new global standard to ensure the quality of products supplied by its physical operations on a global basis. Customers are provided with a full specification analysis in advance of any physical delivery, which will be provided prior to the usual bunkering sample test procedures conducted for the buyer by an external fuel quality inspection company. This is part of the company’s commitment to drive annual global claims below 1%, an unprecedented figure in the bunker industry. “We think it is a bold move, but one that all physical suppliers that are committed to taking leadership and providing as much value and professionalism to customers as possible, should be doing. The physical supplier’s role is changing, but it is evolving for the better,” Mr Meyer said.

Gregory Robolakis, General Manager, Aegean Marine Petroleum Network, agreed that credit Risk Management is a significant challenge in current environment, particularly considering rising fuel prices. “With many shipping companies under pressure, credit has become a very difficult task,” he said. “It is obvious that in order to grant credit to a new customer, or even to maintain the existing ones, a fundamental understanding of a customer’s operations, business strategy and financial situation is needed. Unfortunately, due to the high fuel prices and the increasing number of bad debts, the rules in our industry are changing.

“The banks are reluctant to provide extended credit to suppliers, the cargo suppliers have reduced credit towards bunker suppliers and respectively, shipping companies, which are struggling the most, are demanding extended credit from bunker suppliers. Shipping companies need a ‘partner’ willing to support them, especially in difficult times and when liquidity is tight. On the other hand the bunker suppliers must protect themselves and be very careful with whom they deal and information regarding customer’s credibility is of great importance.”
BIO SHOCK?

Is sustainability a big enough selling point in a climate where cost is king? Why are shipping companies choosing bio lubes over more traditional forms of lubricant?

Serge Dal-Farra, Marketing Manager, TOTAL Lubmarine, said:
“Sustainability and cost efficiency go hand in hand in today’s market, as the need to remain competitive and compliant with emissions reduction regulation can be met by running greener operations that generate cost savings.

“An IMO Working Group has already estimated that the annual oil discharge into the marine environment is 645,000 tonnes, with an additional 61,000 tonnes in port waters. We know that it is simply not possible to entirely eliminate lubricant leakage from vessels. One litre of mineral lubricant equals 1,000,000 litres of polluted water. According to the IMO, the global fleet is estimated to number more than 100,000 vessels and this is significant.

“The 2013 US Vessel General Permit regulations will certainly help generate more awareness on this topic,” he said, adding that TOTAL Lubmarine’s bio products are eco-friendly and fulfill the European Ecolabel criteria for biodegradability, renewable carbon content and eco-toxicity.

Pavlos Ioannidis Global Manager, Marine Lubricants at Aegean Marine Petroleum Network, said of the marine lubricants market: “Even though it can be difficult to calculate the changes in volumes (which are mainly based on the addition of new vessels, scrapping of older ones, laid up vessels, shipping routes, new environmental regulations, etcetera), it is considered that this market is currently slowly growing.

“For the last six years, Aegean developed a global ports supply network of its own branded OEM approved marine lubricants and became a new international independent physical supplier. As a result we are constantly growing our global volumes and increasing our market share. Under the 2013 US Environmental Protection Agency latest rules, which will apply for the US but in reality, touch any vessel travelling through US waters, there will be a significant demand of Environmentally Acceptable Lubricants (EALs) for specific onboard applications. Aegean is ready, having already introduced within its portfolio the relevant lube grades.”
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Participants study the material in between sessions and write an assignment for each module. These assignments, as far as possible, will be focused on a problem related to the candidate's own firm.

For the final integrating strategy project, topics should be chosen for their strategic purpose and integrating function, giving participating companies a valuable and practical analysis.

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The issue of overweight crew members and oil workers is a growing one as the Physical Initiative, a health service for seafarers, has found. The steady weight gain of the average crew worker over the last 10 years has increased by an average of over three stones (22kgs) and it has become an issue of huge importance, not only for companies sending workers to rigs and vessels by helicopter but to the timely, economical passage of crews in both directions.

According to the Physical Initiative, the weight gain of passengers in recent times is raising concerns, particularly since the grounding of many aircraft has reduced overall flight opportunities in some locations, such as the North Sea.

Have you ever sat next to a man in a chopper who has the window seat, and weighs over 100kgs? It is a sobering thought, is it not, as you ponder how you will get through that window if the helicopter ditches? What about the lifeboats too? What about the escape hatch dimensions?

According to the Physical Initiative, a good way of doing a self-check on the problem of obesity is to take measurements. If a seafarer’s waist size is greater than 37 inches then this is a probably a good time for them to consider their own personal fitness.

Hip measurements can help too because if a person’s waist is larger than their hips at the widest point, this may signify a problem which requires action. Indeed, getting that last seat on the aircraft may only be possible for the lightest of passengers.

The Physical Initiative can assist companies and individuals with health programmes, offering regular monitoring of crew so they can be encouraged and motivated to address their weight problems. According to the Physical Initiative, weight gain is a particular problem when seafarers return home as all the food luxuries and treats which have been missed at sea are now readily available.

With onboard consultants who can travel to rig or ship conduct clinics on site to confidentially assess and test individuals, the Physical Initiative also offers planned training programmes, liaises with cooks and encourages healthy eating plans and food purchasing, in addition to auditing of fitness equipment and follow up advice.

Advice, a free monthly Newsletter and a regular Health Menu are available at: www.physicalinitiative.co.uk
Sales of defibrillators have risen quite significantly since the collapse of a high-profile footballer in a televised match.

Fans and TV viewers watched in horror as Fabrice Muamba suffered a cardiac arrest while playing for English Premier League side Bolton Wanderers in a match last March. The use of a defibrillator saved his life despite his heart stopping for nearly an hour and the player was so grateful he went on to front a new campaign to have defibrillators installed in public places.

Laura Lee, Sales Director at The Medical Warehouse, which supplies medical kits and equipment to the maritime industry, said though defibrillator sales had risen on vessels, many ships were still not carrying the potentially life-saving equipment.

“A big incident like the Muamba case just shows what can be done when a defib gets to someone quickly. If they are used in schools, why should there not be one on a ship where you have fairly high-pressure jobs and middle aged men – both factors which could lead to the use of a defibrillator being appropriate?”

She believes the main reason companies will not put them on vessels, apart from cost, is the fear over using them.

“Ideally those using them would need half an hour’s talk through but you do not need any training – they are easy to use and it tells you how to use it when you open the lid. You can’t do any harm by using a defib. The machine will not administer a shock unless it detects the body needs it. All you have to do is put the pads in the right place and let the machine do the rest.

“For £1,000 you could have a wonderful defibrillator that would do you for the next seven years. Is there any excuse not to have one?”
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With maritime trade unions such as Nautilus International promoting an end to bullying and harassment in the maritime world, it is widely accepted that seafarers should never experience discrimination in the workplace – but when it comes to skin conditions, a major charity has confirmed that visual conditions such as acne can make working life a living hell for sufferers.

In a survey into the emotional impact of skin diseases, in which The British Skin Foundation (BSF) asked 878 people with skin conditions to comment on aspects of daily life (including social, occupational, family and intimate life), it was revealed that almost half of participants had been verbally abused for their condition, while 17% claimed to have self-harmed because of their skin problems. Perhaps most disturbingly, 13 of the participants claimed to have attempted suicide because of a skin disorder, while one third said they had considered taking their own life but had not attempted this.

Participants were also asked to rank what they considered to be the main three aspects of their life affected by their skin condition, with two thirds (66%) claiming a fall in self-confidence was the most important consequence and over half (56%) noted that making friends was a major problem. In addition, one in five participants (101 people) who responded to a question about relationships claimed their skin disease was the main cause for a breakdown of their most recent, or a previous relationship.

Considering industry concerns over seafarer isolation and the drive to help crew socialise onboard, a focus on those with skin disorders, or indeed, disfigurements is pertinent. The emotional impact of a skin disorder can be far-reaching and the BSF is currently conducting research specifically into acne and the impact of this condition for sufferers in all aspects of their life, but particularly in the workplace.

Bevis Man, BSF Communications Manager, said offering emotional support to acne sufferers can be a major step in helping them out of isolation: “Judging from the emails and phone calls we get, we know there are a large number of people out there who are deeply affected by acne, yet don’t always have an obvious person or place to turn to about it. For some, simply being able to talk about their acne can be as important as treating the physical symptoms for it.”

He added that considering how common acne is, he is staggered by the fact there is no organisation to represent people living with the condition. “Although not every case of acne is severe, it’s fair to say that being quite a visual condition; it can at the very least impact on a person’s self-confidence.”

The charity has now launched a new online survey (available at: www.surveymonkey.com/s/RSRTPJY) hoping to build on its previous findings by investigating what daily life is like for individuals with acne. Dr Bav Shergill, a spokesperson for the British Skin Foundation and Consultant Dermatologist at Brighton and Sussex Universities Hospitals NHS Trust, said: “Patients with acne and many other skin diseases often feel enormously upset about their skin condition, as it affects their confidence and self esteem in so many different ways. All too often, the impact of skin disease is underestimated, and this survey will hopefully help draw attention to this fact.”
With the exponential growth in the maritime security market, sales of ballistic trauma kits at a UK-based company have doubled in the past 18 months.

However, there is mounting concern that appropriate medical kits are not available on all vessels should someone suffer a severe trauma wound.

“Individual security guards are buying their own tactical thigh pouches, especially those who are working in teams that are not providing anything different to the basic medical locker onboard,” said Laura Lee, Sales Director at The Medical Warehouse.

“From an owner’s point of view, it’s just another cost so there is the balancing of the commercial aspect with the duty of care.”

Those companies that are updating medical lockers with the necessary kit are buying additional items such as haemostatic agents and more heavy dressings to stop catastrophic bleeding.

“I think they recognise that the medical lockers that worked 30 years ago are not suitable for today’s maritime requirements,” said Miss Lee.

Helen Mitchell, Managing Director of private maritime security company Actus, said the comprehensive medical kits used by her teams were put together by a paramedic, who was a front line soldier.

“I do know that some sub-contract maritime security staff carry their own kits because they don’t trust companies to provide the correct kit,” she said.

“We have not experienced this problem as they are satisfied with the kit we provide.”

Because it has previously been unregulated, the security industry is currently looking at introducing new protocol in equipment requirements and the Security Association for the Maritime Industry (SAMI) is spearheading the need for change in how companies operate and what level of equipment they provide.

But Director and Founder of the Security Association for the Maritime Industry, Peter Cook, said it was not only making sure the right kit was onboard but that the crew had the ability to use it.

“One of the challenges is getting people up to speed with the training so they can do that. Some of them will have had training in the services but one of the challenges there is that in Afghanistan and Iraq, because they have a complete casualty evacuation procedure and the resources to be able to do it, the guys on the ground just have to stabilise the patient so that they can then be taken to a field hospital where a surgical team can get on with the job of saving his life.

