

SHIP MANAGEMENT

INTERNATIONAL

Text messages



R U SWITCHD
ON 2 CREW
COMMS OR JST
LOST IN SPACE

Reply

Menu



First Person - Making shipping a state Presidential challenge



How I Work - EMSA chief speaks out



Greece - Waiting for the credit crunch to bite

Maritime Sat Comms

Debating the options

INTERNATIONAL MARITIME REGISTRY

COMMONWEALTH OF DOMINICA



THE FLAG OF RESPONSIBILITY

DOMINICA MARITIME REGISTRY, INC.
32 WASHINGTON ST, FAIRHAVEN, MA 02719 USA
TEL: +1 508-992-7170 • FAX: +1 508-992-7120
registration@dominica-registry.com
www.dominica-registry.com



TOP SHIPS INC.

Reflections might differ.
The essence remains the same.

THE
sky is
the limit!



Top Tankers Inc., one of the leading shipping companies in crude and oil transportation, is changing to **TOP SHIPS Inc.**, reflecting progress and prominence. Carrying your valuable cargoes with the same care, **TOP SHIPS** guarantees ultimate protection and reliability. With sheer respect to the environment, **TOP SHIPS Inc.** continues providing superior services, meeting your every need. Your world is our world and our future reward is your future satisfaction.

Wherever you are, all points of the compass lead to **TOP SHIPS Inc.**

NASDAQ
LISTED



TOP SHIPS INC.

www.topships.org

1, VASSILISSIS SOFIAS STR. & MEGALOU ALEXANDROU STR., 151 24 MAROUSI, GREECE
TEL.: +30210-81.28.000, FAX: +30210-61.41.263, E-MAIL: ops@topships.org



**WINNER OF THE
GREEN SHIP
TECHNOLOGY AWARD 2008**
FOR OUR WORK IN PROTECTING THE MARINE ENVIRONMENT

CASTROL ENVIRONMENTALLY FRIENDLY LUBRICANTS

PROTECTING YOUR VESSEL AND THE ENVIRONMENT.

With ever-increasing industry pressure to reduce environmental impact, Castrol have launched a world-leading range of environmentally friendly stern tube oils, hydraulic oils, gear oils and greases. As well as delivering outstanding environmental performance, Castrol BioStat, BioBar, BioTrans and BioTac also provide far greater operational advantages, such as superior gear oil performance, excellent wear, corrosion protection and resistance to oxidation. Each one meets relevant performance specifications and all are supported by major OEMs. To be ahead of environmental legislation and maximise your operating efficiency, the solution is Castrol Marine's environmentally friendly lubricants range.

IT'S MORE THAN JUST OIL. IT'S LIQUID ENGINEERING.



e-mail: enquires@castrolmarine.com
www.castrolmarine.com

Marine



REEDEREI "NORD" KLAUS E. OLDENDORFF LIMITED

Quality Safety Performance



44 Years
of Excellence
is our
Guarantee

Libra Tower, 23 Olympion Street, CY-3035 Limassol - Cyprus
P.O.Box 56345, CY-3306 Limassol - Cyprus
Tel: +357-25841400, Fax: +357-25345077
E-mail: mail@rnkeo.com.cy Website: www.rnkeo.com



EMS New Building & Projects



EMS Ship Management



EMS Crew Management



EMS Shipping Agencies

At EMS Ship Management

- we provide complete lifecycle services for your ships...

- **EMS New Building & Projects** provides plan approval, design approval, new building supervision and commissioning services.
- **EMS Ship Management** provides technical and commercial management services.
- **EMS Crew Management** provides crew management and training services.
- **EMS Shipping Agencies** provide agency, grab leasing and stevedoring services.

EMS Ship Management maps the globe with 22 offices in 12 different countries. Our team of more than 250 people ashore and a dedicated pool of more than 6000 seafarers work towards maximizing your earning potential by taking care of your assets as our own.

At EMS Ship Management we believe in ship management with a ship owner's approach and through dedication and innovation we will make a difference.

Please logon to:
www.ems-shipmanagement.com for further information

EMS Ship Management

"Ship Management with a ship owner's approach"

SHIP MANAGEMENT

INTERNATIONAL

THE MAGAZINE OF THE WORLD'S SHIPMANAGEMENT COMMUNITY

ISSUE 13 May/June 2008



COVER STORY



60 Round Table Discussion

Efficient and cost-effective satellite communications onboard ship could be the answer to the industry's crew retention problems. But how viable are the solutions as far as the users are concerned and will concerns over the inability to split out IP costs work against its rapid take-up by owners and ship managers?

MAILBOX

17 Dr Alkis John Corres

Chairman, Hellenic Association of Maritime Economists

FIRST PERSON

18 Demetris Christofias

The newly elected President of the State of Cyprus talks exclusively to *SMI* about the Turkish ban, EU taxes and shipping's overall importance



SHIPMANAGEMENT FEATURES

24 How I Work

SMI talks to industry achievers and asks the question: *How do you keep up with the rigours of the shipping industry?*



36 On my mind

George Ioannides - Vice President of Ocean Tankers



46 Insider

Dick Welsh - Director, Isle of Man Ship Registry

8 STRAIGHT TALK - Hot gossip or Chinese whispers

NOTEBOOK

9 UKHO's hopes for China

The UK Hydrographic Office is confident China will allow its electronic navigational charts to be included as part of its newly launched Admiralty Vector Chart Service but exactly when that happens still remains unclear

11 NITC boss opts for single nationality crew

Managing vessels in house rather than by third party can create better efficiencies and higher vessel performance especially if you have one crew nationality onboard

Greek fleet getting younger

Up to half of the bulk carriers and containerships flying the Greek flag are 10 years or younger, proving the claim that the age profile of the flag is falling, according to data produced by Lloyd's MIU

12 Ireland to create new ship register

Ireland has launched a public consultation process to pave the way for the creation of a new ship register



13 Quintana approves Excel takeover bid

Excel Maritime's takeover bid of Quintana has been given the go-ahead by shareholders

14 Banks target Greek owners to lend their money

Shipowners' ordering appetite appears largely unaffected by the impact of the global subprime banking crisis following reports that Greek ship owners borrowed almost \$67 billion last year to fund newbuilding activity

15 Bulk crews switch to wet as wages spiral

There is still an exodus of officers from dry cargo ships to tankers as the attraction of increased pay scales takes hold

Owners slammed for Manila crew office moves

Ship owners setting up small satellite crew recruitment offices in the Philippines are 'crazy' if they think that is all that is needed to solve their crew shortage issues

16 IMO 'Grossly Underestimating' future shipping emissions

The IMO is 'grossly underestimating' growth in future CO₂ emissions from ships by over 500 million tonnes per year, the equivalent of the entire current emissions output from aviation

TRADE ANALYSIS

30 Heavy lift shipping

A shortage of suitable tonnage coupled with strong rates and long booking lead times has forced established operators to view the newbuilding sector with more enthusiasm than previously seen

NEWBUILDING

38 Owners and yards grasp new opportunities to meet trade demand

REGIONAL FOCUS

40 Greece

Waiting for the credit crunch to really bite

How depressing has the news of an impending US recession been for the Greek ship owners and are the press pictures of the 'for sale' signs on the houses of defaulting US home owners more a cause célèbre rather than a real cause for concern?



51 Cyprus

Banking on a taxation formality?

If there is one issue the shipping community on the island of Cyprus all agree on, it is that negotiations with Brussels to resolve the issue of the tonnage tax regime need to be concluded positively

BUSINESS OF SHIPPING

74 AdHoc

Intertanko supporters dine like sultans

GAC races ahead

Stealth Maritime adds to its fleet

No tall order for Hutton's

Matter of Fact

India becomes 'anti-ageist'

IACS wins Poseidon Challenge Award

SIBA appoints 'first' female master

MARKET SECTOR

78 Classification

India gives exclusive survey rights to IRS

80 P&I

Most clubs remain tight-lipped at the February renewal time, partly due to the gentlemen's agreement on undercutting of premium rates which members of the International Group adhere to. But now megabroker Aon has sparked a conflict with the IG clubs by criticising their "arrogance" for "absurdly late" notification of P&I reinsurance rates preceding this year's renewal

DISPATCHES

82 Bureaucracy hinders rescue efforts at sea

Shipowners are campaigning under the flag of the International Chamber of Shipping (ICS) for an end to intolerable pressure on ship captains to ignore the plight of shipwrecks on the high seas

86 US CREWS

What's goes up must come down and in the case of the trained US officer and cadet, an escalation in global seafarer wage scales is starting to mean a compensatory fall in aversion by the international owning and management communities towards considering them as an economically viable crew source

90 Dealing with the constraints

The market constraints are there, there is no doubt about that, but they are strong and worrying enough for some City asset managers to raise concerns about how third party managers will be affected

BOOK REVIEW

93 Book review

The No. 1 Ladies' Detective Agency, An Appeal to Reason: A Cool Look at Global Warming and Shark's Fin and Sichuan Pepper: A Sweet-and-Sour Memoir of Eating in China

OBJECTS OF DESIRE

96 Objects of desire

Things that make you go oooh!

SHIP REPAIR

98 Drydocks World eyes Batam development

BUSINESS VIEWPOINT

101 Getting Personal

Elijah Cummings, US Democratic Congressman and Chair of the House Sub-Committee on Coast Guard and Maritime Transportation with additional comments by Admiral Thad Allen, Commandant of the US Coast Guard

105 Posidonia at a glance

Let's party Greek style

LIFESTYLE

107 Are you being served?

In a genre of theatre production slightly different from the norm, diversity is taking centre stage

111 Live or Let Live in Luxury- no problem

Mention Jamaica and you immediately think of sugar plantations, Appleton's Rum and reggae music with the odd spliff thrown in too. To the serious tourist home owner in search of a little slice of paradise, the island is proving even more alluring

Total Quality Ship Management



At Fleet Management, we're committed to providing total quality and highly professional ship management services. Our ISO 9001, ISO 14001 and OHSAS 18001 accreditations are testimony to our endeavors.

We're geared to providing a wholly client-driven service, using sophisticated control system and communications networks to provide owners with up-to-the-minute information about their vessels at any time.

Fleet Management offers the highest level of ship management service, with emphasis on safety, pollution prevention and shipboard maintenance at competitive, cost-effective rates.

We also recognise that good quality crew is the backbone of success in Ship Management and hence our seven offices in India and one in Philippines are dedicated for providing in house crewing support to our fleet together with a State of the Art Training Centre located in Mumbai.



Fleet management
A member of the Noble Group



SHIP MANAGEMENT INTERNATIONAL

May/June 2008

Issue No. 13

www.shipmanagementinternational.com

The Shipping Business
Magazine today's owners and
managers have been waiting for

Published by **elaborate**
COMMUNICATIONS

Elaborate Communications
Acorn Farm Business Centre
Cublington Road, Wing,
Leighton Buzzard, Bedfordshire LU7 0LB
United Kingdom

Sales/Accounts +44 (0) 1296 682241/682051
Editorial +44 (0) 1296 682356
Fax: +44 (0) 1296 682156
Email: editorial@elabor8.co.uk/sales@elabor8.co.uk
www.elabor8.co.uk

Ship Management International Editorial Board

Rajaish Bajpae	(Bernhard Schulte Shipmanagement)
Guy Morel	(InterManager)
Nigel Cleave	(Epic Ship Management)
Andreas Droussiotis	(Bernhard Schulte Shipmanagement)
Dirk Fry	(Columbia Shipmanagement)
Sean Moloney	(Elaborate Communications)
Svein Pedersen	(EMS Ship Management)

Editorial Director: **Sean Moloney**
Reporters: **Kerry Thornhill**
Technical Editor: **David Tinsley**
Advertisement Director: **Jean Winfield**
Sales Support: **Lorna Gould**
Advertising Sales: **Karen Cray**
Advertising Support: **Clare Atkin**
Research Manager: **Roger Morley**
Accounts: **Lorna Gould**
Design & Layout: **Phil Macaulay**

Additional Photography: Cyprus Department of
Merchant Shipping

Editorial contributors:
The best and most informed writers currently serving
the global shipmanagement and shipowning industry.

ABC

Ship Management International is published six times
a year and is entirely devoted to reporting on the
dynamic and diverse in-house and third party
shipmanagement industry.

Subscriptions UK and ROW – 1 year: £85 (\$153);
2 years: £160 (\$288).

Download a subscription form from
www.shipmanagementinternational.com or

Send subscription enquiries and/or address
corrections to:

Elaborate Communications, Acorn Farm Business
Centre, Cublington Road, Wing, Leighton Buzzard,
Bedfordshire LU7 0LB, United Kingdom.
Tel: +44 (0)1296 682051/682241/682403

Printed in the UK by Warners Midlands plc. Although every effort
has been made to ensure that the information contained in this
publication is correct, Elaborate Communications accepts no
responsibility or liability for any inaccuracies that may occur or
their consequences. The opinions expressed in this publication are
not necessarily those of the publishers. All rights reserved. No part
of this publication may be reproduced whole, or in part, stored in
a retrieval system or transmitted in any form or by any means
without prior permission from Elaborate Communications.

© 2008 Elaborate Communications



Approved and Supported by **InterManager**

Welcome to Ship Management International

Hot gossip or Chinese whispers



It strikes me as being somewhat ironic, or maybe a little daft, that the one thing we all know today's ships and today's crew really need above everything else, is the one thing we are really bad at doing!