“Obviously at sea, it is very different. If you’re sitting in the middle of the Indian Ocean, you’re possibly several days away from a surgical team and therefore all you can try and do is a certain amount of work but not too much. The decision points that have to be made, and this is one of the things we are looking at, is how much you train people to do that because as an ordinary medic, no matter how much training you get, if somebody has a traumatic wound, no matter how much you do within your level of expertise if the person is traumatically injured that person could die.

“As with everything in maritime security there is no one easy fix. Kit is one element without a shadow of a doubt but actually it is the expertise of the individuals that are there and to what level they are trained. We’ve been talking to our members about what they do at the moment and what they think is really the next step forward.”

For those security personnel who do take their own kits onboard, there is the added headache of transporting them as the very kit that could help should they suffer a significant wound, could also put them at danger before they even get onboard.

“First aid kits that are identified as first aid kits are such a target for terrorists because in a lot of places these security companies operate out of, medical equipment isn’t readily available,” explained The Medical Warehouse’s Miss Lee.

“If you’ve got a team of people that are arriving in a country, you don’t want them to have big green bags with white crosses on them.”

The Medical Warehouse has developed a range of kits designed with security in mind and this includes a covert kit which can be carried through an airport and on to whichever port is required.

“They look like laptop bags and they have nothing in them that will be stopped going through an airport, such as sharps,” said Miss Lee.

“The covert bag doesn’t draw attention but still gives them all the equipment they might need. Otherwise, it could be quite obvious who they are, where they are going and what they are doing.”

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The recently publicised admission by Anglo-Eastern Chief Executive that Hong Kong has lost out to Singapore in the race to build a maritime cluster for shipmanagement is significant especially if you consider the extent to which Hong Kong is talking up its own credentials.

While praising Hong Kong’s better-quality labour and the cost advantage it claims to hold over Singapore, Peter Cremers recently told the shipping daily Lloyd’s List that Singapore has used tax advantages and other measures that have “attracted a wider scope” of shipping professionals, creating a cluster that has become “self-propelling”.

Catching up with Singapore would be “difficult, very difficult” now that Singapore had established its momentum, he said.

Praise indeed and if you ask the Singaporean shipping community they would agree with him. Without doubt, Singapore is at the vanguard of the Far East domination of shipping – both at an owner and manager level as well as at a commercial chartering level too. And the level of shipping services business is also growing. And no surprise, considering that more and more of the world’s shipping is being controlled by Far Eastern principles.

“Singapore is still attracting more companies to operate here,” said Danilo Raffa, Managing Director of Ishima International

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Shipmanagement. “Given the infrastructure and the facilities provided here, Singapore is becoming an even more active and important hub in shipping which is why many companies from shipping and from shipping related activities such as services and financing are moving here. If you want to settle in Asia this is probably the best place you can be.

“The only problem now is the rising cost of living. But Singapore still remains very attractive. The positive trend will continue because they are very attentive and take care of things so the country can grow. Shipping is considered as a main industry here so I believe the trend will continue,” he told SMI.

But shipping companies are still struggling with the issue of falling freight markets and as Vijay Rangroo, Managing Director of MTM Ship Management, said: “The need for intelligent spending is still there in a downturn market because you still have to maintain ships. Managing in the old fashioned way is not an option nowadays as long as you are doing the things right, you are up there. Resting on laurels is not.”

But are owners making any money? “I can only say they are making enough to pay the bills. They are demanding more for less, so deploying innovation and using technology and using experience and maximising your resources still holds the key. Safe operation is still extremely high on the list of priorities and will remain so,” he added. Interestingly, the crew situation has not changed for better or for worse – it is stable and we can maximise our situation by ‘polishing the skills’ of the people we have.”

They want us to do more and do bigger things – data is king but they don’t want to pay much for it
Jeremy Lindegaard-Stewart, General Manager, Asia-Pacific, H2O Satellite

What is demand like for third party management? Is there more interest coming from the banks? Danilo Raffa again: “We know there are banks requiring some technical assistance when they take back the assets when the loans are not paid. What we can see at this moment is that the owners are more attentive to budget control and are trying to control costs and operating expenses because crew wages are rising as are the prices of ship stores. I believe there will be consolidation in the shipping industry – many owners especially the smaller owners will withdraw from the market and the cash rich ones will be there. But even big ones have fallen foul of the financial situation. Those that have a strong balance sheet will survive and benefit for the future because you can buy ships for low prices at the same size at half of the price of 2008.”

This concept of a ‘more for less’ from the market is shared by Jeremy Lindegaard-Stewart, General Manager Asia-Pacific at communications provider H2O Satellite: “We are facing the same challenges in trying to do more from a customer demand point of view. They want us to do more and do bigger things – data is king but they don’t want to pay much for it. We are also trying to find ways to reduce customer costs because interestingly communication is the one thing that everyone focuses on as the main thing to squeeze from a cost point of view. In reality it is probably 1% of the overall cost of running a vessel but it is the only tangible thing you can manipulate.

“We opened an office here in Singapore as it is all about getting close to your customers. We run a support function here and primarily we are looking to use this
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Singapore’s strong position globally, albeit and offshore sectors, acknowledged Managing Director of Amos International, a economic growth in China.” recovery of the American economy, turmoil in the Middle East and the slowdown of conditions, including the on-going technical products supplied to ships are coming out of the world’s biggest factory which is China,” he said.

“A lot of big names are manufacturing there, including some main engines, so quality can be good. Costs are lower as are labour costs lower but in some cases they just need to get their production processes right. Chinese suppliers learn very fast but I think they have a couple of years still until they become strong competition for us here in Singapore.”

Where do ship suppliers like Amos source their products from? “From around the world – China, Taiwan, Europe, Malaysia and Vietnam. It all depends on price and quality. You can’t scrimp on quality because once quality is compromised you will get blacklisted. Especially if it is a critical item so we are very careful and of course we want to be competitive but not at the expense of quality,” he said.

Bruce Raan, CEO of fellow Singapore ship supplier SINWA, also pointed to the against this backdrop of a tough market difficult situation facing companies servicing the shipping industry. But yet securing one of the biggest contracts in its history.

It is a difficult time for a lot of our clients. There is a huge spectrum of shipping companies out there and even the big ones are feeling the pinch. We got caught out a couple of times last year by customers which were facing liquidation because of the market situation. “It makes you very conscious of it and like all tough times, ship owners look to their long-time suppliers for extra help and understanding. So it puts pressure on everybody.”

“Everybody would like their credit terms extended and it really involves us having a good look at people. Even our longest and most loyal clients test us at times but you have to carry on,” said Mr Raan.

He added: “Our priority over the last 12 months has been to diversify where we can. My expertise for instance when I arrived in Singapore 18 months ago has always been in the oil and gas sector so we signed a big supply contract with Sodexo – the biggest single contract in the company’s history. It is largely as a result of Sinwa’s ability to help Sodexo throughout Asia Pacific. The supplier they had when I arrived was very good to them, but was a smaller Singaporean entity that couldn’t help them outside Singapore.

“We have agreed a deal with Sodexo where they have bought out a global catering catalogue with equipment based on us supplying it from Singapore globally. They have a catalogue that is distributed to their whole operation in South America, West Coast of Africa and the Middle East and Europe, Asia Pacific and Australia and from that all their clients can say what they want. We are carrying out all the new mobilisations out of Singapore, China and Korea, and they will be substantial. And each one of these the initial supply is based on this catalogue and the beauty of it is it is resupply. So we are finding ourselves quoting for work in Saudi or in the US or Netherlands. So by simply signing a single contract with Sodexo Singapore we have gone onto their global suppliers list.”

Are you looking for joint ventures with others globally? Bruce Raan again: “There are areas where we may have to form strategic alliances with existing people but we are also looking at opportunities for Sinwa itself. Sodexo Singapore have said to us that wherever we have business they will support us if we are there.

“We have diversified over the past few years and not always with positive results. We took a battering when we entered the chartering business. It is ironic that the smallest investment out of the three is the one giving us our biggest return. We went
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Email: enquiry@imcservices.com

IMC Marine Services Pte Ltd.
300 Beach Road, #21-06, Shaw Tower
Singapore 238970
Tel: +65 6446 3120
Email: agency@imcindustrialgroup.com

www.imcgroup.info

MSI Shipping Management Pte Ltd.
300 Beach Road, #21-06, Shaw Tower
Singapore 238970
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into engineering with mixed results as it was affected by the downturn in global shipping. The shipyards in Singapore are not doing particularly well and they are taking time to pay and they are stretching all the subcontractors as far as they can. The one lesson we have learned is that we do our core business well,” he added.

One sector that is still looking to stronger times is the offshore market and Singapore’s strength in the rig building sector continues unabated. Indeed, Keppel FELS, a wholly-owned subsidiary of Keppel Offshore & Marine, has secured three contracts worth a combined US$300 million from repeat customers.

The contracts are for the construction of a KFELS B Class jackup rig from Star Drilling, a Singapore-based company promoted by the companies of D P Jindal Group; the upgrading of the semisubmersible ENSCO 5006 for Ensco PLC (Ensco); and the upgrading of the semisubmersible Ocean Patriot for Diamond Offshore. The jackup rig will be built to Keppel’s proprietary design and customised to meet the owner’s operational needs in water depths of up to 350 feet for deployment in offshore India. The rig will have a drilling depth capability of 30,000 feet. Delivery of the rig is scheduled for 4Q 2014.

Raghav Jindal, Managing Director of Jindal, said: “India is enlarging its sphere in the global oil and gas industry and pushing to reduce its dependence on oil imports. These factors present tremendous opportunities for exploration and production activities and Jindal is well positioned with high specification rigs to meet this demand. In particular, this new rig order signals our intention to enhance our presence in the sector. The KFELS B Class is a proven design for us as both DISCOVERY I and VIRTUE I jackup rigs have been operating successfully without any downtime in offshore India.”

SINGAPORE REGIONAL FOCUS

Global petroleum tanker operator, AET, maintained its industry leading position in the world tanker fleet with the delivery of a second “eco-design” VLCC that is fully compliant with the IMO Ballast Water Management Convention.

The 320,000dwt Eagle Varna, is fitted with a range of innovative technology that significantly reduces its fuel consumption and associated emissions. In addition, the new vessel is fitted with the Techcross BWM system that disinfects ballast water using electrolysis technology.

Enviro innovations include a pre-swirl stator, rudder bulb and propeller boss cap fins. Taken together, these additions produce a tangible reduction in overall fuel use. Eagle Varna has been awarded the ENVIRO and the Green Passport notation by class society, ABS. The EEDI attained is significantly less than the IMO base line.

AET President and CEO, Hor Weng Yew said: “Investing in eco-technology is a given for operators who seek to stay ahead of the curve and who have a passion for delivering optimum solutions to their customers. This new vessel reinforces AET’s position as a world leading tanker operator and also as a company that takes its environmental responsibilities extremely seriously.”