I am not talking about preparing a delicate light soufflé or teaching our crew pilates as a cool form of relaxation. I am talking communication. Although I must say cooking a soufflé while practising a back strengthening exercise regime would definitely be something to talk about.

Because while we all realise that cost-effective crew calling and efficient maritime communications can only enhance the way we man and run our ships, it seems ship owners are the last to know what benefits can really accrue from its applications.

But communication is an essential and critical issue facing today's owners and managers as they strive to meet the heightened regulatory demands thrust upon them of total integration between ship and shore. Maritime comms is starting to surface as a possible bargaining tool as seafarers start to choose which ship they actually 'prefer' to spend their days sailing on. At a time when leading market analysts are now predicting a deteriorating crew shortage scenario of around 90,000 officers by 2012, having as many bargaining tools up your sleeve as possible could be the difference between make or break for a lot of these owners, operators and managers.

But having spent time on ships recently where one had no crew calling and the other had free internet piped into all the crew cabins, I know which one I would have found easier to spend the next nine months on – away from loved ones and the Premiership football results!

But assessment of the situation throws up a number of blockages and constraints to effective implementation of a workable and cost-effective maritime satellite communications system piped to all our ships. Stripping out cost so the seafarer, the charter and the owner can be charged separately appears to still be a major mountain to

climb. It seems strange that in today's highly technological world, this cannot be done but as one industry expert on the matter told me, a survey on seafarers showed that their number one demand was internet access, followed by access to a telephone, then email and finally a gym onboard ship. Requests for satellite TV were in the mixing bowl of demands as well.

It is true that the right system needs to be chosen, one that allows ease of charging, incredible ease of usage and affords to the seafarer, who is a human being in his or her own right, the basic fundamental right to privacy when talking to his wife or bank manager or being allowed to cram our airways with vast numbers of SMS text messages from the quiet privacy of his own cabin. We demand it so why can't they.

I believe there are blockages here, but in my view they are not down to the inadequacies of the systems or the processes or the technology but down to the penny pinching attitudes of the owner. He is the one who can say yes or no to installing the systems onboard his ship and the sooner he realises that an investment of less than 1% of his daily OPEX figure will generate massive savings in fuel efficiency, engine monitoring or even crew motivation and retention, the better. After all, isn't a happy ship a productive ship and possibly a loyal ship. It was said to me that going to sea is like going to prison, albeit with the added risk of drowning. Well, I suppose at least in prison you can phone home!

Its cheap to talk!

Sean Moloney

NOTEBOOK

SHIPMANAGEMENT NEWS AND REPORTS FROM AROUND THE WORLD

UKHO's hopes for China

The UK Hydrographic Office is confident China will allow its electronic navigational charts to be included as part of its newly launched Admiralty Vector Chart Service but exactly when that happens still remains unclear.

Mike Robinson, UKHO Chief Executive, told *SMI* that the launch of AVCS provided for the first time "truly credible worldwide ENC coverage for the international mariner", but admitted there was still one country missing. "China has produced its own ENCs but at the moment they are not being made available to anybody and I would hope to get them within the service in the not too distant future," he said.

According to the UKHO, AVCS will provide the international mariner with an integrated global set of electronic navigational charts schemed in folios along the major shipping routes and covering the world's top ports.

The service means mariners now have access to carriage compliant ENCs from a single 'value added' source and overcomes the present requirement to carry, maintain and use a mix of ENC, Raster and paper charts drawn from multiple sources. AVCS provides access to all previously available ENCs and exclusive access to a significant number of new ENCs, produced by the UKHO in co-operation with many of the world's Hydrographic offices, to fill gaps in coverage. To improve consistency, in addition to ensuring that newly produced coverage seamlessly sits alongside existing coverage, the UKHO has worked with many Hydrographic Offices to improve overall consistency.

Mr Robinson added: "We have undertaken a lot of new production of ENCs and where countries have produced ENCs that were not widely available or distributed, we have managed to secure agreements to secure them as well. The first key objective to launching it was to provide the coverage. The AVCS service will aim to cover the top 800 ports and the routes between them and we will go into steady state when we have reached around 2,000." ■



"China has produced its own ENCs but at the moment they are not being made available to anybody and I would hope to get them within the service in the not too distant future"

An advertisement for BASS (Business Automation Support System). The image features three computer monitors on a desk. The leftmost monitor displays a colorful 3D puzzle with various colored pieces (yellow, orange, red, white, purple, pink, blue). The middle monitor shows a software interface with text and graphics. The rightmost monitor shows a Windows-style desktop with a blue background. The text "Linking strategy, operations and IT" is prominently displayed in the upper right. Below it, it says "Learn more from our video at www.bassnet.no". A red stamp-like graphic says "FUTURE PROOF". At the bottom right, the BASS logo is shown with the tagline "Streamlining Maritime Operations".

Linking strategy, operations and IT

Learn more from our video at www.bassnet.no

FUTURE PROOF

BASS Streamlining Maritime Operations

International Transport Intermediaries Club Ltd. (ITIC) is a mutual insurance company with over 80 years of experience of providing professional indemnity insurance to companies involved in the transport industry.



Discover ITIC

itic-insure.com



International Transport Intermediaries Club Ltd. - ITIC - is the world's leading niche insurer of professionals who provide services to the transport industry. Specialist professional indemnity insurance is available to many businesses including:

- Ship Agents
- Ship Managers
- Marine & Energy Surveyors
- Naval Architects
- Ship Brokers
- Marine & Transport Consultants
- Ship Registries & Classification Societies
- Other Related Professionals

ITIC provides help, advice and security from experts when you, or your client, need it most. As the specialist professional indemnity insurer for the transport industry, we offer:

Help

- Fast response to enquiries
- Worldwide cover

Advice

- Specialist knowledge
- Advice on loss prevention

Confidence

- Strong financial position
- More than 80 years underwriting experience

For further information and a quotation, contact your broker or ITIC's Marketing Director, Charlotte Kirk, on telephone +44 (0) 20 7338 0150 or e-mail ITIC@thomasmiller.com

NITC boss opts for single nationality crew

Managing vessels in house rather than by third party can create better efficiencies and higher vessel performance especially if you have one crew nationality onboard, according to Mohammad Sourì, Chairman of the NITC.

Addressing the Intertanko Poseidon Challenge conference in Istanbul, the NITC Chairman said mixed crews can be successful onboard ship "but in my opinion you should not have any more than two or three different nationalities. If you are going to have a combination of all different nationalities it could be messy unless you have a different system. Through experience, one two or a maximum of three nationalities is more than sufficient to have onboard," he told delegates.

"We are trying our best to have our own Iranian staff onboard our ships. I believe that



Mohammad Sourì, Chairman of the NITC

one nationality onboard always delivers a better performance because you don't have different mentalities.

"Through years of experience we have learned that if we manage our vessels ourselves, we generate better efficiencies and performance. The reason is firstly because of the benefits of having one nationality as crew; secondly is drawing on the work of permanent staff and thirdly is that our own national people consider the ships they work on as a national asset so they give greater priority to the vessels," he added.

"Our ships have had zero detentions in the last 15 years, hardly any pollution that has been reported and hardly any accidents. You cannot ignore accidents and you cannot ignore pollution but you can reduce them and what we have worked on over the last few years has helped us to succeed in reducing these as much as possible," delegates were told. ■

Greek fleet 'getting younger'

Up to half of the bulk carriers (140) and containerships flying the Greek flag are 10 years or younger, proving the claim that the age profile of the flag is falling, according to data produced by Lloyd's MIU.

Of the 261 Greek flagged bulk carriers currently trading, some 140 were built in the ten years since 1997. This compares to 22 containerships out of a total of 47 that are a decade old or less. The trend is evident in the Greek flagged tanker fleet with 220 out of a total of 443 tankers aged 10 years or younger.

According to Lloyd's MIU, the oldest vessel in the Greek fleet is a 1909-built offshore barge while the oldest general cargo ship was built in 1934, some four years before the oldest tanker. Greek-flagged passenger ships are slightly more modern with the oldest being constructed in 1943.



Alternatively looking at the breakdown for the more modern tonnage, the Greek flag has taken on eight newbuildings so far this year, made up with two bulk carriers – the 177,000

dwt Alpha Prudence and the Anangel Happiness; three gas carriers – the Hellas Fos, Captain Nicholas MI and the Hellas Glory; one general cargo vessel and one passenger vessel. ■



VANUATU MARITIME SERVICES LIMITED

More Than a Flag of Quality!

YOU CAN RELAX WHEN YOU REGISTER WITH VANUATU!

NEW YORK
Phone: 212-425-9600
Fax: 212-425-9652

WORLDWIDE OFFICES
Port Vila, London, Hong Kong, Athens,
Bangkok, Tokyo, Singapore, Shanghai

email@vanuatuships.com
www.vanuatuships.com



Ireland to create new ship register

Ireland has launched a public consultation process to pave the way for the creation of a new ship register that will enforce legislation on safety and living conditions aboard and help improve maritime safety.

Noel Dempsey, Irish Minister for Transport and Marine, has called on vessel owners and the public to become involved in the process.

According to Ireland's broadcasting company RTE, new arrangements are being considered by the government under which vessels not previously

required to be registered will have to do so in the future. The public consultation process will be used to prepare the legislation, which will result in a centralised electronic register to be used to enforce legislation on safety, security, living, working and environmental conditions.

There are 41 ships on the Irish register at present. Its numbers were reduced when Irish Ferries flagged out to other countries. Arklow Shipping is now the biggest shipping company in the country. ■

THE MARSHALL ISLANDS REGISTRY

SERVICE & QUALITY ARE WITHIN YOUR REACH



WE LOOK FORWARD TO SEEING YOU AT POSIDONIA 2008
VISIT US AT BOOTH #513



INTERNATIONAL REGISTRIES, INC.
THE MARSHALL ISLANDS MARITIME AND CORPORATE ADMINISTRATOR

PIRAEUS
Tel: +30 210 4293 223 | Fax: +30 210 4293 228
PIRAEUS@REGISTER-IIR.COM

WWW.REGISTER-IIR.COM

Dallas • Ft. Lauderdale • Hamburg • Hong Kong • London
Manila • New York • Piraeus • Rotterdam • Seoul • Shanghai
Singapore • Tokyo • Washington, DC/Reston • Zurich



GEORGE HAMMOND PLC
www.georgehammond.plc.uk

Ship Agency
Dover, Medway, Harwich
Motor Launch
Dover Strait, Brixham
Stevedores
Dover
Trinity House Licensed Deep
Sea Pilotage
English Channel & North Sea
Lloyd's Agent
Kent

Aycliffe Business Park • Archcliffe Road • Dover
Kent CT17 9EL • United Kingdom
Tel: +44 (0) 1304 201201 • Fax: +44 (0) 1304 240374
Telex: 96115 • Email: marine@georgehammond.plc.uk

Quintana shareholders approve Excel takeover bid



Excel Maritime's takeover bid of Quintana Maritime has been given the go ahead after Quintana shareholders approved the move at a special meeting in Athens.

The takeover offer is worth \$13 in cash plus 0.4084 Excel common shares per Quintana share, subtracting the equivalent of a March dividend payment. The merger is expected to close today.

Excel also announced that it has executed a senior secured credit facility in connection with its acquisition of Quintana and that the arrangers of the credit facility have successfully syndicated over 60% of their commitments. Nordea Bank Finland plc, London Branch, one of the lead arrangers, is acting as administrative and syndication agent. The other lead arrangers are DVB Bank AG, Deutsche Bank AG, General Electric Capital Corporation and HSH Nordbank AG. Meanwhile, National Bank of Greece S.A., Credit Suisse and Fortis Bank SA/NV are acting as co-arrangers for the credit facility.

Gabriel Panayotides, Excel Chairman, said: "We are very pleased with the approval of the merger by Quintana's shareholders and the successful syndication of the financing. One of Excel's strategic priorities is to become one of the world's premier full service dry bulk shipping companies. As our company continues to grow, we hope to build upon the relationships we have established with our current lending syndicate."

The credit facility consists of a \$1 billion term loan and a \$400 million revolving loan. Loans under the credit facility will bear interest at LIBOR, plus 1.25% per annum. The merged company will boast a fleet of 55 bulkers from handymax to capesize, counting ships ordered and ships on the water. ■

TANKER CHARTERING
SALE & PURCHASE
MARINE PROJECTS & FINANCE



GREENWICH & PIRAEUS



Banks target Greek owners to lend their money

Shipowners' ordering appetite appears largely unaffected by the impact of the global subprime banking crisis following reports that Greek ship owners borrowed almost \$67 billion last year to fund newbuilding activity, a rise of 44% over the previous year.

According to Petrofin Bank Research, the overall picture is one of swift growth and reflects the exposure of all banks engaged in lending to Greek owners. The total loan portfolio of almost \$67 bn demonstrates the attraction of Hellenic shipping, the increasing trust shown by international and Hellenic banks and the upgrading of the Hellenic fleet. Record buying of second hand tonnage, as well as record newbuilding orders, has raised the demand for loans.

According to the research, banks were eager to lend at ever reducing cost and conditions, until the fourth quarter when the effects of the

BTMU Capital Corporation at 191.67%, Commerzbank by 180.76% and Bremer Landesbank by 96.16%. Laggards were Dresdner with -21.54%, DNB with -17.29% and Bank of Scotland with -12.25%.

Greek banks' loan portfolios grew by 115.59% in 2007, a remarkable performance given that in the previous year Greek banks grew only by 12.63%. The most impressive story of 2007 was the performance by Piraeus Bank's growth by 197.71%, which place it as the market leader closely followed by Alpha Bank. However, the top performance in growth terms went to the

By April 2008, approximately 77% of the Greek newbuilding order book has already been financed. International banks with a Greek presence loan portfolios amount to \$37.039bn or a 52.73% annual increase

sub-prime and international bank crisis began to be felt. As vessel values held high throughout 2007 and as these represent a multiple of those of three years ago, the vessel value inflation effect has boosted shipping loans considerably. According to Petrofin, the drawn loans' total reached \$45.37bn with committed but undrawn loans rising to \$21.56bn. The latter number is substantially higher on account of the large Greek newbuilding order book.

By April 2008, approximately 77% of the Greek newbuilding order book has already been financed. International banks with a Greek presence loan portfolios amount to \$37.039bn or a 52.73% annual increase. This remarkable rise reflects general growth, as well as the inclusion this year of HSH-Nordbank in this category, following the opening of its Greek representative office. 2007 growth leaders were BNP Paribas with 113%, followed by Calyon (according to market estimates) at 92.3% and Fortis by 60.53%. Growth laggards have been HSBC by -24.11% and Citibank by a modest +12.28%. Interestingly, the market leader, RBS, grew by 23.59%, i.e. a rate close to only half of the market average.

International banks without a Greek presence totals were down by -4.91%, mainly on account of HSH's departure from this category. However, Deutsche Bank Shipping grew by a record of 445.76% in 2007, followed by

Bank of Cyprus by 500%, followed by Proton Bank at 223.68% and Marfin-Egnatia bank at 204.05%. Slow risers were the Agricultural Bank of Greece with 14.29% and the National Bank of Greece at 49.5% with no bank showing a decline. Indeed, there are now four Greek banks in the top 10 bank worldwide and seven Greek banks in the top 30 banks worldwide.

The top names continue to be Royal Bank of Scotland with \$12.945bn, or 19.34% market share, followed by HSH - Nordbank with \$5.9bn, or 8.81% market share and Deutsche Schiffsbank with \$4.8bn, or 7.17% market share. The rate of growth of Greek shipping finance accelerated in 2007, as the seven-year annual growth stood at 26.25%, as against 44.3% for 2007.

According to Petrofin Bank Research, the Hellenic shipping finance market accounts for approximately 19% of the world's totals. ■

Bank of Cyprus



Bulk crews switch to wet as wages spiral

There is still an exodus of officers from dry cargo ships to tankers as the attraction of increased pay scales takes hold, a leading owner and third party manager has claimed.

Robert Thompson, First Deputy Managing Director of Unicom Management Services – the in-house management arm for the Sovcomflot-Novoship merger, said the situation wasn't as bad as it has been, "but there were still dry cargo guys coming across".

Unicom operates a two crew complement per ship strategy and in Mr Thompson's view, Unicom is just about keeping up with the demand for seafarer numbers. "But our retention rate has gone from 95% down to a more realistic 82% to 85%. That is because of the moves in between companies. And there has been some very aggressive marketing by some shipping companies in the local ports," he added.

Companies like Unicom have tried to tackle the rising issue of poaching by concentrating on keeping the people they have or "getting the guys we have lost back".

He added: "We are taking back what belongs to us, what we have trained up essentially. We are putting together a package together that is commensurate with our competition in the hope that people will come back and say 'yes, I do prefer to work for a Russian company'." ■



Owners slammed for Manila crew office moves

Ship owners setting up small satellite crew recruitment offices in the Philippines are 'crazy' if they think that is all that is needed to solve their crew shortage issues, a leading Manila-based ship and crew manager has said.

Instead, they should ask themselves who are the professional crew managers on the island and work with them to ensure they and the industry adopt a stronger approach to resolving the crisis that is affecting the industry.

Slamming the move as 'not thought out' and inadequate in resolving the current crewing situation, the manager, who preferred to remain anonymous, said the only way to attract the right quality crews was to employ robust resources "that could also train and guarantee the competence of the crew you already have as well as develop credible cadet programmes to ensure they have cadets in the future."

He told *SMI*: "I don't understand why people are setting up separate crewing entities in the Philippines, How can a small organisation manage the resources required to attract the existing crew to join their fleet when the competition is so huge." ■



The Bahamas
Maritime Authority

Good reasons why The Bahamas is

The better choice!

for ship registration

- ✓ World's 3rd Largest Fleet
- ✓ IMO Council Member
- ✓ Active Ship Owners Association
- ✓ Established Legal System
- ✓ Inspectors world wide
- ✓ On all regional MOU Whitelists
- ✓ Stable Democratic Government

120 Old Broad Street, London EC2N 1AR
Tel: +44 20 7562 1300 Fax: +44 20 7614 0666
www.bahamasmaritime.com

IMO 'grossly underestimating' future shipping emissions

The International Maritime Organisation (IMO) is 'grossly underestimating' growth in future CO₂ emissions from ships by over 500 million tonnes per year, the equivalent of the entire current emissions output from aviation, according to the DK Group, a leading marine technology company.

It also believes that measures to reduce shipping's carbon footprint should be made mandatory, not voluntarily, as presently stipulated by the IMO.

A report prepared for the IMO in December 2007 predicted marine fuel consumption would rise to 486 million tonnes by 2020 with CO₂ levels from ships rising to 1,475 m tonnes over the same period; yet another increase on previous figures used during discussions at the IMO's Marine Environment Protection Committee (MEPC) meeting in July 2007.

Current levels of CO₂ from ships were in February recognised at 1.12 billion tonnes by the Bulk Liquid Gases Working Group, part of the IMO.

However, Christian Eyde Møller, Chief Executive Officer of Netherlands-based DK Group, said his company has already warned -



during a presentation at the MEPC meeting in July 2007 - that the IMO's emission estimates at the time were far too low.

He said: "We continue to believe the IMO is grossly underestimating future growth in shipping. We maintain that CO₂ emissions from ships could exceed 2 bn tonnes in 2020, rather than the IMO's 1.475 bn tonnes estimate. This is substantiated by simple calculations based on the huge amount of new build vessels on

the order book and the amount of fuel required to power them. In three years from the start of 2007 until the end of 2009 the world fleet will grow by around 21% according to order books - equating to a rise of 240 m tonnes of CO₂. It is predicted that the growth in the world fleet will continue at a minimum of 5% to 7% per annum," Møller said.

"We should not cheat ourselves about growth in CO₂ output. Regulators should have the courage to challenge the industry to deliver improvements in fuel efficiency and emissions," he continued, adding that the only way to do that was to impose mandatory measures. The IMO recently stated in its report at the Bulk Liquids Gases meeting that any current measures to reduce emissions should be conducted on a voluntary basis. ■



SPECIALIST IN SHIP SPARES LOGISTICS

Seamless door-to-deck solutions wherever you go

Whether moving ship spares or marine parts, GAC Marine Logistics designs the most expedient delivery option – even in times of emergencies. Leveraging our combined expertise in shipping, logistics and marine services, we offer 24/7 door-to-vessel supply chain solutions wherever you go. Visit www.gacworld.com.



wherever you go

Headquarters

GAC Marine Logistics Inc
P.O. Box 17041
Dubai
United Arab Emirates
Tel: +971-4-805 9450
Fax: +971-4-881 1177
Email: gml@gacworld.com

Regional Offices

Asia Region

Tel: +65-6477 1494
Fax: +65-6836 0114
Email: gml.asia@gacworld.com

Sales Offices

Hong Kong Office

Tel: +852-2723 6306
Fax: +852-2723 3413
Email: sadan.nair@gacworld.com

Europe Region

Tel: +31-181-699 970
Fax: +31-181-699 096
Email: gml.eur@gacworld.com

Brazil Office

Tel: +55-21-2223 4209
Fax: +55-21-2223 4210
Email: logistics.brazil@gacworld.com

Mediterranean Region

Tel: +30-210-414 0412
Fax: +30-210-428 5907
Email: harris.theodorakis@gacworld.com

India Office

Tel: +91-22-4030 7822
Fax: +91-22-4030 7831
Email: anjali.shirke@gacworld.com

MAILBOX

INVESTING IN DIVESTMENT



While there is still time to prepare ourselves mentally, we should not overlook some realities in the international economic scene which ought to concern us. The downward adjustment of growth by the Chinese planners in the second half of last year should have rung the first warning bell that consumption in the West would not be as strong as in previous years. It is no secret there is going to be a flood of new deliveries of vessels of all kind as of next June, expected to last until past 2010. The situation in the meantime is being exacerbated by what appears to be a major financial crisis, the depths and length of which are presently known to none.

In some ways, it reminds me of what has happened to the 'Asian Tigers' several years back when we saw entire auto manufacturers sold for less than 10% of their previous valuation. In our recent case here, however, the world's largest financier is involved and the one whose currency facilitates the world trade. The effects are already serious and can easily become catastrophic for a large number of players.

To those of us in the habit of following consumption across the Atlantic, the recent decline in purchasing is entirely expected and in line with what has been going on in the US economy. Further reductions in consumption are certainly in stock for some time, which no doubt will be reflected in sales of domestic and imported products. Let me concentrate for a moment on the latter. Lower sales volumes in the US perhaps offer an opportunity to the Chinese to attend to their own problems in managing their economy which has been showing signs of overheating for some time. Such moves will further impact on their rate of economic expansion in a negative way, and to some extent the same applies to India.

Let us now stand back and consider what we have got in our hands. The situation can be described as one of slower growth in export trade from the Far East, combined with a supply surplus in shipping capacity. I can see the gentleman in the back waving his hands wishing to remind us of the effect of scrapping. Scrapping, which has been left out of the analysis of tonnage dynamics for very long, is here to haunt us. What scrapping are we really talking about when half of the

world's shipbreaking capacity works at tick over as a result of environmental provisions. These provisions are not a bad thing, on the contrary, they are very welcome on environmental and humanitarian grounds, nevertheless an incapacitated shipbreaking industry during these times can be a calamity in its own right as tonnage cannot be disposed off quickly to restore balance in the freight markets.

Pundits will be pointing towards the substantial recovery of the various freight rate indices observed during the last two months which have led to a few more billions invested in new ship orders. It should not escape our attention that the first few months of the year are usually the busiest and that summer is coming. Summer with many more ton miles added to the supply side and a lot fewer ton miles requiring transport. It is a known condition that even with static demand, when average ton miles per vessel drop, there is going to be a fall in freight rate levels. I need not expand on the effects this could have on shipowners' EBITDAs.

Can there be a way out of this situation? In the short term the answer will probably be 'no'. Shipowners, seen from a behavioural point of view, are good at adding ships to the markets and not so good when it comes to taking them out. Extreme ship ordering has been the effect of abundant and cheap credit which now appears to come under an abrupt check. However, cancelling ships ordered is neither easy, nor cheap. Someone will have to foot the bill of over ordering.

In the medium term however, things could be different although this would involve additional players to the customary ones. For the moment we have the knowledge of what needs to be done and that gives us some comfort. If it becomes necessary we could even suggest strategies which would however entail investing in other people's divestment. The market's reflexes must be made to function downhill as effectively as they do uphill. More on that matter if the need arises.

Dr Alkis John Corres

Chairman, Hellenic Association of Maritime Economists

Golden Harvest Shipping Service Co. Ltd.



Your most reliable shipping service provider
in all ports of China

Add: No.1405 Yixian Road, Shanghai 200439, P.R.China • Email: ghasco@public7.sta.net.cn / supply@cn-goldenharvest.com
Tel: +86-21-65318899, +86-21-65843408 • Fax: +86-21-65842994 • Web: www.cn-goldenharvest.com

General ship supplier • Marine Stores Importer and Exporter • Safety Inspections • Vessels labouring • Port agency • Minor repairs and dry-docking

FIRST PERSON

EXCLUSIVE

Demetris Christofias President of the Republic of Cyprus

Elected as Cyprus' first Communist President, Demetris Christofias, 61, a Soviet-educated history professor, swept to power in February's Presidential election on a pledge of resolving Cyprus' unification problem. His chances of succeeding are good considering the party he leads, the communist Akel party, has long had friendly ties with the Turkish Cypriot left wing. But it is his support of the country's maritime sector that has generated the most interest. The island's owners, managers and flag authorities believe that through his efforts, the crippling issue of the Turkish ban on ships flying the Cypriot flag or coming from a Cypriot port may finally be resolved. *SMI* Editorial Director Sean Moloney talked exclusively with the President, barely a month into his Presidency, about his views on the shipping industry, the Turkish situation and that most important of supporters, The European Union.



If Demetris Christofias had suggested at any time during his successful Presidential campaign that he wanted to get close to his people then he is clearly a man of his word. At least that was my impression when he interrupted Mozart's Clarinet Concerto in A Major playing on my iPod to introduce himself and shake my hand.

Confused? Well probably not as confused as I was. It transpired that Cyprus' newly elected President was on my flight from Larnaka to London and had decided to walk through the cabin shaking everyone's hand. Of course, I hadn't heard the announcement that he was on the plane because I was enjoying my little classical moment.

"You don't know who I am, do you?" he asked as I whipped off my ear phones and coyly shook this unidentified outstretched hand.