Two additional VLCCs will be delivered from the DSME yard later in the year. These vessels will be further enhanced with the latest super long-stroke green electronically controlled main engines that deliver more power using less fuel, together with a DSME duct.
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Although stung by the economic malaise afflicting much of Europe, coupled with rising fuel costs and rate weakness, the short sea market’s more enterprising players have continued to demonstrate innovation in small-ship design and resourcefulness in identifying new business opportunities.

The long-term vision displayed in the drive for significantly more efficient, versatile capacity makes for fleet investments that should come good in the years ahead, having been moulded in today’s extremely challenging environment.

Dutch companies Hudig & Veder and Hartel Shipping are the main participants in a new business alliance focused on providing capacity for smaller volume project cargo and oversized freight. A compact limited partnership(LP) structure, in which stevedoring and shipper interests are also represented, has been chosen for a series of vessels based on Damen’s Combi Freighter 3850 design concept.

While applying the Damen build philosophy in regard to standardised elements and sourcing, the four vessels involved have been customised to the contractual owners’ requirements.

According to its practitioners, the ‘added value’ of the LP approach is the breadth of know-how and experience reflected in the ownership mix, and the co-operative manner in which it is used to shape new construction needs. Drawing on their particular market expertise, the partners decided to opt for relatively small tonnage, focused on trade within European waters.

The recent delivery of the 3,850dwt Hoogvliet completed the four-ship programme, which began in 2011 with the handover of the Geervliet and Heenvliet, followed by the 2012-commissioned Haringvliet. Examples of the tailoring of the design to the clients’ specification have included the adoption of a removable tweendeck at hold half-height, a larger bow thruster for improved manoeuvrability, increased fuel capacity, and larger crew accommodation.

Damen’s well-proven Combi Freighter family of designs offers a favourable volume/deadweight ratio, cargo carrying versatility and overarching operational efficiency, and the latest delivery attests to the high profile of group company Damen Shipyards Bergum in the coastal and short sea cargo vessel sector. The hull of the Hoogvliet was built in Romania, at the Damen Galati yard, and towed to the north Netherlands for outfitting and completion at Bergum.

On a length overall of just under 90m, the vessel offers an underdeck volume of 185,000ft³ in a single, box-shaped hold that lends itself to compartmentalisation by way of two portable grain bulkheads, with about 11 stowage positions, plus the tweendeck facility. Container fittings and lashing eyes provide for weatherdeck-borne freight.

Also exemplifying the Dutch maritime cluster’s quest to ensure future viability in the small-ship market, the 2,300dwt Tharsis has given first form to a new concept of river/sea trader, recently phased into North Sea service linking German and English industrial regions. Set against recent years’ paucity of investment in the smallest classes of cargo vessel capable of navigating direct to inland ports and berths on rivers and canals, Tharsis represents a bold endeavour to provide a cost-efficient solution to modernisation of the fleet at the lower end of the capacity spectrum.

Tharsis has been built for a group of Dutch owners by Scheepswerf De Kaap, applying the shipbuilder’s Kaapcoaster design concept, intended for serial production. The Kaapcoaster is characterised by exceptional fuel economy resulting primarily from the unusual adoption, in a coaster context, of a diesel-electric power and propulsion system employing small main generator sets. Located, like De Kaap, on the Dutch inland waterway network at Meppel, DSM Shipbrokers is co-operating with the yard in the bid to attract further orders for the vessel type. DSM is promoting the Kaapcoaster as the Green Cape Trader.

The powering arrangements in Tharsis are based on three 400kW main gensets, using Volvo Penta D13MC diesels, and two electric propulsion motors of just 375kWe output, with geared drives to twin propellers.

The vessel burns substantially less gas oil than similar ships employing conventional diesel drives. In advocating the concept under the Green Cape Trader designation, DSM Shipbrokers asserts that...
operation at up to about 70% of available power could mean a consumption rate of less than 3,300 litres per 24 hours in comparison with 4,400 litres-plus by similar capacity ships, subject to the master’s prudent use of the engines. Other key benefits are the extra manoeuvrability conferred by a twin-screw configuration, and the redundancy factor in the diesel-electric system.

At just under 88m in length overall and of 11.4m maximum breadth, the *Kaapcoaster* 2300 type has a laden draught of 3.7m, with a corresponding air draught of 5.3m. In ballast condition, the air draught is 6.1m. ‘Flattening down’ for navigation under bridges and other crossings is achieved by lowering the hydraulic pillar-mounted wheelhouse, and dropping the folding masts. The low-profile and shallow draught parameters render her especially well suited to trade to inland ports on the Rhine, the Rhone, the Albert Canal, the Seine, and the Humber region.

*Tharsis* entered the regular line operated by Rhenus Maritime Services (RMS) between the German inland hub of Duisburg, in the Ruhr, and the UK inland port of Goole, some 50 miles from the North Sea. On her first voyage, she brought a 1,885t shipment from Duisburg to the covered Steel Terminal at Goole, on the River Ouse, and made the eastbound run to the Rhine with a 1,700t cargo. The coaster is registered with Tharsis Sea River Shipping, representing several individuals from the Dutch shortsea community, and is under the management of the Delfzijl firm Banier Scheepvaart.

A highly efficient new class of short sea cargo vessel, capable of penetrating the European inland waterway system, has entered service with Wijnne Barends, one of the few European operators in the small-ship field to have maintained a vigorous fleet investment programme.

Developed by Groot Ship Design in cooperation with Conoship International, the Sea-River Liner 3700 type made its debut in 2012 with the *Lady Anna*, offering a 181,000ft³ cargo volume and 3,700t scantling deadweight on a length overall of 88m. Three sister vessels have followed to date from Groningen Shipyard.

The design is distinguished by its modest main engine power of 749kW relative to a high payload for a sea-river coaster. In addition, the *Lady Anna* series has provided the first commercial application of the ConoDuctTail, an optimised aft ship form devised by Conoship and aimed at maximising propulsive efficiency.

The combination of very low installed power and the meticulously conceived aft-end design has yielded impressive results. At an average trading speed of about 10 knots in typical weather conditions, and carrying 3,000-3,500t of cargo, fuel consumption is reported to have been less than 3t per day, a reduction of up to 50% compared to older vessels of the same size. In addition, the integration of nozzle and tunnel encapsulated by the ConoDuctTail improves heavy weather performance by sustaining propeller thrust in difficult sea conditions.

The Dutch government is providing financial assistance for a project known as Short Sea Ship of the Future (SSSF), in which participants are investigating new design concepts for shortsea cargo vessels. The aim is to contribute to the development of the shortsea shipping sector and its allied industries in the period up to 2025.

The partners are three Dutch organisations, Centrum voor Innovatieve Management (CIM), Centrum Maritieve Technologie en Innovatie (CMTI), and ProSea, plus the European Marine Equipment Council (EMEC), Brussels.

Feedback from industry stakeholders is shaping studies within the SSSF programme, and one promising field is considered to be that of diesel-electric and gas-electric powering. It is felt that electric propulsion will attract growing interest and investment in the sector, through the promise of reduced overall energy usage and lessened environmental impact in terms of noise as well as emissions. Improvements in engineering system technology and generator capacity should also stimulate greater uptake of electrical power and propulsion solutions, which also offer benefits in terms of ship design layout.

Befitting the diverse cargo mix and handling requirements entailed in trading on the Norwegian coast and in the country’s shortsea industrial traffic, the 2012-built 5,000dwt *Sea-Cargo Express* applies a well-proven multipurpose concept in refined form. Built in India by Bharati Shipyard, the vessel incorporates ro-ro, lo-lo and side-loading modes, and has been introduced to liner-type service linking Aberdeen and a number of Norwegian west coast ports up to Trondheim in the north. She constitutes the first newbuild investment of her kind for some years.

Superseding a 1979-built vessel of around 3,000dwt, *Sea-Cargo Express* affords her operator increased cargo capacity, flexibility, and productivity, and greater business opportunities in the trade. Notwithstanding her larger size, she is able to maintain the same intensive schedule, which can involve as many as 20 port calls in a single week, when this includes a lot of third-party berths on the Norwegian coast as well as regular liner service ports.

Despite a succession of delays that resulted in seven years elapsing between order signing and the service entry of *Sea-Cargo Express*, the owner has kept faith with the Indian yard in a follow-on newbuild project entailing two 5,900dwt LNG-fuelled ro-ros, which are now expected to be ready in 2013. The nomination of gas engines for such vessels, on both environmental and economic grounds, is another expression of pragmatic innovation in the short sea community.
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Qualifications of these men include STOW95, SSO, Firearms certs, Anti-piracy course, first aid and criminal records checked.
The new type of piracy threat escalating in West Africa is one which is forcing many private security firms to re-examine the way they operate and develop.

Nigeria, neighbouring Benin and waters off Togo and Ghana have now been placed in the same risk category as Somalia by the London-based Lloyd’s Market Association, but unlike Somalia where piracy incidents are tailing off, the number in West Africa is increasing with alarming rate.

There is also a more disturbing picture surrounding the way in which the attacks are taking place with pirates often more willing to use violence as they prefer to target the cargo itself rather than crew members for ransom.

However, the bureaucracy involved with West African governments is turning the battle into a much harder one to win.

“West Africa is a completely different model to Somalia – it’s mainly a theft model,” explained Helen Mitchell, Manager Director of private maritime security company Actus International Security.

“They are generally not pirating the ship and holding the crew and demanding a ransom, but then why would you if you could steal oil because you are probably not stealing the equivalent value as to what you would ransom the ship for?”

“West Africa is unlike the east coast ‘Somali piracy’ model of lengthy detainment and protracted negotiations to release vessel and crew. It is much quicker, turning around a hijack, detainment, and bunker (theft) of the contents in just a few days. One has to admire the efficiency of the model and it is leaving the shipping sector aghast at this latest threat to their trade,” said Ms Mitchell.

Having said this, the Carisbrooke Shipping-owned Esther C was recently attacked and held for ransom with the three hostages being released fairly quickly and Ms Mitchell fears the incident will spark many other similar type attacks.

“What I would say, as far as the shipping companies are concerned, is that West Africa is a lot more violent because there isn’t the end game of the ransom payment. The pirates are quite prepared to injure crew and you’ve obviously got the legal aspect that this is taking place, mainly, in coastal waters so in terms of companies like mine, we cannot be armed in coastal waters – we have to be in international waters to be armed.”

James Glasson-Hargreaves, Business Development Manager at another PMSC, Ambrey Risk, said the changing face of piracy in Africa was having a direct impact on the development of the company.

“We have previously been involved in West Africa and trying to assist shipping clients in allowing them to do their business in that part of the world. We are redeveloping our capability in line with the threat because effectively you can’t take the East African model and apply it to West Africa.”

He explained how there were two main challenges in West Africa – one is that the piracy is very different to East Africa and the other is that governments along the coast of West Africa are less inclined to support the activities of PMSCs.