"I am the President of Cyprus," he contended. I was sure a little smile had crept on his lips, a smile of glee possibly at my ignorance or perhaps one of satisfaction that after such a hard fought Presidential campaign, he was *indeed* the President of Cyprus.

Demetris Christofias won the President election after defeating rival right-winger Ioannis Kasoulides in a second round of voting. For his part, Mr Christofias told a stadium full of exuberant supporters that he "extended a hand of friendship to my compatriots the Turkish Cypriots and their political leadership. I call on them to work together for our common cause, a country of peace," he said.

Christofias and Kasoulides had emerged neck-and-neck from the first round of the election, which saw the defeat of President Tassos

Papadopoulos. Official figures showed Mr Christofias had won 53.36% of the vote to Mr Kasoulides' 46.64% in the second round of voting.

Akel supporters celebrated victory outside the party headquarters in Nicosia, chanting slogans and waving flags. Car horns could be heard across the city.

The island's partition along ethnic lines has long stood as an obstacle to Turkey's bid to join the EU, and remains a source of contention between Nato allies Turkey and Greece. Mr Christofias is likely to find that any progress on re-unification will be slow and difficult especially as many sensitive issues remain unresolved, including the return of refugees, security and the constitution.

But it is in the area of shipping where a resolution of difficulties with Turkey could bring most rewards. A lifting of the Turkish ban on ships visiting its ports from either Cyprus ports or if they fly the Cyprus flag, could significantly and positively impact on the growth of trade with the island and also, almost overnight, boost the size of the Cyprus flagged fleet by upwards of 30 million grt. No wonder the Cyprus shipping industry hopes, and possibly believes, that with his election, all its Christmases may have come at once. Last year when I visited the island, they talked about if the Turkish ban was lifted. Now the talk is of when. More significant is the fact that Demetris Christofias' manifesto included a page and a half on how he planned to support the shipping industry by working to get the Turkish ban lifted, boosting the size and competitiveness of the Cyprus flag,

“And he is probably right, especially when you consider that soon after winning the election, he contacted the UN to start talks with the Turkish Cypriot leader on reuniting the divided island. But he also warned that Turkey held the key”

solving the taxation issue and backing plans to expand and grow Cyprus' ports.

Indeed, as Thomas Kazakos, Secretary General of the Cyprus Shipping Chamber, stressed, the President even agreed in only his first month of taking office, to speak at the CSC Annual General Meeting – something that was a complete surprise to all.

“Well Thomas Kazakos is my very good friend,” he told me as I interviewed him crouched on one knee in the business class cabin of the Cyprus Airways flight to London.

“I have a very positive approach towards the shipping industry,” he added. “It's a promising industry in Cyprus but it has to face some practical problems which are in front of it. So I have promised the CSC to be in contact with them, to take part in their Congress very soon. Of course the government is interested in the development of shipping and the development of companies in the shipping industry. So being the president of the Parliament for seven years, I have closely watched the leadership of the organisation,” he added. ⇒

Demetris Christofias Factfile

Born in Dhikomo, Kyrenia District, now in the area occupied by Turkish troops, on 29 August 1946. Now lives in Nicosia. Married to Elsi Chiratou; has two daughters and one son.

Parliamentary Activities: At the parliamentary elections of 19 May 1991 he was elected Member of the House of Representatives standing as an AKEL-Left-New Forces candidate in Kyrenia and was re-elected at the parliamentary elections of 26 May 1996, 27 May 2001 and 21 May 2006. He was elected President of the House of Representatives for the Eighth Term of Office of the House (2001-2006). On 1 June 2006 he was re-elected President of the House for the Ninth Term of Office. He is ex-officio chairman of the Committee of Selection and chairman of the Ad Hoc House Committee on Rules of Procedure and of the Special House Committee on Declaration and Examination of Financial Interests. He is also President of the Executive Committee of the Cyprus Branch of the Commonwealth Parliamentary Association and of the Executive Committee of the Cyprus Group to the Inter-Parliamentary Union.

In 2004 the Department of International and European Economic and Social Studies of the University of Macedonia awarded him an honorary doctorate.

Education: Institute of Social Sciences in Moscow. Doctorate in History sScience (Academy of Social Sciences of the Soviet Union),

Foreign Languages: English, Russian.



FIMS

The software solution
to optimize
your fleet management

- Control and plan all your technical needs
- Manage easily your purchasing chain and suppliers
- Manage safety documentation and crew
- Permanent synchronisation via satellite

All datas can be shared between ships and all departments at Company offices via web access for authorised people from anywhere.

Meet us on **Posidonia Exhibition**
In Athens, 2-6 June 2008
Stand N° 239C

FIMS Database Services

Technical

Safety

FIMS
Software

Purchasing

Documents

www.docsea.com



GMATS

**GLOBAL MARITIME AND
TRANSPORTATION SCHOOL**

KEEP YOUR CAREER MOVING

A World Leader in Maritime Training in:

- **Nautical Science** ● **Security and Transportation** ● **Marine Engineering** ●
- **Research and Special Projects** ●

Call to REGISTER NOW!

Phone: +01-516-726-6100 E-Mail: gmats@usmma.edu Web: <http://gmats.usmma.edu>
Located at: 300 Steamboat Road, Samuels Hall, Kings Point, NY 11024, USA



Addressing the 19th Annual General Meeting of the Cyprus Shipping Council (CSC), now renamed the Cyprus Shipping Chamber, in Limassol at the end of the second week of April, Demetris Christofias stressed that the development of merchant shipping "not only takes on important economic dimensions but it also has political consequences".

Giving his personal support "towards a solution of the problems" in the shipping sector, President Christofias confirmed that "the Turkish embargo, as well as other matters relating to the smooth operation of the shipping companies in Cyprus, such as their taxation regime and the social security for EU seafarers on Cyprus ships, have been included high in my list of priorities."

He used our impromptu meeting to reiterate the need for the Turkish issue to be resolved.

"First of all, we have to convince the United Europe to press Turkey to implement its obligations towards the acceptance of Cypriot ships in to Turkish ports, because it's an obstacle let's say for our shipping industry and for the Cypriot flag. So this is one of our priorities: of course it does depend on the governments involved. We try and continue our efforts in these directions. The Turkish government faces some problems of their own with social security of their workers. So we are going to examine this problem in a serious way and we shall try to solve it," he told *SMI*.

And is he confident that the Turkish problem can be resolved?

"I think yes, it is possible," he replied resolutely.

And he is probably right, especially when you consider that soon after winning the election, he contacted the UN to start talks with the Turkish Cypriot leader on reuniting the divided island. But he also warned that Turkey held the key. He said at the time that he hoped to set up an exploratory meeting with Mehmet Ali Talat soon.

"We are full of goodwill to break the deadlock to solve the Cyprus problem," Mr Christofias told Reuters. "Turkey, however, is the occupying force and that is the crux of the Cyprus problem. Otherwise, as much goodwill as Christofias and Talat and anyone else here has, we will again remain in a deadlock."

Cyprus has been divided since a coup aimed at uniting the island with Greece prompted Turkey to invade and occupy its northern ⇒

"Despite all odds, the country has not only responded to this challenge but has exceeded by far all expectations and goals set by planners and decision makers. This is evidenced by the fact that Cyprus is considered to be one of the largest third party management centres worldwide"

'There when you need us'

www.turbochargerbreakdown.com

tsi
Turbo Service International

190 Commercial Road - Rixton
Southampton SO9 5AA
United Kingdom
Tel: +44 (0)1723 8084 3000
Fax: +44 (0)1723 8084 3000
Email: sales@tsiuk.com
www.tsi.eu.com



Nicos Nicolaides, Cyprus Minister of Communications and Works

section in 1974. Turkey has been told it will not be allowed to join the EU unless the Cyprus problem is resolved.

The election of Christofias was seen by diplomats as the best chance in years to break the deadlock on Cyprus. Talat, the leader of the breakaway Turkish Cypriots, was reported as saying the division of Cyprus could be resolved by the end of the year. "I believe that it

won't be a surprise if we solve the problem by the end of 2008," he said, a day after Christofias won the election.

"A settlement to the Cyprus problem must come from the Cypriots, be agreed by the leaderships of the two communities and approved by the two communities. It has been proved that solutions supplied by third parties, in one way or another, cannot be accepted and lead to the desired outcome," Mr Christofias said.

He stressed that to underline that a settlement should derive from Cypriots themselves did not imply a diminution of the role of the international community and especially the United Nations, since the Cyprus problem had always been an international problem, particularly now in the era of globalisation.

He added: "We need the international community particularly as regards exercising influence on Turkey. Because we reiterate, once more, that if Ankara does not alter its policy on the Cyprus problem, the road towards a solution will not open, no matter how much good will we show. We, therefore, call on the international community, the United Nations, the five Permanent Members of the Security Council and the European Union – which Cyprus is a member state of and Turkey aspires to join – to turn their attention and influence towards Ankara to change its policy on the Cyprus issue".

Mr Christofias also said there was currently movement in the Cyprus problem as a result of the initiatives his Government had undertaken thus far. "Our meeting with Mr Talat, the concurring climate in which it was held and the agreement reached at the meeting, the opening of Ledras Street, the setting up of the working groups and technical committees which begin work this week, as well as the rekindled interest of the international community, send out a hopeful message," he noted.

environment conscious
dynamic
teamwork
industry awareness
focus on safety
complete transparency
cost effective
quality
client partnership

**The Next Generation
of Shipmanagement**



Dobson Fleet Management Limited
Dobson House
P.O. Box 54809
Limassol, CY-3728, Cyprus

Telephone: +357 25 844600
+30 210 9001012
Facsimile: +357 25 844707
E-mail: info@dobsonshipman.com
Web: www.dobsonshipman.com

"A good start has been made. I wish and hope that what will follow will be equally good. We will support the working groups and technical committees so that they produce work within the next months," President Christofias concluded.

Nicos Nicolaides, Cyprus Minister of Communications and Works, also used the Cyprus Shipping Chamber Congress to reiterate the importance that his government will give the shipping industry. He told delegates: A comprehensive historical review of the shipping developments in Cyprus clearly demonstrates that there is a continuation and adherence to the same goals and objectives.

"Focusing on the route followed since Cyprus became an independent state in 1960, it is evident that today's "ruling the waves", which is synonymous with maritime activity, was a well perceived goal by the decision makers in the country. Government after Government, Minister after Minister, adhered to the same principles and goals, initially to build up the Cyprus flag. In parallel with hoisting the Cyprus flag at every port of the world, the next challenge was to build up a complete shipping infrastructure in the island.

"Despite all odds, the country has not only responded to this challenge but has exceeded by far all expectations and goals set by planners and decision makers. This is evidenced by the fact that Cyprus is considered to be one of the largest third party management centres worldwide, with more than 40 companies operating ships from the island and more than 90 shipping-related companies. Furthermore, the performance of the Cyprus fleet, which is the 10th largest worldwide and 3rd in Europe, comprising 16% of the EU fleet (1,800 ships corresponding to a total gross tonnage of 20,2 million), has dramatically improved over the last years. Thus, Cyprus is today an increasingly respected maritime country," he said.

"The emerging new challenge is not only to maintain this success but also to create the necessary environment, which will allow us to enhance our role, to shape the developments and trends in the international industry. Cyprus, as an EU member state, can no longer maintain its independency in terms of deciding and implementing an attractive shipping policy, by simply adopting its strategies to the demands of the global shipping. The Herculean task ahead of us is to firstly create the necessary synergy within the European family so that consistent insistence on international regulations rather than on regional ones is prevailed, in order to develop and maintain, amongst others, a healthy maritime competition globally.

"Within the above context, Cyprus must create additional alliances in the EU, besides the cooperation that exists with Greece and Malta. We are working towards creating these alliances with countries with which we share similar ideas, we have similar national interests and we have worked several times closely with them in the international fora (IMO,ILO). The attempt to accomplish common goals must indeed be common," he added. ■

"The Herculean task ahead of us is to firstly create the necessary synergy within the European family so that consistent insistence on international regulations rather than on regional ones is prevailed, in order to develop and maintain, amongst others, a healthy maritime competition globally"

Get the best out of your ECDIS





Put your trust in electronic charts from Jeppesen Marine.

To take full advantage of your ECDIS you need premium electronic charts. Being the market leader in the industry, C-MAP has always been a trusted supplier, recognized for its electronic chart standard. Now as a part of Jeppesen Marine, and a major distributor of ENC's from Hydrographic offices, Jeppesen Marine offers the best available coverage of ENC. By adding C-MAP Professional+ electronic charts, type approved to ISO19379, in areas without ENC coverage, the C-MAP ECDIS service facilitates world coverage of electronic vector charts,

- the best solution for your ECDIS!

- Both chart databases distributed in CM-93/3 format
- SENC data for trouble-free ECDIS installation
- Easy and fast online chart updating service
- Global network of companies

For more information contact:
Jeppesen Norway AS, Teli+ 47 51 46 47 00
E-mail: info@c-map.no - www.c-map.no





jeppesen.com
Jeppesen is a Boeing Company

How I Work

SMI talks to industry achievers and asks the question: *How do you keep up with the rigours of the shipping industry?*

WILLEM DE RUITER

Executive Director of the European Maritime Safety Agency (EMSA)

"It is not the job of Brussels to improve the image of shipping – shipping is responsible for its own image and Brussels is responsible for its image – which is an issue in itself by the way"

If the head of Europe's maritime safety agency is as pedantic about the adherence to rules and regulations as he is about the alleged misuse of industry jargon, then rogue ship owners and managers had better watch out because every 'i' will be dotted and every 't' will be crossed methodically and without exception and there will be no hiding place.

"You need to clarify what you mean by multilateral because this is not clear to me," he said when *SMI* sat down to interview him recently at a meeting of the industry in Turkey. "I have difficulty grasping the sense of what you mean by multilateral," he retorted.

It was true to say that the interview had got off to a slow start. I had anticipated maybe a heated debate over the rights and wrongs of regional regulation but not a misunderstanding over why I had used multilateral instead of international and unilateral instead of regional in my questioning over the important role a regional regulator like the EC is playing in today's shipping industry.

Undeterred, the EMSA Executive Director pressed on: "Is the shipping sector overregulated? I would say no more than any other sector of economic life. We do have an awful lot of regulation in our society. I believe it is heavily regulated but I don't think the shipping sector is more substantially regulated than say aviation or railways or roads or even the construction sector. There is simply a lot of regulation in our western industrial life."

But owners are complaining about having to deal with so many levels of regulation, from IMO, the EC, USCG, P&I, Class, I asked, and they even have to deal with vetting by the oil majors.

"Vettings are not regulations, they are an industry-created phenomenon which comes on top of the regulation. There are different views on the merits of vetting but I am not going to comment on them," he added.

We were on a roll and I was determined to keep hold of the conversation flow. "but is the role of the unilateral regulator nothing more than a safety net in case the international community fails or is the unilateral regulator there to raise issues to be dealt with at international level?," I asked.



"in many cases EMSA has the role of auditor and inspector, checking whether the regulation is properly implemented. So we keep a bit of a distance but we appreciate and understand each other and we work together"

Bad move, there was that word unilateral again. "Again I have difficulty understanding what you mean by unilateral, do you mean regional? It is very confusing choice of words. I have difficulty following the logic," he said.

"This is a question you should be asking the industry but there are many indications that the relationship between the shipping industry

“Brussels has an interest to foster safety but it is not my job to improve shipping’s image. The industry is starting to do this, perhaps they are a bit late, but there is no other way”

and EMSA is a positive one. We have good communication and EMSA does not have a bad press and the shipping industry does not have a bad press within EMSA. We understand each other and on the whole the shipping industry has a drive towards continuous improvement. Intertanko is an example of this but there are many other ship owner associations and communities that are clearly quality oriented and have understood there is no long term benefit in trying to cut corners when it comes to safety. So yes we each have our distinct role, we don’t lie in the same bed, and in many cases EMSA has the role of auditor and inspector, checking whether the regulation is properly implemented. So we keep a bit of a distance but we appreciate and understand each other and we work together.”

Willem de Ruiter is a very highly respected member of the European regulatory system. Having spent time at the European Commission, he was asked to head up the European Maritime Safety Agency in Lisbon, a post he will head up for at least another five years after he was recently confirmed in the position for a second term.

The Agency’s main objective is to provide technical and scientific assistance to the European Commission and Member States in the proper development and implementation of EU legislation on maritime safety, pollution by ships and security on board ships. To do this, one of EMSA’s most important supporting tasks is to improve cooperation with, and between, Member States in all key areas. In addition, the Agency has operational tasks in oil pollution preparedness, detection and response. As a body of the European Union, the Agency sits at the heart of the EU maritime safety network and collaborates with many industry stakeholders and public bodies, in close cooperation with the European Commission. The remit of the agency has expanded rapidly since its creation. Officials now control a fleet of oil pollution emergency response ships throughout the continent, a fleet that will be further enlarged next year to include the Black Sea.

Working closely with the shipping industry is therefore important to EMSA, but in the Executive Director’s view is the shipping industry doing enough to keep its house in order?

“Well, as a representative of the regulatory world I should never say yes to this question because you always want more from the shipping industry. The first thing that springs to mind is the issue of fuel quality and sulphur. If you had asked me a few months ago I would have said no I am not happy, the industry should do more. But right now we know quite a reasonable compromise solution has been found in IMO with substantial involvement from industry organizations. So at this moment I cannot say I am grossly unhappy with the contributions of the shipping associations.”

But what about the crew shortage dilemma? Rapid over-promotion of unsuitable officers could start to have repercussions on the safety side. Isn’t that a worry?

“It is having repercussions on the safety side as far as I can interpret statistics from accidents – it is happening already. The crew issue will be top of the agenda in years to come. Here industry could do more. What is required is a new kind of thinking. The industry has always believed it is enough to order ships and that the crew can be bought. Well that is no longer evident. The ships will be delivered at a certain time but you may find you cannot get the competent crews.



“Part of the game now has to be, that when you order ships you start thinking at the same time about finding or creating the necessary competent crews. There are some initiatives by some owners’ association that involve developing crew training either in their own country or elsewhere, I believe we will see an increase of this. The construction of ships has to go hand in hand with the development of crew. You cannot simply leave the problem to governments. It is a serious issue and I believe it is an issue that will not go away but the solution will involve partnerships between private industry and governments – they cannot do it alone,” he said.

But surely Brussels has a responsibility because after all, it could find itself having to implement new swathes of regulation if casualties increase due to poor training or seafarer shortages.

“Let’s be clear on this. It is not the job of Brussels to improve the image of shipping – shipping is responsible for its own image and Brussels is responsible for its image – which is an issue in itself by the way.

“Brussels has an interest to foster safety but it is not my job to improve shipping’s image. The industry is starting to do this, perhaps they are a bit late, but there is no other way. Brussels and EMSA have a straight forward job of quality control, ie to ensure that the STCW convention is being respected and implemented and that there is no watering down of seafarer quality or false issuance of documentation. That is our role. Don’t ask us to go and find the crew for the ship owners because they will have to make the profession sexy and pay the right wages to attract the crew.

He concluded: “If you build ships you have to attract crews. We can’t help it because it is the same for everyone; they have to find their workers. I can see the problem but I do not accept that it is my responsibility to resolve it. I am happy to contribute ideas but it is not my role to find crews for the ship owners.” ⇨

MICHAEL BODOUROGLOU

Chairman and CEO of the Athens-based bulker owner Paragon Shipping Inc

"While the credit crunch was starting to affect some smaller shipping companies, opportunities would be thrown up that the larger more cash rich and public companies could find difficult to turn down"

Paragon Shipping proved its worth as a Nasdaq-listed bulker owner when it posted, in February of this year, fourth-quarter net income of \$7.75m, some 17 times the quarterly profit it returned a year earlier. At the time of going to press, the company was set to announce figures for the first quarter of 2008 and all signs pointed to it being very much 'business as usual'.

But as Chief executive Michael Bodourogrou told *SMI*, while the credit crunch was starting to affect some smaller shipping companies, opportunities would be thrown up that the larger more cash rich and public companies could find difficult to turn down. As he stressed: "One person's problem is another person's opportunity".

He added: "There is no doubt that credit has become tighter and more expensive and there is no doubt that a number of companies will find it harder to raise debt than they have previously been used to. One of the factors that is easing supply concerns within the industry, and the dry bulk industry in particular, for 2009 and 2010 and beyond, is that the order book may not turn out to be as big as it currently looks."

Accepted, concerns have been raised over the strength and viability of many of the greenfield yards where many orders have been placed and people are already talking about delivery delays which will all contribute to an easing of the supply situation. But market watchers are not ruling out the impact of the credit crunch on owners' ability to pay for, and take delivery of, the vessels they have ordered.

"We think that the huge amounts of money required to execute this global order book may not be available at the end of the day so certain cancellations may have to take place: which in my view will not be a bad thing for the industry at all," he told *SMI*.

"I think the most susceptible will be the smaller private companies because they went ahead with their orders on the basis that after they had counted their money and their equity they only needed to put 20% equity down if the deliveries were accompanied by sound charters. Now it is different. They were banking on a debt of 80% but this kind of debt in my view, is not there anymore. They may not have the equity necessary to go ahead with the orders and we have already seen a number of companies trying to sell to keep the contracts."

So are they selling the slots they already have and what effect will this have on rates and vessel availability? "Yes. I follow mostly the dry bulk and this is where most of this type of action is. It is true that everyone is concerned with the big order book which, if it materialises, will have a negative effect on current rates. But how big that effect will be no one can say because a lot depends on the demand side and how strong cargo demand will be.

"Despite some reports and opinions expressed by analysts, I do not see any signs that demand is weakening. On the contrary, we see demand continuing unabated; we see huge volumes of cargo moving across the sea, huge appetite by charterers for vessels and we see the supply of every commodity being produced in the world being consumed by the world. Demand for the vessels is here and is very strong.

"But if you ask me whether the market can absorb a 20% influx of new ships in one year I would be very sceptical. The probability would be no. This would create a softening of the rates but if we saw a softening of the rates then we would also see a greater level of scrapping," he said.

But if smaller owners were forced to cancel their slots or sell them on, would that mean the new vessels staying in the market?



"If you ask me whether the market can absorb a 20% influx of new ships in one year I would be very sceptical. The probability would be no. This would create a softening of the rates but if we saw a softening of the rates then we would also see a greater level of scrapping"

"I think so yes. In moments like this, we have seen over past years that one person's problem is another person's opportunity so there will be opportunities for people who have easier access to equity and debt. The bigger the companies are, the better position they will be in to protect themselves from the credit crisis," he said.

Paragon announced healthy profits last year, so is it still on an expansionary drive and is it interested in picking up some of the deals that may fall by the wayside?

"I would like to do both. We are due to announce our earnings for the first quarter in the next week or so but we are happy that in 2008 we will be renegotiating the charters of six of our vessels – that is 65% of our fleet. These are the ships that are expiring 2008 or early 2009.

"We have already renewed the charter of one of these vessels and are working on renewing the others. Because the market is a lot better than when we fixed the current vessels, we think we will see higher daily rates for a longer period of time. As a result we would like to opt for three year charters rather than the one year charters we have done in the past. This will give us comfort for the coming three years when we are all a little concerned about the supply side. As a company, we are very fortunate because we have a revolving credit facility in place and we have over \$130m of undrawn facilities and a lot of cash in the company – so we would like to use this wisely and cautiously but not too conservatively. There are opportunities throughout every period," he concluded.

LARS MOSSBERG

Owner, Chairman and CEO of the Marininvest Group

"Many ship management companies or ship owners acting as shipmanagement companies, want to hold onto the problems and solve them themselves"

Lars Mossberg is one of those passionate ship owners who believes that the safety and well being of his ship and crew really is important. But for an investor in new tonnage, he is surprisingly enthusiastic about the technical strengths and benefits his fleet possesses. Indeed, recently taking delivery of the fourth in a series of 74,999 dwt 1A Ice-class product tankers from the Brodosplit shipyard in Croatia gave him an opportunity to talk about the importance a vessel built to Marininvest's own design will have on its flexibility in meeting the cargo carrying needs of a forever demanding market. Third party management of his tonnage is also an important aspect of its trading success, he claimed.

"The Mariann is unique because she combines a 'flexible' corrugated bulkheads design with a large cubic capacity so ensuring cargo handling flexibility together with an ability to accommodate larger volumes of low density cargoes like Naphtha and Condensates," he told SMI. "The vessel boasts a cargo capacity of 85,659 m3 that can take 55,000 tonnes of naphtha and her corrugated bulkheads with no internal structures in the cargo tanks have also been specified for easy cleaning and quick changes between cargoes. Seven segregations are possible, including slop tanks for flexible operation with part cargoes. =>



"If we go to a larger ship management company they are there more for the money maybe and have less interest in satisfying our needs as a small shipowning company"



Morale = Productivity

Raise crew morale with a low-cost way to call home

● EASY TO ORDER

IPACs ('virtual card' confidential PIN numbers) are sent via encrypted e-mail direct to the vessel within 24 hours of order. Multiple payment options available.

● EASY TO USE

Simple instructions are sent with every order. Per second billing with lowest rate. Calling plans available for Inmarsat terminals B, M, mini-M and Fleet.

● EASY TO MANAGE

IPACs can be treated as a slop chest item. Ship management is invoiced at the end of the month and costs simply deducted from crew wages by the shore office. No pre-payment required.

Main Office | Tel: +1 508 370 7778
Fax: +1 508 370 7791
Email: crewcall@wlnet.com

Cyprus Office | Tel: +357 25 877565
Fax: +357 25 661136
Email: info-cy@wlnet.com



CrewVoice

by



WORLD-LINK
COMMUNICATIONS

www.wlnet.com

“The Mariann has a full Filipino crew apart from a Romanian electrician – mainly because of the difficulty in employing good electricians from the Philippines. But with this crewing strategy also comes an element of loyalty from the crew”

“By utilising FRAMO submerged pumps and deckheaters she can accommodate a variety of cargo parcels. High discharge rates can be achieved because it is possible to run six cargo pumps in parallel, or possibly more with the right mix of lighter cargoes. Heated cargoes can be handled efficiently without heating coils that would make tank cleaning harder. The phenolic epoxy-coated tanks offer very good resistance to all kinds of cargoes,” he added.

But in this age of heightened regulation, vessel safety and care for the environment are key requisites of the ship’s design. As a result, all the fuel and diesel tanks have double sides and bottom, while all the service and storage tanks in the engine room have been designed with a cofferdam separating them from the outer skin. According to Marininvest, this design exceeds upcoming IMO requirements which make double skins for bunker tanks mandatory.