“Because their governments are slightly more mature, they are rather more insistent that it would be indigenous naval forces that provide the security required for shipping operations off the coast.

“What we are confronted with is an inability to act with the same freedom that we enjoy in the Indian Ocean. In West Africa you’re rather more bound to indigenous government practices and while we are able to support clients with advice or certain offshore activities, when it comes to a matter of weapons licensing, there are significant legislative and bureaucratic things which we need to overcome.”

Ms Mitchell agreed it was very different dealing with the piracy threat in West Africa: “We, as a company, work closely with local authorities and local navies and act in a consultancy/advisory capacity with shipping companies.
“We tend to advise our customers to work with the local forces but using us as a liaison. It’s an advisory capacity but also giving that physical presence and securing the ship. While they probably know we’re not armed they still don’t want to take the risk of trying to get on with a security crew onboard, if the ship next door has nothing on and is more accessible.

“My intelligence shows that a lot of the time they are opportunists and will go for the soft target – they don’t want to get killed or injured either.”

Pippa Strasser-Ganderton, Head of Global Account Management, Marine & Energy at crew travel company ATPI, said she had seen a definite increase in the number of security personnel travelling to West Africa.

“It’s a brave ship owner who is the first not to protect its crew”

Helen Mitchell, Managing Director, Actus International Security

“There’s definitely more piracy going on in West Africa, particularly Nigeria, Togo and Benin. Some of our clients fear that in West Africa you have a lot of oil and gas installations and they are potential prime targets.”

ATPI recently entered a partnership with the Security Association for the Maritime Industry (SAMI) to have a presence on the association’s website ‘The Bridge’, which offers services to associate members.

One important areas of the company’s work is evacuating staff from hostile areas and this has grown with the threat of piracy and other terrorist activities.

“I think there have been more evacuations within the last few years that we have been involved with and that could be down to a mixture of the types of clients we’re servicing today. They are impacted by these situations as they are working in risk environments and we are obviously delivering travel to them – as a result we are more involved.

She added: “I think there are areas in Africa that have been volatile for many years and they will continue to be volatile so in terms of focus from our clients, there’s probably a bigger focus year on year on the need for security and making sure that we as a travel agent can assist them with emergency support when people need to travel unexpectedly because emergencies or situations occur.”

ATPI has had to adapt and improve its security reports to map where customers are at a certain point in time and the use of its service by armed security personnel has grown quite considerably as the world becomes more organised about protection.

So, what is causing the piracy threat to move into areas like West Africa and will it turn into a much bigger problem?

“Maybe pirates in Nigeria are looking at Somalia and thinking there’s a business model to copy, but what I would say is like Somalia, Nigeria has got its own set of issues on land politically and has a history of violence,” said Actus MD Ms Mitchell.

“Nigeria is producing a phenomenal amount of oil and is a big exporter to the US, so you’ve got that whole political aspect in terms of there being many young, disenchanted people living there who are seeing large amounts of money moving in and out of their county but aren’t able to access it themselves.

“This will always, in any country, cause social unrest. “There is obviously an overspill from certain terrorist organisations as well and there are a couple of dominant ones
that want to target the West and Westerners and it doesn’t take a lot to fuel that.”

So great has the threat in the Gulf of Guinea become that maritime security company Oxberry Risk Strategies and maritime intelligence provider Dryad Maritime are holding their first Gulf of Guinea Anti-Piracy Workshop, to be held in London on 17th May.

Darren Nixon, Operations Director for Oxberry Risk Strategies, explained: “As well as a unique opportunity for stakeholders to hear from industry experts and discuss the challenges of operating in the Gulf of Guinea, the workshop will be an opportunity for attendees to understand the restrictions of utilising armed security in the region and dispel a number of myths regarding the legal use of armed guards in the Gulf of Guinea. There have been some recent but very misleading and counter-productive announcements made by private maritime security companies – this workshop will provide attendees with some clarity.”

Martyn Hodges, Managing Director, added: “Our aim is to build upon the knowledge afforded to vessel owners and operators by ensuring they have a full understanding of the complex and evolving maritime piracy threat throughout West Africa. We need to ensure they are equipped with the necessary tools to make informed decisions when it comes to identifying and implementing the most advanced and effective practices and solutions that will significantly reduce the risk of attack, hijack, produce theft and kidnap.”

“We have to be very careful to look at this as a five-year picture,” she said.

“The problem of piracy is not going to go away. The question is have attacks dropped because so many vessels are now protected or have they dropped because quite a lot of the pirates made so many million pounds the year before and they haven’t got through that money yet?”

She said although it was now definitely going to be a five-year picture, shipping companies must remain vigilant at all times.

“In fact, the intelligence we are receiving is that there is going to be an explosion in activity and they could start swarming ships.”

“What has been very effective is companies like Actus holding things at bay but I think now is not the time for shipping companies to drop their guard and to keep with the plan because the plan is working.”

Ms Strasser-Ganderton agreed: “I think that’s what makes the security element so much more important and pertinent to clients because as long as there aren’t political solutions to things it’s more about protection. They’re not aggressive forces that are looking for combat, they are really there for security and protection.”

Mr Glasson-Hargreaves fears that with the decrease in activity in Somalia, the presence of naval forces in the HRA will be reduced.

“If you look at it in strategic terms and the general downturn in state security provision certainly by Western countries, inevitably counter-piracy operations generally are not at the top of various nations’ priority lists and therefore where they are looking to prioritise with reduced resources there is always the potential.

“I think the other thing you have to look at is the EU NAVFOR element which forms quite a central part of counter-piracy operations in the Gulf of Aden. They are made up of navies whose countries are under great economic pressure and so whether it’s Italy, Spain or Greece, they simply don’t have the resources at the moment to support operations in the way they would wish.”

“It’s a brave ship owner who is the first not to protect its crew,” said Ms Mitchell.
Private maritime security firms have welcomed news that the pilot audit has started on a new international standard to regulate the industry.

MSS Global, a UK Accreditation Service (UKAS) accredited certification body, has selected two companies for the pilot audit of certification for ISO PAS 28007 following an approach by a large number of PMSCs to take them into the pilot.

Port2Port Maritime Security and Castor Vali Security Risk Management were chosen to represent both a smaller and mid to large company so the certification model developed through the pilot best fits the PMSC market.

“The security sector has, for a long time, been trying to develop a system of regulation or accreditation which will allow us to operate transparently and legitimately. There is still a whiff of mercenary that can be associated with the industry but that’s a legacy they are trying to shed and the only way to do that is to come up with an international standard,” said James Glasson-Hargreaves, Business Development Manager at security company Ambrey Risk.

“The industry as a whole welcomes the standard but the difficulty is the level at which the bar is set because there are larger companies like ours who want the bar to keep going up in terms of compliance and standards from both a moral and commercial perspective. What we all fear is that someone might water down the standard.”

Ambrey Risk was also recently awarded the UK City & Guilds Centre Status for its training programme and says this will fall in with the new ISO accreditation standard, due to be rolled out later in the year.

“The ISO 28007 requires a certain standard and within that it would require accredited training of an armed security provider. That training hasn’t been accredited to date, or certainly not nationally recognised, so while we have been training our guys to the best standard we can it’s not been a national or international standard.”

Giles Noakes, Chief Maritime Security Officer of BIMCO (Baltic and International Maritime Council), said: “It is excellent to see this pilot scheme kick off so soon after the introduction of ISO PAS 28007 – there have been a number of doubting Thomas’s.

“It confirms entirely our view that a PMSC’s professional credibility and safety standards need endorsing through a recognised, independent, third party audit system in an area where seafarers’ lives are at risk and there is no room for mistakes.”

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It was not many years ago that the chief executive of a great bustling port complained to me that “three quarters of the people in this city don’t even realise that they are living in a port!” He wasn’t the first to voice such disappointment at the ignorance and apathy that existed about what had been the raison d’être of so many cities on the sea.

It is perhaps not that difficult to think of reasons why there is this lack of any understanding among the general public about maritime matters. The depopulation of the maritime industry, from seafarers to port workers, in a mechanised, containerised age, hasn’t helped, while the high security fences and the movement of many ports to deeper, estuarial waters has made it hard for the public to gain much of a flavour of ships and shipping.

The European Sea Ports Organisation has cottoned on to the need for “social integration” between seaports and their surrounding populations, with an award given each year to the port which does this best. Last year, for instance, the theme was on what ports did to encourage awareness among young people and while the competition was won by the port of Genoa, there were all sorts of really brilliant ideas to communicate the magic and mystery of ships and ports, along with their economic importance, to young people. This year the theme is “heritage” and we (I am one of the judges) are anticipating some really original thinking.

It is probably a bit too much of a good thing, after Southampton’s success, to have London moving in on this theme, but it would be really good to see the upcoming London International Shipping Week generating a similar level of awareness in the general public. It is a chance to “showcase” all sorts of aspects of the maritime world of which most people in and around the capital remain ignorant. It was not long ago that I was explaining the difference between a shipbroker and a shipbreaker to a Londoner who perhaps ought to have known better. So you might suggest that there is, in knowledge terms, something of a vacuum that deserves to be filled.

Don’t for a minute think that this mass maritime ignorance is a British or even European, problem. Even in great shipping centres, like New York, Yokohama or Hong Kong, they struggle to keep their inhabitants even slightly aware of why maritime industry matters. In the business of awareness, we all have a fight on our hands.

Michael Grey, MBE, is an internationally respected maritime commentator
Each decade from the 1970s till the end of the last century produced its own different sets of shipping opportunities. Market collapses followed by recoveries in all sectors have been the norm that ship owners and their financiers have faced and dealt with in past decades.

Numerous ship owners and shipping companies have collapsed and disappeared over the years but many have survived and are still flourishing today.

Great names still survive in Northern Europe and Asia but the problems of the past five years have decimated the fortunes of many independent ship owners and particularly those who built their businesses using equity from the public markets and extraordinary levels of debt.

Shipping also provides the fundamental trade links between the nations of the world that all have different economic structures and constantly changing financial circumstances. I find it ironic that the largest economy in the world, the US, and the one that uses the most ships, has the smallest fleet in the developed world and ranks 12th in shipbuilding.

The boom of the past decade has been attributed to the unprecedented and unpredicted surge in China’s economy and the resulting increase in demand for shipping. That boom, like a shipping voyage, has two ends to it, and it was the insatiable demand for Chinese-made goods that the nations of the developed world created that were as much the cause of the boom.

This boom was however fueled by unprecedented levels of consumer debt in the developed nations. In China the Government and its banks provided enormous funding for their manufacturing industries and their supporting power sources.

Shipping responded to this demand with its own deep dive into debt and the attendant supply of huge amounts of equity from sources with little or no shipping background.

The reckless investment in thousands of new ships built without any predetermined employment has created a massive oversupply of cargo carrying capacity that has driven freight rates down to levels where the debt cannot be serviced and the equity is worthless.