But the ace up Marininvest design sleeve, has got to be the specially designed PTI emergency propulsion system which is the first of its kind designed for a slow speed 2-stroke main engine. Utilising the hydraulic power from the FRAMO cargo system, the system can ensure the vessel maintains a speed of 9-10 knots in moderate weather. The PTI system, when combined with the CP propeller, gives good manoeuvrability and power control. It has been designed as a ‘Take Me Home’ device and for having propulsion power available during engine maintenance. Connection is easy and can be done in 10 to 20 minutes.



Capt Ariel Gaban, Master of the Mariann

What do you look for in your senior crew?

“The most important thing for me is to have someone who will follow instructions and who is willing to learn but they must be competent at least and know the most basic parts of his job. When you come onboard there really is no time to teach people here so they should know the basics at least. We get a lot of students in the Philippines becoming more interested in shipping when they see the likes of myself running ships like these.”



So with such an innovative fleet of vessels to run, why does Marininvest rely on the third party management sector as strongly as it does? What strengths do a company like Thome Shipmanagement, which manage the vessels on a third party basis, have that Marininvest itself may lack?

“Many ship management companies or ship owners acting as ship-management companies, want to hold onto the problems and solve them themselves,” said Lars Mossberg, “and we need to know every problem they may have with the ship, all of them. They are on the spot so should see any problems happening first hand but we have very good communication with Thome. We have developed what we know to be our quality concept and it is reliant on very straight forward communication of very precise information with nothing hidden; ever, and this has worked very well.

“Of course that puts a strain on the resources of the company but we now have in Thome, our own fleet group which enables us to have control. It’s important for us to have a shipmanagement company that tells us what the problems are and one that keeps us informed about everything so we can influence. If we go to a larger ship management company they are there more for the money maybe and have less interest in satisfying our needs as a small shipowning company,” he added.

As Lars Mossberg admits, the most crucial aspect is managing to secure the crew and that is where Thome’s Manila manning agency is a benefit. The *Mariann*, for instance, has a full Filipino crew apart from a Romanian electrician – mainly because of the difficulty in employing good electricians from the Philippines. But with this crewing strategy also comes an element of loyalty from the crew with a number of seafarers passing through the cadet ranks to reach and hold onto senior officer positions onboard Marininvest vessels.

So does Marininvest operate a robust cadet programme onboard its ships? “It is getting more robust. We have three cadets on each vessel; one deck cadet, one engine room cadet and one electrician cadet. The onboard cadet programme should be about education not just about sailing,” he said.

But what influenced you in deciding on a full Filipino crew system, at least onboard the *Mariann*? “There was a perception that Filipino officers were no good and we had difficulty trying to convince Croatian officers that they could actually educate these people. But it was not until we decided to change to full Filipino crew on the *Kirsten* by opening up the possibility for career progression up to chief engineer and master that there was a change on mood, a change of attitude and we got much better Filipino recruits. And people who have left us because there was no career possibility have come back. ■

Response Ability

Posidonia  Ποσειδώνια
The International Shipping Exhibition
2-6 June 2008



- Emergency Towing
- Lightering
- Salvage
- Firefighting

24-hours +1 206 332 8200
www.marineresponsealliance.com



Marine Response
ALLIANCE[®]



Visit us in the US Pavilion Stand #450/1

Lifting the market to new levels



A shortage of suitable tonnage coupled with strong rates and long booking lead times has forced established operators to view the heavy lift newbuilding sector with more enthusiasm than previously seen.

And owners are under greater pressure to opt for bigger and higher capacity new tonnage as charterers seem unwilling to trust the awarding of some of the more higher value contracts to less than adequate tonnage. But while owners look to the newbuilding yards to resolve their tonnage supply needs, there is mounting concern that this new tonnage planned could depress rates at a time when the impact of the credit crunch starts to be felt.

Bremen-based Beluga Shipping operates its vessels according to the mantra that it wants ".....to be more innovative than others, to follow our visions and to be moving off the beaten track whenever this seems worthwhile".

Beluga employs more than 350 people ashore and 1,300 seafarers on board its 56 multi-purpose heavy lift project carriers and these figures are due to grow considerably in the near future. By 2011, the company will have 75 multi-purpose vessels at its disposal. "We regard this as the strategic optimum in the project and heavy lift tramp shipping niche market, especially since the average age of the entire fleet is only three years", said Niels Stolberg, President & CEO, Beluga Shipping.

"Apart from offering a modern, powerful fleet and sound, creative as well as flexible transportation solutions, it is the direct customer approach that forms the core of our company's market strategy", he added.

One of the core investments that Beluga has made down the years is the setting up of 10 international branch offices located on four continents: - Rotterdam (The Netherlands), Houston (US), São Paulo (Brazil), Beijing (China), Shanghai (China), Mumbai (India), Tokyo (Japan), Singapore, London (UK) and Johannesburg (South Africa).

To cope with its huge multi-purpose fleet, Beluga has its own chartering staff...."to help develop tailor made solutions and meet the client's demands with a maximum of reliability. Working around the clock, the chartering department, in close co-operation with the in-house transport engineering team, focuses on putting together the best possible service package".

For example, specialists and engineers attached to the transport engineering department are responsible for the secure stowage of large and complex cargoes. Beluga cargo superintendents will monitor and supervise the loading and discharge operations around the world. The company claimed that Beluga had a sufficient number of vessels in position to respond to whatever the client requires.

In addition to this, there are several worldwide agents, who also screen the market for business opportunities in the field of project and heavy lift cargo, besides the company's own sales division.

When analysing Beluga's large newbuilding programme, it was found that higher capacity vessels of up to 1,400 tonnes in a twinned configuration were the norm. The question that remained, however, is whether this was the optimum size for heavy lift cargoes today with the obvious exception of rig movements.

"From booming centres of commerce in for instance Asia, Africa or South America, complex modules, harbour cranes, plants, windmill or refinery equipment and other project and heavy lift cargoes are being ordered," Mr Stolberg explained.

These cargoes get bigger, heavier and more complex. For example, today complete plants have to be shipped. Consequently, there is a growing demand for vessels fitted with on board crane capacities beyond the 250-tonne limit. "Our new P1-/P2-series vessels, that are currently under construction and due to be delivered as from late 2008 till mid 2011, can be seen as a strategic answer to this market situation", he added.

“From booming centres of commerce in for instance Asia, Africa or South America, complex modules, harbour cranes, plants, windmill or refinery equipment and other project and heavy lift cargoes are being ordered”

These 20,000 dwt vessels are fitted with hatches measuring 86.65 m x 18.50 m, and will be ice class E3 meaning that for two or three months per year they can transit the north-east-passage to and from the Far-East. They will each be fitted with two 700 tonne capacity shipboard cranes, combining to 1,400 tonnes if necessary, plus a third on board crane with a 120 tonne capacity.

Out of the 19 newbuildings, 16 will have lifting capacities ranging from 800 tonnes to 1,600 tonnes. According to the Institute of Shipping Economics and Logistics in Bremen, Beluga is the global market leader in the standard geared heavy lift sector with on board cranes exceeding 240 tonnes.

The fleet is broken down into different lifting capacity size ranges. The company said that this three-type strategy is the hallmark of Beluga Shipping. The E- and F-series, the R- and C-series, account for about two-thirds of the current fleet, while the newbuilding P1- and P2-series will be identical in design and construction within their respective classes.

This gives Beluga the advantage of having the flexibility to meet client's specific requirements, for example, on board craneage capacity, box-shaped holds, adjustable 'tweendecks, high ice class, fairly low draft and economic bunker consumption, the company explained.

Beluga's future marketing strategy, once all the newbuildings are delivered, will be to allocate 20 vessels to the spot market, 30 operating

on long-term projects and the remaining 20 vessels will be chartered out on a long term basis.

A couple of years ago, Beluga invested in jumboising a couple of the multi-purpose vessels, but the company said it has no plans to repeat the exercise, due to its large newbuilding project.

Turning to training, Beluga said: “In order to ensure the competence of our crews we have undertaken certain measures to enhance and continuously improve quality and qualification as well as the optimisation of skills and competencies in various fields.

“First of all, we put a lot of effort and financial investment in training the future nautical and technical generation of seafarers by educating them within a tailor made training concept framework on board while they are still students. By means of our own training initiative – Beluga Sea Academy – we are able to offer 160 cadets practical training on board every year. On six specially designed training vessels and with the guidance and supervision of an extra assigned training officer, these young future master mariners and future chief engineers experience life on board and also learn theoretical background,” Mr Stolberg explained.

In addition, in-house training programmes for both transport engineers, as well as traders are also part of Beluga's philosophy and strategy. “We do need highly qualified offspring on board and on shore, hence training and education plays a major role within our company”, the spokesperson emphasised.

As for the innovative “Beluga SkySails”, the world's first and thus far only newly built commercial vessel co-powered by wind energy, she has successfully completed her maiden voyage. In late January 2008, she left her home port of Bremen for Guanta, Venezuela, arriving in 13.5 days. During the voyage, the 160 square meter large towing kite installed on the vessel was used several times.

The first phase of “Beluga SkySails” operation was a sort of “training camp on high seas” for the team involved, the company said. The pilot testing phase is scheduled to last for 12 months. Savings in bunker consumption of 10 to 15 per cent are achievable on a regular basis, the company claimed. The kite will be doubled in size later this year, once sufficient operating experience has been gained.

“Since we are absolutely convinced by SkySails, we have already decided to install kites with 600 square meters in size on two 20,000 dwt vessels of the Beluga P1-series, which are currently under construction. Then bunker savings of about 10 tonnes on a daily basis will become feasible and realistic”, the company said.

Moving on to the larger semi-submersible type sector, a relative newcomer to the scene - Ocean HeavyLift (OHL) - now claims to be the world's second largest heavy lift operator after Dockwise in terms of lifting capacity.

Other companies, such as Beluga, have more vessels, but are not in the same markets as Dockwise, COSCO, OHL and Fairstar, the company explained. This quartet primarily caters for the offshore oil and gas markets by offering large semi-submersibles able to transport rigs and modules.

According to OHL's CEO Cato Hellstenius, the company has two →



“In the semi-submersible type sector, a relative newcomer to the scene - Ocean HeavyLift (OHL) - now claims to be the world’s second largest heavy lift operator after Dockwise in terms of lifting capacity”

semi-submersibles converted from tankers and is due to take delivery of another two converted tankers this year, purchased from a company controlled by Blystad in a rather complicated deal.

For the \$107 million purchase price per vessel, Blystad contracted to hand over the fully converted tankers in July and October last year. Hellstenius said that he now expected to take delivery of the first vessel in May and the second one in July, or August of this year.

Indeed, the seller, Songa Ancora, had informed OHL that the HeavyLift Ancora was scheduled to leave the Huarun Dadong Dockyard in China during late April for final commissioning in Singapore. The change of ownership to OHL is expected to take place in May.

Based on owners' inspection and observations at the shipyard, the HeavyLift Hawk was further delayed and final completion was estimated for July/August.

By invoking a clause in the contract saying that a payment of \$60,000 per day becomes due 15 days after the original delivery date until the vessels are physically delivered, the purchase price has been reduced to \$90m for the HeavyLift Ancora, the first vessel, and \$93m for the HeavyLift Hawk. The daily payments are being deducted from the original purchase price for the two converted vessels.



Hellstenius explained that a force majeure claim was lodged by Blystad, representing the seller Songa Ancora, aimed at reducing the penalty days by 111 for the Ancora, which was rejected by OHL.

When the penalty is adjusted for operating expenses, idle time and financing/depreciation, the penalty rate is higher than the current market rate of between \$70,000-\$110,000 per day for the vessels, he claimed.

While under the name of Awilco Heavy Transport, OHL entered into the contract with Blystad for the acquisition of two heavy lift vessels in February 2007 intended for delivery in July and October last year. →



RESOLVE

Marine Group

VISIT US AT



Posidonia 2008
The International Shipping Exhibition
3-6 June 2008

MARITIME TRAINING

EMERGENCY RESPONSE

MARINE SALVAGE AND WRECK REMOVAL

OPA-90 AND STATE REGULATORY COMPLIANCE

MARINE FIREFIGHTING AND HAZMAT RESPONSE

EMERGENCY LIGHTERING AND TOWING

ARTIFICIAL REEFS AND MARINE SPECIAL PROJECTS

AUGMENTED REALITY MOBILE TRAINING












+ 1 954-764-8700 (24 Hours)

www.resolvemarine.com www.resolvefire.com



BELUGA

SHIPPING

www.beluga-group.com

BELUGA Germany
Bremen
Phone +49 (0) 421 333 22 396
E-Mail sales@beluga-group.com



Your experts for heavy lift
and project cargo.

Hellstenius also said that the company had already built a solid contract base with major rig owners. He explained that thus far this year, OHL had moved four rigs and a river cruise vessel. Giving examples, he said that the HeavyLift Eagle had transported three jack-up rigs for Hercules, Nabors and Gulf Drilling, while its sister vessel HeavyLift Falcon had transported an accommodation semi-submersible rig for Prosafe and a river cruise vessel for Blue Ships.

There is an increasing demand for the transport of barges, tugs, dredgers, modules and other specialised heavy lift cargoes, he added, as several rig operators have still not contracted heavy lift transportation for their newbuildings due for delivery 2008-2009, thus creating a tight market.