The flow of easy money arranged by investment bankers and fund managers using offering documents that were largely works of fiction wrapped up in legal jargon, fueled an ordering boom that ignored the fact that the Chinese economic boom could not continue for long, as the economies at the other end of the voyages were all descending into recession as their debt-fueled growth ceased.

Much can be said about shipping companies and their excessive debt levels but as with shipping voyages, it takes two to tango. In this new century banks have become capital casinos not places of safety and refuge for savers or conservative investors.

The foreign exchange departments originally established to provide foreign currency services for customers have now become casinos where thousands of traders gamble on currency movements and daily trade 10 times the monetary value of world trade.

While central banks and government regulators seek to rein in the trading activities of commercial banks and limit the pay of their executives, they must license, regulate and reform the hedge funds and other money managers and require them to act and report in the same way as banks.

Put simply, the economies of the developed world could not continue to generate revenues from their own industries sufficient to fund their citizens spending or repay their growing national indebtedness.

The deep recession in the US and the economic crisis in Europe were all fueled by excessive borrowing by people and governments that ignored the reality that booms are always short and temporary and followed by longer busts.

So where is the good news?

Many more shipping companies will collapse and banks and investors will lose billions more in a relatively short period of the next two or three years. A number of these companies will, as someone recently commented, become “Zombies”. Unable to raise more equity or debt the ships will be run off until the default owners sell them or scrap them.

I cannot leave this subject without a few comments on Chapter 11 and the US legal system. Having been involved as a financial advisor and chief reconstruction officer in several bankruptcies over the past three years, I am very concerned that the US legal system, as reflected in its bankruptcy code, has created serious doubt over the traditional ship mortgage of non-American ships and the ability, or inability, for lenders to enforce their claims, despite a non-US court authorising them to do so.

The US system has also driven a spike through the heart of charter parties which can be simply rejected under Chapter 11 by the debtor should he choose to do so.

There will be survivors, however, as shipping will continue to be the fundamental instrument of world trade for generations to come. The survivors will be larger, well capitalised companies that may well remain private and who will operate quality ships with quality crews on strong contractual relationships with cargo owners. The cross trades will be dominated by experienced owners operating fuel efficient ships and the remainder of the spot markets will reduce from where they have reached today to a more opportunistic level that trades mainly older ships off the variables in the main markets.

The ships and crews will need to be better protected in future as recent activities in the piracy world have shown the vulnerability of ships. Simply using old fashioned ideas of armed guards is a band-aid and not a solution.

New designs and technologies will greatly increase the information flow to ships and give them more time to avoid trouble and each other. They will also enhance the ship’s performance and control its environmental footprint.

Quality crews will be better trained and better paid and charterers will pay economic rates for these ships and not risk their cargoes on those that remain owned by private equity firms and banks that just play with the numbers and have little or no understanding of the realities of operating ships.

Quality ships do not need to be hidden in the corners of the offshore world and quality owners need to be close to their governments, as without efficient shipping services economies will struggle.

A return to basics. ■

Paul Slater is Chairman and CEO of First International Corporation
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Harnessing the true power of the wind

By Irene Rosberg

One of the ‘greenest’ islands on the planet, picturesque Aeroe in southern Denmark, is working on plans for a unique type of ferry that could provide environmental inspiration on a global scale. At the heart of the project is a steering group which includes Henrik Hagbarth Mikkelsen, a graduate of the Class of 2005 of the Executive MBA in Shipping and Logistics (the Blue MBA), Copenhagen Business School.

The project involves replacing traditional ferries with vessels powered by stored energy from wind turbine, which would reap big efficiency savings in serving the island, lauded in tourist literature for its fairy tale charm.

Aeroe, which claims to be the sunniest island in Denmark, is just 30km by 8km, but it has the world’s largest thermal solar plant for heating and storage, and is an exporter of wind power.

Working on the principle that small is beautiful, Mr Mikkelsen has collaborated with other specialists with solid shipping and technical competencies to draw up a blueprint for substituting the three ferries currently operating, each of which is manned by five people, with four smaller ferries each run by only three crew. The scheme would have a big impact regionally – the three conventional ferries transport around 600,000 passengers and 170,000 cars to and from the island, located by the Baltic Sea – and be closely watched internationally for its adaptability for crossings in other waters.

The conventional ferries were designed at a time when oil prices were less than a third of what they are now, and their size was guided by parameters of safe manning and economy of scale. According to Mr Mikkelsen and his co-workers, this made the ferries rather large for their task. The island routes take in...
many areas of shallow water; and services need to be provided during winter when there is low demand. Logistics combined with pricing has proven an expensive cocktail, forcing fares up and depressing demand further.

Smaller ferries would offer better possibilities of scaling the operation to variations in demand. They would reduce fuel consumption drastically as a new, slimmer design would account much better for water resistance in shallow and narrow channels. Safer ship design and Manning practices would allow for a lower crew ratio per passenger.

Chief among the innovations attainable from building on a smaller scale would be ‘greener’ power. There would be no diesel engine onboard – and hence zero emissions of carbon dioxide and nitrogen oxide. Batteries and electrical engines would drive a conventional propeller. Battery packs would be charged from just two wind turbines (of 2.3 MW), feasible because of Aeroe’s reserves of wind power.

The group is considering using carbon fibre in the ferry superstructure. Preliminary studies will show if this is viable and can be reconciled with national and European legislation. The hull form is conventional single hull with narrow lines resembling Danish ferries from the 1950s and 1960s. Cost savings have been calculated as stemming from such well known hull designs, but more innovative designs have not yet been ruled out.

The new green ferries would not be high speed models. They would have a service speed of around 13 knots, a little in excess of the existing tonnage, but would not need to reduce speed in sailing channels, allowing them to save 25% of transit time for instance between Marstal and Soeby.

The green ferries would each carry 25 cars compared to between 36 and 40 for each of the existing ferries. Fully deployed, the four new ferries would, however, improve capacity by around 15% because of the shorter transit time. This extra capacity is already needed during peak hours and in the busy summertime when tourists flock to the island.

Preliminary studies show that energy costs could be more than halved by this new model of operation, at the same time eliminating nine million kilos of carbon dioxide a year. The smaller and faster ferries would improve frequency and with 65% more planned departures, running costs would still be down by more than €3m per year (from a total 2012 budget of €11m).

Around half of the cost savings is seen as coming from the lower energy consumption and the other half from lower crewing costs. Cost savings would be equivalent to a 20% fares reduction of €5 per passenger roundtrip and €10 per car ticket, exceeding the price reduction from the public subsidies for the island routes in Denmark.

The preliminary studies further suggest that subsidies to technological development and design could form a substantial 30% to 50% part of funding for newbuildings, based on the experience of similar green projects on Aeroe – some of the people behind the green ferries vision were involved in the island’s solar power project.

The project would be viable without public funding, but annual cost savings would of course be smaller (around half) and the incentive for the public and private partners to get involved weakened. Members of the planning group agree that Aeroe needs a solid and long term sustainable vision for its ferry operation. In a statement, the group said: “We believe that the timing for introducing new and energy efficient tonnage is now,” and called for solutions better adapted to transport demand and the need for viable, green operation.”

It says that a paradigm shift is already possible in ferry operation, “a shift away from oil consuming, low-efficient ships and towards electrical vessels powered by modern batteries and charged by power from wind turbines ashore or at sea.”

The green ferry vision would shield the island economy from future rises in the price of oil and from emission taxes. A further advantage is seen as synergy with electrically-driven buses on the small island through sharing charging stations. Taken with existing wind turbines and solar power plants, the scheme would place Aeroe at the forefront of green solutions, said the group.

The group comprises Flemming Boye, associate professor in economy; Roar Falkenberg, chief executive of the local shipyard; Leif Jensen, harbour master; Niels Aage Jensen, master mariner and instructor; Peter Jensen, hotel owner; Jens Kristensen, consultant naval architect; Boye Kroman, ship owner; Henrik Hagbarth Mikkelsen, MBA in Shipping and logistics, Copenhagen Business School; and John Strojek, MBA Copenhagen Business School. Mr Mikkelsen was judged to have written the best Blue MBA integrated strategy project (the thesis that is the culmination of the course) of his year. More details at www.greenferries.dk

Irene Rosberg is Programme Director, The Blue MBA, at the Copenhagen Business School.
Sealing the cracks

By Helen Jauregui

Detail of mosaic, Parc Güell, Barcelona
With banks grasping their purse strings with white-knuckled obstinacy and youth unemployment at a record high of 56.5%, Spain has become the reluctant darling of the global mainstream press. But despite our fascination with this proud nation’s woes, there is much hope and inspiration to be found beneath the surface, particularly from Spanish maritime companies who are fighting the crisis with aplomb.

Juan Riva, President, European Community Shipowners’ Associations (ECSA) and Chief Executive Officer, Suardiaz Shipping Group, has expressed his distress at the reality that even long-established Spanish companies in good financial health are unable to gain backing from the banks.

Stating that in Spain, financing is simply unattainable, whoever you are, Mr Riva said: “There is nothing ship owners can do. In the past, to finance new projects, there was a mix – a choice between Spanish banks and other European sources of finance. But now we see problems of protectionism. For example, the French banks have instructions to keep their money in France – to only give financing to French companies and certainly to leave Greece, Italy, Portugal and Spain alone. Every bank is looking after the interests of its own country – there is no global approach.”

Mr Riva argued that as shipping is a global industry, protectionist tactics are a poor choice for shipping as a whole. He added that although the impact of the crisis on his industry has been far-reaching, this is not the first shipping crisis he has witnessed and he doesn’t believe it will be the last. “Spain has some major problems, especially from a class point of view, but we were one of the first countries to enter this crisis, so it is my hope that we will be one of the first out of it,” he added.

Another Spanish company looking to the horizon for an end to the crisis is Barcelona-headquartered Cisam Ship Suppliers, which celebrates its 50th anniversary this year. Mario Adam, Operations Manager, who himself has been employed by the company for 23 years, said: “In Spain the main damage is the lack of credit. A few years ago, it was so easy to gain credit and insurance, but now insurance deals have lost their value and are worth only around 10% of what they were back then.

“Spanish banks are not giving credit to any companies, big or small, or to private individuals. Europe sent millions of euros to bail out our banks, but the banks are not using that money to open credit and the country is just slowing down – whether your business is a huge company or a little shop, it’s a disaster. The crisis seems to be a never-ending story.”

Mr Adam explained how Cisam felt the impact of the crisis hard in 2011, the year it began doing business with Spanish company Happy Cruises. “We started supplying them but that was the wrong decision because they went bankrupt and this damaged our cash flow heavily,” he said.