Hellstenius estimated that 19 of the jack-ups due for delivery this year and 27 for delivery next year were still without drilling contracts.

According to offshore brokers Pareto, around 35 jack-ups are due to be delivered this year and around 34 in 2009, another 18 in 2010 and four the following year. As for semi-subs, 16 are due this year, 23 in 2009, 22 in 2010 and another six in 2011, all of which will need moving.

It was thought that today's rig building boom would be far from over by 2010, due to the high age profile of the jack-ups and semi-submersibles in operation, many of which will need replacing.

Pareto expected a strong pick-up in jack-up demand during the next 12 months. The incremental demand was estimated at 59 units versus 38 newbuilding jack-ups. This in turn will create a strong demand for heavy lift vessels for both newbuilds and existing rig moves, the broker said.

The Middle East will be the strongest growth region with up to 27 units needed, these which will create long haul moves, and therefore

"The large semi-submersible heavy lift fleet controlled by Dockwise, OHL, Cosco and Fairstar will consist of around 25 vessels by 2011, up from the 20 in service this year"

taking semi-submersibles out of the market for longer periods.

Hellstenius agreed with this comment explaining that a strong rig move market to oil fields in the Middle East, India, Africa and the North Sea should result in long haul trips, creating a large order backlog at firm rates for the years 2008-2010.

At present the oil service market accounts for 70% of the cargo lifted by the larger heavy lift vessels. Broken down, jack-ups account for about 45% of the lifts, 15% are semi-submersibles and 10% offshore modules. These are followed by dredgers and cranes (around 8% each), barges (about 6%), drydocks (around 3%) and naval units, plus other types of cargo at 5%.

Hellstenius said he also saw a more interesting market developing in the transportation of barges, dredgers, tugs, modules, pipe layers and floating cranes.

The large semi-submersible heavy lift fleet controlled by Dockwise, OHL, Cosco and Fairstar will consist of around 25 vessels by 2011, up from the 20 in service this year.

Including vessels on order or under construction, Dockwise has 14 units amounting to 58% of the total semi-submersible heavy lift fleet, while Cosco and OHL have four each and Fairstar has two.

Of the fleet, 10 are open stern purpose-built heavy lift vessels, while the other 14 are tanker-shaped converted hulls. ■

HSI Health
Systems
International



The single 'PORT' to medical savings

Over 20 years of experience in the Maritime Industry serving P & I Clubs, Ship Owners, Tanker, Container and RoRo Operators, Cruise Lines, Fishing Companies, Brokers, and Insurance Companies.

- International Medical Network
- Access to largest bank of pre-contracted medical doctors & hospitals
- Web access to medical provider directory, claims status, and claims history

Call now and let us steer you to vast medical savings +1.317.806.2000

www.us-hsi.com



CEPSA MARINE FUELS SETS THE HIGHEST STANDARDS: YOURS

We have your same needs; versatility, agility and premium quality are our service mainstays. This commitment to excellence allows us to provide marine fuels meeting international quality standards, ensuring supplies in ports worldwide. We are CMF, your reliable partner.



ON MY MIND



George Ioannides

George Ioannides is Vice President of Ocean Tankers, a company focusing on modern double hulled and double bottomed oil and chemical tankers. The company, which was formed in June 2005, has seen its fleet grow to 16 vessels, including two newbuildings and three second hand vessels soon-to-be-delivered. The age profile of the fleet is only six years with the oldest built in 1997 and the latest ones being delivered this year. Ocean Tankers believes that owning and maintaining a modern double hull fleet reduces off time hire and operating costs, improves safety and environmental performance and provides the group with a competitive advantage in securing employment for its vessels. All the vessels are managed by Admibros Ship Management, its Limassol and Piraeus-based in-house management arm.

What concerns do you have as an owner?

Of course it is the crew market because it is very difficult to find good crews. It is a crucial factor for owners to succeed in this area. That is why we are trying to establish a new company in Manila, through our in-house management arm Admibros, just to create our own crew pool. Our aim is to obtain good crews, albeit at probably higher salaries because they are continuing to rise as we all know. We have already secured office space in Manila and it has been refurbished and we are now waiting for approval from the legal authorities. Admibros Manila will be responsible for recruiting mainly Filipino ratings because with the charter contracts we have, we prefer to employ Russian speaking officers. We have made an agreement with the company selling the ships that come complete with the Lukoil charter contracts, to keep the crews with the ships until the contract ends.

Everyone is concerned about crews but as far as safeguarding future crew levels, are you looking at any future cooperation agreements or tie ups with crew managers?

Of course we are looking at these, we are cooperating with some of the managers and the crew managers in Russia and the Ukraine because of the Lukoil contract but it is still proving very difficult not just for them but also for us. Day by day wages are increasing. The only thing we can do to generate loyalty is to give our crews the right incentives or standby bonuses if they are waiting ashore and to give them some sort of bonus for every successful inspection by a relevant authority or oil company. It is important to build up the trust by sending the wages home on time and to have good food and provisions onboard which is also a major factor to keeping them fit. This is relevant for our ships because, as a result of their size and type, they are

“Ocean Tankers believes that owning and maintaining a modern double hull fleet reduces off time hire and operating costs, improves safety and environmental performance and provides the group with a competitive advantage in securing employment for its vessels”

loading and discharging at ports that are very close to each other. That is why the salaries are high in the small tanker sector and it is increasingly difficult to find good crew – they prefer to work on the larger vessels that have a sea voyage of 10 to 15 days.

Ocean Tankers is undergoing a fleet expansion programme. What size and type of vessels have you opted for and why?

The two newbuildings are 30,000 dwt and the three five to six year old second hand vessels we are expecting to take delivery of in April are 15,000 dwt. So we are looking at the smaller IMO II and III range tankers at the moment. There are very few double hulled tankers of this size in the market, around 20% to 25%, and due to the phasing out of the single hulls, demand is rising. On the other hand, the order book for these vessels is low compared to demand. The newbuildings are being built at the STX shipyard in Korea. They were contracted at a price of \$22.9m per ship and currently the market price is around \$29m. We are currently negotiating their employment but we are looking at rates of around \$40,000 per day for the two newbuildings with a breakeven of circa \$9,000 to 10,000. Our aim is to have three to five year time charters. We want to have all our ships on time charter because as a listed company we need to have a

Q “What concerns do you have as an owner?”

a “Of course it is the crew market because it is very difficult to find good crews. It is a crucial factor for owners to succeed in this area. That is why we are trying to establish a new company in Manila”



steady revenue stream. We currently have three vessels on the spot (at the time of press) because their timecharters have expired but we are very close to time chartering them out as well but these are the smaller 6,000 to 8,000 dwt range.

Being a public company means you have to give shareholder returns, but as far as your future newbuilding strategy is concerned, will you stay within these size ranges and particular trades?

For the time being our plan is to stay within this size range but this doesn't stop us from going to bigger sized tankers should we want to but at the moment we are focusing on this size for the more stable returns. If you go back five years, the hire rates for these vessels were very steady with little or no fluctuations at all.

There is a move by smaller fleet size owners to have the management of their ships to larger third party managers. What are your views on the third party management sector?

As you know our ships are managed by Admibros Ship Management, our own private company and they manage them like any other management companies. They are experienced and know what they are doing. We do not get involved with benchmarking because we are very satisfied with the job that Admibros do. We control the vessels ourselves and we can have access to whatever information we need.

What are your views on the image of shipping: do you believe shipping has a bad image or is it a question of not having an image at all.

The shipping industry is a very small community and everyone knows each other but people outside this community are unaware of the benefits of shipping. The benefits are extremely good, especially

Day by day wages are increasing. The only thing we can do to generate loyalty is to give our crews the right incentives or standby bonuses if they are waiting ashore and to give them some sort of bonus for every successful inspection by a relevant authority or oil company

for Greece because shipping is the highest income generator for the country. The problem we have is that the shipping industry is over-regulated and this raises ship owner costs. It also makes it difficult for newcomers to survive in such a competitive arena because the initial investment is very high. For owners of tanker tonnage, if you do not have oil major approvals, then you are not competitive.

How can the regulation situation be improved – should things be more streamlined?

Ship owners should become more involved in the legislating of the industry because they are the ones who know their vessels best. The regulators are doing their job but if they allow ship owners to participate then I think it will be better. At least they should be able to give their opinion. ■

The problem we have is that the shipping industry is overregulated and this raises ship owner costs. It also makes it difficult for newcomers to survive in such a competitive arena because the initial investment is very high

NEWBUILD CONTRACTS

OWNERS AND YARDS GRASP NEW OPPORTUNITIES TO MEET TRADE DEMAND

By David Tinsley

Despite mounting concerns over the much-vaunted credit crunch and its impact on business and on ship financing, demand for bulk commodities driven by growing energy needs and developing and changing food trade patterns has swelled interest in bulk carriers in all the main size categories. China's continuing industrialisation and surging global commodity markets look set to underpin the advance in dry bulk demand and earnings for some time to come, outweighing negative influences.

Hong Kong- and Shanghai-listed China Cosco Holdings' planned next tranche of orders for 25 newbuild vessels includes 17 bulkers, all of which are set to be constructed in China by yards associated with the shipowning group. The bulkier component to the programme consists of nine 57,000dwt handymax units, to be assigned to Cosco Shipyard Group, plus eight small handysize vessels of 20,500dwt, which are to be placed with Nantong Cosco KHI Ship Engineering (NACKS), the joint venture between the ship owner's parent and

Kawasaki of Japan. NACKS is also set to build eight 13,350TEU containerships for China Cosco.

India's rapidly advancing industrial sector and expanding power generation network is stimulating greater flows of bulk materials. Indian shipbuilding, now in the process of unprecedented expansion, attendant to a rising profile on the international stage, offers new tonnage sourcing possibilities. However, many Indian owners are continuing to look to the established players for their tonnage needs. Reliance Power, for instance, is reported to be exploring terms available from yards in eastern Asia in connection with its plans for up to 10-12 bulkers, including large capesize and panamax units.

One of the latest project proposals that would engender additional capacity in the future involves ABG Shipyard, which is contemplating a third yard in Gujarat. This would have the capability for vessels up to 350m in length, outstripping that of the larger of the company's two existing yards by about 100m. ABG's extensive workload includes 12 bulkers in the 35,000dwt category for principals in Thailand and Germany.

A further, cost-competitive option emerging for buyers of newbuild vessels to serve the shortsea commodity and general cargo trades is the as yet small but enterprising shipbuilding sector in Bangladesh. Dutch operator Hollander Schultens has placed a series of eight 4,500dwt multipurpose carriers with Highspeed Shipbuilding & Engineering Company, at Fatullah, which ranks as the country's longest-established shipyard. Highspeed is to upgrade its facilities in the run up to the December 2008 scheduled start to the building of the ice-class Dutch vessels.

Highspeed is the third yard in Bangladesh to have attracted export work in recent months, according to

Germanischer Lloyd, which is classing all the tonnage involved. The earlier orders entail five 4,100dwt multipurpose dry cargo vessels from Western Marine for Stella Shipping of Denmark, and a series of 12 multipurpose newbuilds of 5,500dwt to be constructed at Ananda shipyard to foreign account.

To help stimulate the sector, the Bangladeshi government is reportedly introducing something akin to the bonded warehouse principle in application to shipyards, by allowing duty-free imports of certain materials, as well as tax concessions.

Opening a new chapter in the development of Chinese shipbuilding, the industry's first LNG carrier has recently been delivered to China LNG Transportation by Hudong-Zhonghua Shipyard, part of China State Shipbuilding Corp (CSSC). The Dapeng Sun offers a cargo capacity of 147,000cu m within a membrane-type containment system, and will bring gas from Australia to Guangdong province. Four sisterships are in hand, and it is anticipated that Hudong-Zhonghua will gradually reduce production times as the series progresses. Management of Dapeng Sun is in the hands of China LNG Shipping (International), a 60:40 joint venture between China LNG and BP Shipping, and the same husbandry arrangements will apply to the subsequent four vessels.

While coal-fired stations dominate the Chinese power generation sector, the indications are that the coming years will see the emergence of a multiplicity of LNG supply contracts, creating significant indigenous demand for cryogenic shipping capacity. In addition, CSSC is actively canvassing the international market for LNGCs in the 160,000cu m category, and the Dapeng Sun provides an important bridge to realising the export potential. The industry in China is already laying the technical ground for a subsequent move into ships of 200,000cu m-plus. Shipowners and the trade as a whole thereby look set to benefit from increased choice in the coming years as to LNGC sourcing, due to China's determined uptake of yet another field of advanced vessel technology.

The emergence of biofuels as a viable, alternative energy source to increasingly expensive, finite reserves of crude oil and other fossil fuels is opening up new market possibilities for shipping. Rising demand from the EU alone could require an extra 112-140 handysize tankers by 2015, to serve predominantly long-haul traffic, largely from South America and southeast Asia. In a recent presentation in London, Lloyd's Register's chief executive officer Richard Sadler considered that as many as 400 additional handysize equivalents could be needed by 2030. Environmental pressures with regard to fuel type usage might well spur an even larger increase in the fleet. ■

ANTWERP SHIP REPAIR



Your Maritime Partner...
FAST EFFICIENT AND RELIABLE

Antwerp Ship Repair N.V.