Happy Cruises ceased operations on 24th September 2011, with media reports citing ‘liquidity woes’ as the cause of its demise. The irony of the name Happy Cruises is certainly not lost on Mr Adam, who said Cisam has always approached business with large cruise operators carefully, owing to the huge volumes required and the potential risk of “putting too many eggs in one basket”. After decreasing its volumes with another cruise line in order to lessen risk, Cisam took the decision to work with Happy Cruises but with challenging results. This story is, unfortunately, a typical example of how even long-established firms such as Cisam must deal with the recessionary fallout.

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Juan Riva, CEO, Suardiaz Shipping Group

“We lost out. Unfortunately, sometimes you win and sometimes you lose,” Mr Adam said. However, with fresh, private investment over the coming months and a renewed cash flow, Cisam now has a strengthened position and is able to “breathe with two lungs instead of one”.

He confirmed that although pressure has been strong, “Cisam was never about to close shop” and added: “We have been suffering but I think you have to be honest about these things and not pretend.”

With branch offices in Tarragona, Algeciras, Canary Islands and Valencia, you may think Cisam was brave for setting up the latter three of these offices in a time of austerity and Mr Adam agreed this was a bold move, but one which was taken at the “right time”.

Indeed, the Port of Algeciras is currently experiencing a kind of golden moment, particularly owing to a healthy appetite for bunkers from a good proportion of the 90,000 vessels which traverse the Strait of Gibraltar each year. With Dutch company Vopak scheduled to open its new 403,000m³ oil storage facility in Algeciras just as SMF went to press, it’s easy to see why Spanish maritime companies are pinning their hopes on this Port as a bunkering haven which will entice vessels in their droves and give an extra cash injection into Spain’s shipping arm.

“It is a very important, strategically located port but I wouldn’t say it’s going to ‘save’ Spain and bring it out of the crisis,” Mr Adam said. “It’s a location where you have to be, where any Spanish maritime company has to be. The competition between ship suppliers in Algeciras is very strong but everybody is there. There, the cake is big but you end up with a smaller piece.”

The Port of Algeciras Bay has been keen to promote itself as the most successful port in the Spanish network, having handled 4.1 million TEU on the containers side in 2012 (up 13% on 2011) and a total throughput of 89m tonnes the same year (+8%). Bunkering operators in the Port also supplied an impressive 2.9m tonnes of fuel to ships in 2012.

José Luis Hormaechea Escos, Managing Director of the Port of Algeciras Bay, confirmed that over the last year, the Port has doubled its capacity, but when asked about the port’s reliance on private investment from outside of Spain, from international firms such as Maersk, Vopak and APM Terminals, he said: “I think the most important thing to note is that private companies rely on us, not the other way around. They rely on the possibilities of our port. We have received EU funding for infrastructure, but apart from that we are self-sufficient.”

He also confirmed that Spanish company CLH, which specialises in oil transportation and storage, has doubled its capacity at the Port in recent times to 200,000m³. “We have kept growing these past few years. In 2011 and 2012 we grew significantly and are contributing a lot to the general growth of Spanish ports, in fact, we have contributed the most out of all the Spanish ports,” he said.

Regarding bunkering, he added that there are some specific areas in the bay which are cheaper in price for fuel than Gibraltar, but he acknowledged the Rock’s expertise as a bunkering port and said although Algeciras is growing in this regard, it currently holds a share of around 35% of all bunkering operations in the Strait.

While Algeciras is rife with companies offering shipping services, there are comparatively few ship managers present – is Mr Hormaechea Escos concerned over the development of a diverse shipping cluster at the port? “We have a community here which contains over 100 companies offering many different maritime services and the increase in container traffic has seen new companies opening up here every day, so the cluster is growing significantly.”

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“In terms of capacity, we have enough space and further opportunities to expand. But concerning competitiveness in the Strait, every year we must be ready and prepared to be in first place – the challenge is to keep up our pace by growing and growing. The number of calls, connections and services – this is our daily challenge.”

He concluded that a further challenge is to increase import and export traffic, as Algeciras is mainly a port specialising in container transhipment: “We have an ideal location for southern European container traffic and so, our challenge is the improvement of railway connections to the inland. We have been defined by the EU as an important part of the European corridors but there are parts of this network which will have to be improved. The first 200km to the inland is very old and we have to enhance, improve and introduce technology to it, bringing it up to the same level as other parts of the Spanish network.

“There is a lot to do. Years ago, they started important improvements but then stopped. It may not be the main priority now, so not enough is being done to improve it, but it would mean improved business for the port and the entire area.”

Maria J. Salguero, Director, Albatros Shipping, a ship supply company headquartered in Algeciras, agreed: “They do need to improve the train line into the mainland, which runs from Algeciras to central Spain. Here in Andalusia, we also produce many products which are popular exports, such as olive oil and ham, which must be exported through the Mediterranean corridors. We have heard EU money has been put aside to fund a relevant project but it is currently on hold. I believe it would bring more vessels, more terminals and more work to Spain.”

Local logistics and customs firm Maritima del Estrecho Forwarding has also experienced some changes to the goods it handles owing to the crisis. Francisco Javier Marchante Rivera, Director, said a large amount of fruit and vegetables consumed across Europe are now obtained from Morocco and South America, meaning an increase in volumes from these regions but a decrease in business for Spanish farmers.

He also cited examples of products which have seen a huge shift in demand in Spain and Europe as a result of lower household budgets: “In general, all kinds of cargo have decreased in terms of price and quality. Spanish consumers are going for low prices and avocados are a good example of a product which has dropped in demand – no one can afford to buy expensive fruit and vegetables. Morocco is seen as the vegetable garden for Europe and has become a major customer for us in these times.”

According to José M. Tejedor, Head Operations Manager at the shipping agency arm of Maritima del Estrecho Shipping and Chairman of local association The Algeciras Bay Port Community (COMPORT), at this time of crisis, the need for Spanish companies to meet with ship owners and managers face to face to promote and pitch services, cannot be underestimated.

“COMPORT is a commercial association for the Port, and we aim to promote companies here as the heart and soul of the Algeciras maritime cluster. The Port of Algeciras Bay is growing every month but there is still a lot of capacity left for owners, managers and shipping lines, so companies mustn’t be discouraged from setting up there – the prospects are great here and it’s full speed ahead,” Mr Tejedor said.

Mertramar is another Algeciras-based company keen to promote itself as offering all the ship agency services this major husbandry port has to offer, including bunker delivery, fresh water at berth, underwater inspections and repairs and more. The firm even has its own customs office and holds membership of the Service Companies Association of Algeciras Bay (AESBA) and
Southern European Gateway

Port of Algeciras Bay

www.apba.es
COMPORT, for which Jozef C.M. Herrijgers, Managing Director, has been appointed as Vice President of the Board of Directors.

According to Mr Herrijgers, it is imperative to be an active member of local associations such as COMPORT if you want to improve the Spanish maritime cluster: “It’s the only way. If you want to change things, you have to commit yourself. I have seen people who are always complaining and crying about their problems and yet they never show up to meetings. If you see things are not working properly, you should act and react! I am an active, present member of these associations and so, I see what’s going on. I think we would be fools to say that Spain is full of itself at this time, as it still has a lot to do, but there is huge potential here, so long as we have cooperation from customs.”

“The port is huge but unfortunately, one of the big problems is the working hours of the officials who run it, between 9am and 3pm only. After this time, you can’t reach anybody, apart from maybe the guard on the gate, if he is available. However, customs agents here work 24/7 which is perfect – if you have to deliver something to a vessel, you can do this at any time it suits you.”

Martín Cano from Mertramar’s Operations and Commercial Department, added that if you require a special permission for an unusual cargo, it can be more difficult to get hold of the right person to assist you straight away and you may have to wait until the next day to complete the transaction, but generally, Mertramar is satisfied that customs and port officials are working hard to fulfil the needs of shipping agents.

Antonio Domínguez, Representative from ship repair and conversion firm Cernaval, which operates a floating dock, dry dock, quay and workshops near Algeciras, confirmed that although the crisis has had a negative impact on some of his local suppliers, resulting in a broader search for some required products, he is not concerned for the future of Algeciras as a maritime hub: “Unfortunately, we have noticed that some of our suppliers have closed shop for good. They gave good services, but owing to the price squeeze they have closed and so, some of the materials we require are now not available locally – but we must just look further afield. Maybe Spain is at the core of the crisis, but of course, in reality, this is a crisis which has been felt all over the world.”

Mr Domínguez also cited Gibraltar as the location of his company’s main competitor: “You have to fight for play but I think as time goes by, the relationship between us all had got better. Comparing us with our main competitor is like asking an English person to explain the difference between Manchester United and Arsenal,” he said, adding that owing to differences in the availability of materials and goods, changing lead times, staffing timetables etcetera, his firm may outperform it’s Gibraltarian counterpart on any given day or vice versa – just as in football, it can be difficult to predict what the next challenge will be.

The problem of unpredictability has also been impacting on Spanish ship suppliers in

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**Regional Focus: Spain**

Whether your business is a huge company or a little shop, it’s a disaster. The crisis seems to be a never-ending story

Mario Adams, Operations Manager, Cisam Ship Suppliers

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LAS PALMAS OFFICE
León y Castillo, 367, 1º F
Edificio Ballesol
38006 Las Palmas
Canary Islands, Spain
Phone: +34 922 247 978 (24 hrs)
Fax: +34 922 980 650
lapalmas@alfaship.com

TENERIFE OFFICE
Plaza de la Candelaria
Edificio Olimpo, oficina 264
38003 Sta. Cruz de Tenerife
Canary Islands, Spain
Phone: +34 922 453 457 (24 hrs)
Fax: +34 922 980 650
tenerife@alfaship.com

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RESPONDING TO CHANGING MARKET TRENDS

Survitec Group supplies a comprehensive range of products and services to the world's shipping industry. Many of the most popular brands in use today sit under the company's umbrella. Survitec is the home of RFD, Beaufort, DSB, DBC, Imperial, Elliott, Survitec Zodiac, EV, RFD Toyo and Crewsaver.

Group Marine and Leisure Sales Director Andrew Richards explains how the company is helping ship owners, ship managers and ship yards improve their operational efficiency and comply with their legal obligations against a backdrop of increasing safety regulation and changing market trends.

Said Andrew Richards: “Today’s shift towards building larger and larger ships, as well as ongoing changes to safety legislation and the requirement for products to operate effectively in increasingly remote and harsh environments, continues to create new challenges for the owners of both new builds and in-service vessels.

“Our business is committed to delivering a range of products that is always fit for purpose, safe to use and will work in an emergency. To do this we have invested heavily in product development, service and support. Through our global network we can supply everything from lifesaving appliances and rescue boats to firefighting solutions, rope, navigation systems and ancillary equipment like signage.

“This capability is extremely important to our customers. Many ship owners want to negotiate worldwide price agreements covering the supply and servicing of their marine safety equipment in order to control budgets and costs, as well as achieve compliance.

“For example, our new Global Services Liferaft Hire Programme leverages the largest service network of any liferaft manufacturer in the world to provide a flexible solution-based service that allows a customer to choose between liferaft exchange or service hire with the additional option of a fully managed service. It offers a simple, speedy and streamlined approach to maintaining liferafts while vessels are in port.

“Developments like this are ensuring Survitec responds to the changing needs of our industry, ensuring the critical safety equipment on board both existing and new vessels is not only manufactured, but also maintained, to the highest possible standards.”

For further information on Survitec Group go to www.survitecgroup.com
the region. Stating that times are tough for ship supply firms such as Albatros, Maria Salguero expressed her hopes that owners will begin to further see the potential of Algeciras as a convenient port with good prices: “The problem nowadays is that every company is experiencing problems, it doesn’t matter which port in Spain you are based in, the problem is a lack of business. Years ago, I remember massive vessels arriving with thousands of containers, but now, we see the smaller container vessels coming in because there is less business.” She added that as the general public in Spain are spending less, naturally, this has led to a drop off in delivery of many kinds of products to the country’s ports.

With Spain’s high unemployment rate, it’s no surprise people are constantly canvassing shipping companies in search of work and Ms Salguero confirmed she frequently sees individuals, particularly young people, many without relevant experience, who ask to work at her company. Unfortunately, this is a common trend across Spain. Mario Adam again: “In Barcelona, we see many people coming to our offices, looking for jobs. They are willing to try anywhere; they are desperate.”

With major shipping companies making great use of the Port of Algeciras Bay, competition is high and the price squeeze facing local ship chandlers means better communication is required in order to keep ahead of the game. Jens Lundin, Sales Manager, Wrist Ship Supply (Algeciras), said: “You need to be competitive but you can’t always be the cheapest. Not always. What we can promise is that we will stay within the competitive range. The other point is that we never go so low on the quality of our products as to lose value. “We have great communications with companies such as Maersk and their vessels so we can always ask for more detailed information regarding exactly what type and quality of product is required – in the end, it’s important to remember each vessel itself holds its own budget.”

Pepe Bris, Marketing and Quality Manager, Aage Hempel Marine Electronics – which has taken on strikingly designed, brand new offices in the Área Logístíca Bahía de Algeciras – said investment in terminals at the port by companies such as Hanjin Shipping, has
helped propel business in the region in recent years. However, he added that for all kinds of shipping companies considering setting up shop in Algeciras, there are challenges to be faced in these recessionary times: “It’s not easy to establish a new company down here, particularly with no loans, no grants and no capital from the banks.” Describing the competitive nature of ports in the Strait, he added: “Tanger Med does take some business away from Algeciras – they said there was going to be ‘synergies’ between the ports, but really, it’s all just about competition.”

Aage Hempel recently announced its integration with CRAME, a well-known firm in Spain’s merchant marine electronic services sector, focused on shipyards and offshore vessels system integration. As both companies are members of Grupo Arbulu, the largest marine electronics group in Spain, it is thought this move will create a stronger force for both entities, utilising their strengths in navigational equipment and satellite communications.

Another company operating in Algeciras which has benefited from a recent merger is Survitec, provider of safety and survival equipment and services, which completed its purchase of Servimar Sur, a Spanish marine servicing business, late last year. Chris Taylor, Managing Director of the Survitec Group’s services arm, noted the importance of the merger, along with the firm’s new premises in the maritime-dominated Cortijo Real industrial estate: “Bringing the Servimar Sur business into the Survitec Group is a complementary addition to our business. It reinforces our presence in Spain, alongside our Barcelona service station, and supports our ambitions for an extensive service station network, well placed to serve customers on a local and global scale.”

With such a vast number of vessels transiting the Strait of Gibraltar each year, maritime specialists at Spanish law firm de Castro, have built up a solid reputation for dealing with vessel collisions in the Strait. Jaime de Castro, Lawyer with the firm, said there are more collisions in the Strait than most people are aware of: “When there is a major incident with human casualties or a large level of pollution, there is more public interest. With 90,000 crossings taking place each year and vessels moving in several different directions across the Strait, visually, it is like a net and so, small collisions are becoming more common.” He added that larger, more significant collisions seem to occur only around once every five years.

“In a collision case, the first thing we have to do is to be sure what happened. We will represent one of the owners or one of the underwriters but sometimes there are several underwriters – P&I, hull and machinery etcetera, so it is possible that even on one side of the dispute, there can be internal conflicts. We must collect as much evidence as we possibly can in relation to what happened in order to decide, settle or start a case.

“We then try to build securities and we do a lot of ship arrests in those cases. If letters of undertaking are not rapidly issued then we will perform that work and we decide our jurisdiction, before considering the merits of the case. Most of the cases will go to English law and jurisdiction, in which case, we do the work and prepare documents for the law office in London or Liverpool that is dealing with the case.”

Mr Castro confirmed he is working on some collision cases at this time and said in most incidents which occur in the Strait, liability is portioned out: “It is extremely rare to see a case where one vessel is 100% liable, unless you have a situation where one of the vessels is moored or drydocked and the other one hits it. If both vessels are sailing, both will usually share a portion or percentage of the blame, which we will calculate and we then consider all of the expenses and damages together in one common basket. After that, we offset this depending on how blame is portioned. It is not a rapid process!”
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LOGISTICS AND WAREHOUSING
The saying goes that you can’t judge a book by its cover and it is, indeed, very hard to predict what lies beneath the surface of this second novel by author Robert Hudson.

The Art Deco font gives us a clue, as the story is set in 1934, but the subject matter is a complete surprise – the sport of tuna-fishing.

The plot is rooted in the seaside resort of Scarborough in Yorkshire, England, where the sport was pioneered and became a fashionable craze. Real characters are mixed with fictional ones to tell the tale of a ‘tunny’ fishing contest between the American writer of Westerns, Zane Grey, and English gentleman Lorenzo Mitchell-Henry. Sponsoring the glamorous contest is John Fastolf, heir to a Dukedom, who has his own particular reasons for doing so and covering the event for the London gossip papers is the young journalist Martha Gellhorn, who also has her own reasons.

As the international craze sweeps the North Yorkshire coast, the harbour resembles Monte Carlo with all the huge yachts that have moored there and over them all towers The Dazzle. As she bobs up on down on the waves, something dangerous is lurking…

For decades historians have perpetuated the myth of a ‘Churchillian’ relationship between Ronald Reagan and Margaret Thatcher, citing their long time alliance as an example of the special bond between the UK and US. But as Richard Aldous argues in this penetrating dual biography, Reagan and Thatcher clashed repeatedly - over the Falklands War, the invasion of Grenada, SDI and nuclear weapons – while carefully cultivating a harmonious image for the public and the media. With the stakes enormously high, these political titans struggled to work together to confront the greatest threat of their time – the USSR. Brilliantly reconstructing some of their most dramatic encounters, Aldous draws on recently declassified documents and extensive oral history to dismantle the popular conception of Reagan-Thatcher diplomacy. His startling conclusion that the weakest link in the Atlantic Alliance of the 1980s was the association between the two principal actors will mark an important contribution to our understanding of the 20th Century.

Richard Aldous is the author and editor of eight books including The Lion and the Unicorn, is Eugene Meyer, Professor of British History and Literature at Bard College, New York.

‘Most of the choices we make each day may feel like the products of well-considered decision making, but they’re not. They’re habits.’ That’s according to author and New York Times business reporter Charles Duhigg, who says that even the meals we order, what we say to our children each night and how we organise our work routines are not actual decisions made daily, but habits formed over a long time.

But why do habits exist and how can they be changed?

This book aims to explain why we do what we do and how we can change, transforming our businesses, our communities and our lives. Divided into three parts, the first section looks at how habits emerge, how to build new ones and change old ones; the second part examines the habits of successful companies such as Starbucks where a high school dropout was turned into a top manager, and the third section looks at the habits of societies. The resounding message that comes out is that by understanding our habits we can rebuild patterns in whichever way we choose.
If you spend any time in the remoter places of the world, you will meet some people who don’t seem to fit into normal society. These are not always evil people or even peculiar people. These are just people who seem to thrive in an environment with fewer rules and much less scrutiny than most of us are accustomed to. Even in paradise you’re likely to find people like this, as we did. Some of these people are still there. That is the preface for this interesting new book from three yachtsmen who embarked on a sailing adventure around the South Pacific on their separate boats. Canadian Alan Boreham, Australian Peter Jinks and New Zealander Bob Rossiter set off from their various locations, one on his first high seas adventure, one racing on a classic wooden yacht and the other in the company of a Hollywood actor.

“We encountered people so unusual that you couldn’t hope to invent them,” said Boreham. “We decided we wanted to share these sailing experiences and these characters with people who would never have the opportunity to venture out there themselves.” Beer in the Bilges, which is illustrated with many photographs, recounts the adventures they had - some funny, some dramatic - and the authors admit that while they are featured in various chapters, they are generally only a vehicle to introduce the interesting people, situations and places experienced on their travels. They include a man, who became the title for one of the chapters, Sharkbite Charlie, who had a run-in with a blacktip shark while snorkelling off the remote island of Suwarrow in the Cook Islands. The skipper of the boat he was travelling on set sail for American Samoa but it took three days to get there and he almost bled to death. His hand was saved but surgeons were unable to rejoin three severed tendons leaving his hand permanently contorted into a claw.

One of the classic yachts featured prominently in the book, the Ron of Argyll, has hosted many interesting guests during its life, one of which was Marilyn Monroe. The other featured yacht is Yankee Tar, owned by Hollywood actor Hal Holbrook who, with his wife Dixie Carter, donated it to the Mariners’ Museum in Newport News, Virginia in 2006.

**Wines aged at sea**

A Californian winery has become the first in America to experiment with aging wine in the sea. Four cases of 2009 Cabernet Sauvignon from the Mira Winery were placed in specially designed cages and lowered by divers into Charleston Harbour for a three-month period. The aim of the experiment is to observe the difference between wine aged on the ocean floor and in the warehouse and follows similar studies by several European wineries. Over generations, explorers have recovered wine from sunken ships and declared the wine to be enhanced by the underwater elements such as its movements. In May, after three months underwater, the wines will be tested and tasted by local sommeliers and compared to the same vintage stored in similar conditions above ground.

Mira Winery was only launched last August and employs the craftsmanship of 100-point winemaker Gustavo Gonzalez with the handcrafted, small production wines being found in fine dining restaurants across California, Florida and Washington DC.

“The ocean has similar ideal elements that impact aging – temperature, pressure, humidity, pressure motion, light – or lack thereof – and oxygen,” said Mr Gonzalez. “Is there something just as impactful and interesting in aquaor and there is about terroir? We are going to try and find out.”
After 30 years in the business, the New Jersey boys are still one of the biggest rock bands in the world and this 12th studio album is being promoted through their current ‘Because We Can’ global tour.

Guitarist Richie Sambora has described it as a compilation of different elements and says it reflects the state of the world as the band sees it.

Following a couple of albums which had more of a blues and country feel, they are back to their rock roots best with anthems including the rousing Because We Can, though there are also some gorgeous ballads including the acoustic Amen.

This is the latest studio album from the popular English singer-songwriter, back after five years out of the spotlight, and has a distinctive electronic approach taking it in a totally different direction from her previous work.

Dido’s first two albums, No Angel and Life for Rent, remain two of the UK’s biggest sellers of all-time and gave her such hits as Thank You and Here With Me.

Recorded in London and California, Dido was said to have recorded some of this new material in her hotel room with just a keyboard and microphone. Tracks on the album feature collaborations with producers such as her brother Rollo and Sister Bliss (both members of the electronica band Faithless), and Brian Eno among others.

Two singles, Let Us Move On, featuring rising US rapper Kendrick Lamar and No Freedom, have already been released.

When the 66-year-old rock legend released the lead single, Where Are We Now, earlier this year it caught the music industry by surprise. For it was the artist’s first single in a decade and his first UK top 10 hit for 20 years.

Bowie has been tucked away in secret for two years recording this, his 24th, album with long-time producer Tony Visconti, who has worked on many of his greatest albums.

There are no covers, all the material is original, and the songs cover a wide spread of subjects and are observational. Whether the legendary singer still has it is up for debate but many think this is one of his finest triumphs yet.

One table, one experience.

That is the defining tone of a visit to Mugaritz in San Sebastian, Spain – ranked third best in S. Pellegrino’s World’s 50 Best Restaurants 2012.

All the ingredients are decided by nature, what is in season and each producers’ harvest with the end result being a personalised menu of 20 dishes.

Chef Andoni Luis Aduriz (pictured) and his kitchen create such delights as grilled toast of bone marrow with herbs and horseradish ash and pigeon liver macaroon with each dish designed to tell a story or evoke an emotion.

The restaurant is open for the 2013 season from 10th April to 15th December.
A fascinating exhibition depicting the breakthrough of one of the 20th century’s most popular artists - Pablo Picasso – is on show at The Courtauld Gallery in London. In 1901, the ambitious 19-year-old Spaniard launched his career in Paris and this exhibition reunites major paintings from his debut showing with the influential dealer Ambroise Vollard. The works show the young painter at first taking on the styles of major modern artists of the day such as Van Gogh and Degas before developing his own style in the second half of 1901, heralding the start of his now famous Blue Period. This was thought to be mainly due to the death of his close friend, Carles Casagemas, who shot himself in Montmartre’s Hippodrome café in front of the young woman who had jilted him, and his friends. The tragedy had an enormous impact on Picasso and his art as the year unfolded.

Auction of Aston Martin and Lagonda Motor Cars
www.bonhams.com
18th May 2013

This one-of-a-kind DB4GT is expected to fetch between £2.8 and £3.8 million when it goes up for sale in an auction at the Aston Martin Works in the UK. The multiple award-winning 1960 car, which was last off the production line and is the only one of its kind with coachwork by Italian design house Bertone, will be offered for sale at the 14th annual Bonhams auction of Aston Martin and Lagonda cars in Newport Pagnell, Buckinghamshire. The one-off car, named “The Jet” has been completely restored by Aston Martin and goes under the hammer in this, the centenary year of Aston Martin. It is offered from a deceased estate and comes to the market for the first time in over 25 years. Tim Schofield, Director of the UK Motor Car Department at Bonhams, said: “Over the 14 years Bonhams has been holding dedicated Aston Martin auctions in Newport Pagnell and we have sold many examples of the marque’s most celebrated models as well as a number of motor cars like this one – that are completely unique. “It gives us great pleasure to offer this important Aston Martin in this most important of years for the factory.”
IN THE AGE OF ANXIETY
LEAVE YOUR LIFE BEHIND

By Margie Collins
Perhaps it's that you were wide awake, and troubled, at three in the morning. The average, healthy, well-adjusted adult, said playwright Jean Kerr, gets up at 7.30 in the morning feeling just plain terrible.

Recent research has found that one in 25 people is suffering from a condition known as generalised anxiety disorder — when the quotidian stresses of life, that are usually manageable, begin to take over our lives, over long periods of time, resulting in a range of debilitating symptoms that include mental health problems, irritability, insomnia, exhaustion, inability to concentrate, the absence of hope and joy, and a descent into a trough of despond and despair. Not quite an epidemic (yet), but over 7 million tranquilisers and antidepressants are currently being prescribed on Britain's NHS for anxiety management, including for children as young as five.

"It's easy and fashionable to stick a label on the difficulties that people have with modern life, partly because it sells drugs and partly because, that way, politicians and society don't have to think about what's actually causing problems. Anxiety can be a chronic problem, but these drugs work at first and then wear off," said Dr Joanna Moncrieff, a psychologist, to The Daily Mail.

The average British adult, according to another recent study, feels 100% fit and healthy for only 61 days a year; the rest of the time, he's having a bad day, wrestling with real and imagined existential threats, and "catastrophising" minor ailments in an increasingly concerning condition called "health worry".

The mincing machine that is life these days is merciless and relentless. Recession has built up a huge steam of resentment, shredded a good many dreams and prospects, dashed expectations and backlit a descent into a trough of despond and despair. Not quite an epidemic (yet), but over 7 million tranquillisers and antidepressants are currently being prescribed on Britain's NHS for anxiety management, including for children as young as five.

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examine beforehand what suits you. “A silent retreat can be overwhelming. So if you’re feeling vulnerable, have recently lost a loved one or suffered a severe setback, choose your retreat carefully,” advises Whiteaker. “Join in daily worship even if you’re not religious.”

Some retreats are open to men, or to women only; some to couples. Some monasteries and convents, with a long history of providing hospitality to travellers and pilgrims, charge nothing for these retreats, although you may be moved to make a donation before leaving. Other retreat centres – designed and organised like health farms or spas offering modern creature comforts and fine dining – charge a fee.

While most are largely, and some entirely, held in silence, some retreats are held in conversation with a retreat guide. A preached retreat has a leader giving talks and guiding prayer and meditation. An individually guided retreat offers daily one-to-one meetings with a retreat giver. Some retreats are coupled with themed activities, including yoga, exercise, mindfulness-based cognitive behavioural therapy and detox.

A Vipassana (the word means seeing things as they really are) retreat, practising possibly the most extreme form of meditation based on an ancient Buddhist technique, requires the retreatant to sit on a floor for 10-and-a-half hours a day in silence, beginning at 4 in the morning, with brief vegetarian meals in between periods of meditation. “The purpose of Vipassana is not to experience pleasurable sensations, but rather to develop equanimity towards all sensations,” said S N Goenka, who has revived the 10-day Vipassana course and offers retreats in Gujarat, India. “Your progress is measured only in how far you are able to face life’s vicissitudes with equanimity, nothing more.”

On a remote island off Co. Donegal is St Patrick’s Purgatory where a penitential retreat offers three days of fasting and 24-hour prayer vigil. The Spiritual Exercises, created by St Ignatius of Loyola, in the 16th Century, are at the heart of directed Ignatian retreats based on Scriptures and the writings of St Ignatius; they last for 30 days and are guided by trained spiritual companions. The Centre for World Peace & Health – in a 900-acre wildlife refuge in the Holy Isle of Scotland that was home to the 6th Century hermit St Molaise – is directed by a Tibetan Buddhist meditation master. Villa Palazzola, near Rome, is a former 13th Century Cistercian monastery overlooking scenic Lake Albano; retreats there also feature activities – walking, painting, reading, diary-keeping – in surrounding protected forests and walking trails.

Mount Athos in Greece, a favourite of Prince Charles’s, has been a spiritual centre since 1054. For men only, it has 20 working monasteries that offer retreats in total silence. At Diamond Mountain, in Arizona, people go on a three-year silent retreat. The Esalen Institute in Big Sur, California, which draws big crowds of retreatants, was popularised by philosophers, religious thinkers and writers including Hunter S Thompson, Aldous Huxley, Jack Kerouac and Timothy Leary of the tune-in/drop-out counterculture generation. Buddhist retreat centres explore the teachings of Buddha, meditation, yoga and the arts. At Ananda, in the foothills of the Himalayas, retreatants whose meditation sessions are guided by a spiritual leader, are pampered with Ayurvedic massage and dine on organic, vegetarian cuisine. The Omega Institute at Hudson Valley in New York is America’s largest centre for holistic living. Meditations interweave with stress-management classes in the institute’s well-equipped wellness centre. The Yoga Farm, near Pavones in Costa Rica, sits on a hilltop above the Pacific Ocean; yoga sessions are usually followed by surfing.

“People come away from a retreat with different experiences and outcomes. At the very least, you should feel rested and re-energised,” wrote health journalist Barbara Lantin in The Telegraph. Some undergo a kind of transformation that reconnects them with their spiritual beliefs or alters their lives in other profound ways. Many others are enabled to make significant changes in their lives, including resolving to take better care of themselves, putting themselves in the hands of psychologists or psychotherapists.

“By the end of one of these retreats, almost invariably, you’re happy – more appreciative of beauty, feeling more distance from ordinary anxieties, feeling more kinship with other humans. You’re also easier to be around – less defensive, less emotionally reactive,” wrote Robert Wright in The Atlantic magazine. The benefits of yoga and meditation have been known to ease pain, boost the immune system, speed up healing and alleviate stress and insomnia.

“Meditation can also help slay the demons of depression, anxiety and the kinds of compulsions that send you back three times to check the stove. You feel more energised, gain self-knowledge and achieve a healthier state of mind,” wrote Lynn Paramore in USA Today.

“You will most likely get very tired, particularly during the first few days,” said Marguerite Manteau-Rao, a clinical social worker who offers tips on surviving a retreat. “You are finally getting in touch with the accumulated fatigue you came in with. You are also doing some very intense concentration. Be careful not to try too hard. Practise relaxed awareness and let breath, body sensations, emotions and thoughts come into your awareness naturally.”

Judith Soal, writing in The Guardian of her experience of Vipassana, said: “After lunch on day 8, everything changes. I enter into another dimension. It is as if the boundaries of my body have dissolved. Everything is glowing red, everything is joyful. It is like the most intense drug-induced, out-of-body euphoria, but calm, with no anxiety, no doubt.”

“I felt grateful, like I was being purified, a full-on-mind-body detox. It was this flowing effervescent transcendent whole-body pulsation that made me feel at once tranquil and – for maybe the only time in my life – wholly content,” wrote Lena Vazifdar on blissstree about her retreat experience.

So, it’s OK to drop the ball from time to time, to step away from busyness and bruising encounters, and then to embrace meditative and contemplative silence so that you can hear the sound of your own thoughts, to go deeper into yourself; to heal and to forgive, to look for the meaning – if any – of life. Let go of the fetters on your mind. Breathe in the very present moment. Surrender to silence. After all, the soul, too, has needs.
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