Haven 403, Industrieweg 11, B-2030 Antwerpen, Belgium

Tel: +32 (0)3 540 12 11 **Fax:** +32 (0)3 540 12 00 **E-mail:** info@asr.be **Web:** www.asr.be

Contact our General Marketing Manager: Johnny van Heurck **Mobile:** +32 (0)473 96 82 50

Waiting for the credit crunch to really bite

Harry S. Truman once said
that recession is when your
neighbour loses his job.
Depression, on the other
hand, is when you lose yours



How depressing has the news of an impending US recession been for the Greek ship owners and are the press pictures of the 'for sale' signs on the houses of defaulting US home owners more a cause célèbre rather than a real cause for concern. Exactly how worried are Greek ship owners, both private and public, about the credit crunch especially when you consider the level to which they have borrowed to fuel their desire for ships?

"I suppose the short answer to that is not really," claimed Ted Petropoulos, founder and Managing Director of Petrofin.

"I don't think there is a credit crunch, what there is, is a little bit of a credit slowdown. The number of financial transactions being done has slowed down as a result of the banks upping their terms. Whereas owners would normally do their financing or refinancing, now they are finding that each financing or refinancing is more expensive than before, so to some extent it is natural to expect there will be a slowdown. Banks have taken advantage of a credit crunch to increase their spreads and fees and tighten up on their terms," he said.

Analysis of the figures shows that banks are indeed more cautious about where they place their money: but it is evident the money is still available if the payments can be met and the charters are there.

"We have two problems currently facing owners," said Harry Vafias, President and CEO of StealthGas, "which if we didn't have them Greek owning companies would be expanding at a faster pace. The first is the credit crunch which means that small family companies cannot expand because the banks are not lending the money or only on very expensive terms. And because of that, the capital markets are closed so for big listed companies it is difficult to do a follow on offering or an IPO and raise money to expand if you don't want to be at the mercy of the banks. So that is another problem.

"Last but not least you have the order book which is very big, mainly on dry wet and containers and this for many owners, is a risk because nobody knows what will happen in 2010 and 2011 when the majority of these ships will be delivered," he said.

Because owners have made a lot of money over the last three to

"I think it is an exaggeration to say the credit crunch will affect the small to medium private or public owners because if someone is prepared to pay the higher costs, then banks are willing to provide the financing. Even if there has been a slowdown, the rate of amortisation of the portfolio is very high, because of front loaded repayments"

four years many are reluctant to reinvest the money because they don't know if the returns then will be the same as the last three years. That is why a number of the big Greek owners are reinvesting a lot of the money they made in other fields outside shipping so they don't hold all their eggs in one basket.

"It is a very difficult situation for the small family run businesses up to 10 vessels because they are not as cash rich as the larger companies. Vessel prices are sky high which makes the whole investment a bit risky. Even if they get the financing they don't know what the earnings are going to be for these ships two or three years down the line," Harry Vafias added.

Ted Petropoulos is a little more optimistic about the lot of the Greek owner. "I think it is an exaggeration to say the credit crunch will affect the small to medium private or public owners because if someone is prepared to pay the higher costs, then banks are willing to provide the financing. Even if there has been a slowdown, the rate of amortisation of the portfolio is very high, because of front loaded repayments.

"So I do not think this is anything other than an opportunity for banks to catch up on their terms and on their yields. If there were some marginal credit then these will have been affected but I think the robust small owner and the robust small public company have not been affected.

"What has happened is that the percentage of finance that has been lent against the ship has been reduced somewhat – which means there is more capital required than before and that is an effect of the credit crunch. Whereas the values have held high as have charter rates, the banks are all forecasting that 2010 will be a bad year. So they are trying to reduce vessel prices down to very low levels within only a two to three year horizon but that is not possible. It doesn't matter ⇨

Shipping companies could soon list on the Hellenic Stock Markets

Greece could become an option for raising much needed fleet expansion capital following reports that the Hellenic Stock Exchange is about to implement a series of guidelines aimed at making it easier for ocean going shipping companies to list their shares on the market.

In a move that has long been awaited by the market, the Hellenic Stock Exchange's rules of operation will be revised to abolish, among other things, the special requirement that makes it difficult for shipping companies (apart from companies operating ro-ro vessels) to publicly trade their shares.

According to the plan, all ocean going shipping companies will be able to benefit from the new regulations. Of course the stock authorities will include criteria to evaluate each ship owning company's suitability to list its shares. This criteria will either remain the same as today (i.e. based on the number of ships, in combination with their value and total capacity, the kind of insurance cover provided, the outstanding loans and the registry), or will be modified, but this hasn't been defined yet.

Changes could also be made relating to the information obligations of the ocean going shipping companies. For instance, if the shipmanagement company is not directly affiliated or in any way related to the ship owning company (issuer), the latter is obligated to provide efficient information on the ship manager, its founders, principal shareholders and the terms of relationship that are in place between the two companies (ship manager and ship owner).

Apart from this, all shipmanagement companies must operate under the international treaties and have sufficient experience and level of expertise to provide the services required by ship owning companies.

Once implemented, the changes could encourage many small and medium-sized Hellenic shipping companies to raise capital in Greece rather than in the US, according to market sources. The stock market's delay in securing the necessary framework has been the main reason why the largest shipowning nation of the world hasn't a single shipping company listed in the country's stock exchange. Instead approximately 30 Hellenic shipowning companies are listed on the Nasdaq and AIM markets.




TSAVLIRIS

SALVAGE

Salvage Masters of the World


24 Hours
Emergency
Response


Fire fighting 


Ocean rescue 


Sub-sea works 

Wreck removal 

Marine salvage 

Pollution control 

Deep-sea towage 

Offshore support 

Cargo & ship recovery 

Contingency planning 



Piraeus Greece, 10 Akti Poseidonos 185 31

Tel: +30 210 422 1000 A.G.M: +30 6976 444 100/103

Telefax: +30 210 422 1008/417 4885

E-mail: salvage@tsavliris.com

London United Kingdom, 38 Bruton Place, Mayfair W1J 6NX

Tel: +44(0) 207 629 7373 Telefax: +44(0) 207 629 7379

E-mail: tsav@globalnet.co.uk

www.tsavliris.com



The Norwegian International Ship Register - NIS

High quality option for registration:

Norway has introduced a new, competitive tax regime with conditions equivalent to those in the EU.

www.nis-nor.no

NIS  NOR

Tlf: + 47 55 54 12 50 Faks: + 47 55 54 12 75 Web: www.nis-nor.no



My View

Harry Vafias gives his thoughts on the crewing issue and the opportunities in the Greek market for third party managers

"I don't think the Greek owners are doing too much to resolve the global crewing issue. I don't see a lot of owners opening training facilities or entering joint ventures to solve the problem or even advertising to attract young people. Generally, the Greeks have been quite apathetic and have been just trying to solve the issue by paying more money which is not the solution to the problem.

"No, I wouldn't say the Greek market is looking more to third party managers. In the end regarding the crew problems, the one who pays the most gets the crew. While the markets have been at their high levels that has been an easy solution. The problem is what will happen when the markets collapse and you have to pay a master €12,000 when your ship is making \$10,000. At the moment no one is thinking seriously about it because even with the high wages, the ships are making money. When the ships start to break even or lose money then I think people will start to sit down and try and find a more sustainable solution"

"I don't think there is a credit crunch, what there is, is a little bit of a credit slowdown. The number of financial transactions being done has slowed down as a result of the banks upping their terms. Whereas owners would normally do their financing or refinancing, now they are finding that each financing or refinancing is more expensive than before"

how high the rates are, it is very difficult to reduce the price of a vessel you buy for \$70m down to what the banks want.

"It isn't that people are afraid of providing 70% finance for modern secondhand or even higher for newbuildings, it is just that the assumed charter rates that apply for the next three to four years are not sufficient for the amortisation that they are looking for," Mr Petropoulos said.

How are the concerns over the availability of public money affecting ship owners' strategies for the short to longer term?

"That depends on the balance sheet of every company," said one prominent owner *SMI* spoke to. "If you have a company that has a rate of 80% debt to market values then that company is cornered as it cannot take on additional debt because it is already over-leveraged. It will also find it difficult to raise further equity because the capital markets are closed. On the other hand you have public companies with debt of 30% to 40% which means they have lots of ample space to increase their debt which means they can embark on acquisitions without calling on further equity from their shareholders. The majority of public companies because they have had a good last two or three years, have got lots of cash and are not so worried that the capital markets are currently shut," he added.

As Ted Petropoulos stressed, while the size of the Greek newbuilding order book may be around \$52 billion, this is not high when you consider the average debt of the average Greek shipowning concern. "Our last analysis suggested that Greek fleets are financed to the tune of around 27% of their value – which is very close to their scrap value. This represents a solid asset base with which to finance the

newbuilding order book. If you add to this the colossal liquidity and the extremely good cash flow and with most of the newbuildings being secured by charters, then I don't think that Greek shipping is in any sort of difficulty.

On the contrary there are a great number of owners who have not been involved in newbuildings and were looking for the opportunity to buy. There is a lot of pent up demand and shipping has become a commodity where it is a real industry driving good results," he added.

Despite this optimistic approach, Harry Vafias has suggested his publicly-quoted vehicle *StealthGas* will adopt a conservative approach to expansion over the next 12 months because of the effects of the credit crunch but has not ruled out a foray into the larger tanker sector should market conditions be right.

Speaking to *SMI*, the *StealthGas* boss said he was not happy with his company's fleet balance at the moment and was in favour of adding more tankers possibly at the expense of some of his gas fleet.

Harry Vafias confirmed that *StealthGas* had added a third MR product tanker to his fleet. Recent press reports suggested that *StealthGas* paid \$57.5m for the 47,000-dwt vessel which is being built in South Korea.

He told *SMI*: "I am more optimistic about the larger ships in the medium term, suezmaxes and VLCCs, but at the moment prices ⇨



"We are very pleased to be associated with Teledata Marine Solutions and appreciate the effort put in by their staff to ensure a quick, efficient and industry compliant computer based ship management system in line with our standards."

Debashish Bhattacharya
Managing Director
FRS Ship Management

Maritime Leadership. All the way.



Web based maritime e-Learning

- Ship Superintendent Programme for seafarers and shore based managers
- LNG Cargo Operations course
- Certificate of Competency programme for reputed institutes

ShipManager 6.5

Teledata's commercial management system for chartering, post-fixture, voyage management and financials with a unique focus on "what-if" scenarios for quicker decision making. This product is web based and provides a 24 X 7 access to commercial managers.

NEW!

ShipManager 6.1

Teledata's maritime enterprise solution that has helped leading shipping lines around the world optimize operational efficiency through a unique focus on Business Intelligence and Informed Decision Making.

Highlights

- Planned Maintenance
- Break Down & Repair Management
- Inventory & Purchase Management
- Dry Dock Management
- E-Purchasing
- Fleet Personnel Management
- Safety Management (ISM)
- Fleet Monitoring
- Security Management (ISPM)
- Budget & Accounting
- Risk Management System
- Sludge Management System
- TMSA Compliance
- Enviro Watch
- Management Information System



Teledata
MARINE SOLUTIONS
sales@teledatamarine.com
teledatamarine.com



SEAWIND
SHIPPING SERVICES

RODOPOULOS BROS.

**the right information
to the right people**

[24HOURS CONTACT]:

Mob.: +30 6938 04.32.55 & +30 6945 92.10.51

- International Tows/Salvage • Offshore Services • Sale & Purchase • Management
- Barge Transportation • Ship Agencies

3, L. Nikis Av. 546 24 Thessaloniki Greece
Tel.: +30 2310 511.161 / 512.002, Fax: +30 2310 220.140
E-mail: rodmar@otenet.gr - www.rodmar.eu

A&P Group
Shiprepair, Conversion & Marine Services
around the UK
www.ap-group.co.uk



OnTheRecord

Emmanuele Vordonis, Executive Director, Thenamaris Ships Management

"I am not sensitive towards the improvement in image issue because the image of shipping is OK. Convincing people to enter the trade is not just about improving the image but finding methods to identify the right people who have the sea in their blood and speaking to them honestly. We do not want to present things better than they are but also we do not want to present a bad image. We want to tell them that they will be away from home but not for too long; they will be in a good ship but with good amenities and they will earn much more than on land

"Things are changing very fast. The traditional Greek ship owner with the limited number of ships still exists but probably the next generation will be different. In Greece we have companies established by young people who told a good story to the stock exchange, collected the money and bought the ships. And they are going to third party shipmanagement. So third party managers have a broad potential market in front of them. Also the professional managers are getting better. Some of them are developing the systems and have the capacity to attract good people. So their presence in the Greek market is increasing but under the pressure of short supply of people, they pay joining bonuses which is a lose: lose situation. I appreciate the pressure they have but this approach to the market will serve neither the clients nor the industry. We have a pragmatic shortage of seafarers and a pragmatic increase in the numbers of ships. How we cover the void is not easy."

are way too expensive and we will not go for those unless we see some softening in prices or some increase in rates in order to justify the very firm prices."

He added: "The StealthGas fleet is 50 ships out of which only three are tankers. It is not balanced: I am not saying we will get to a point where it is 25:25 because that is impossible but if I can get to the point where the fleet is made up of five, six or seven tankers and 40 LPGs then it starts to become more balanced. At the moment, three tankers cannot support 47 LPGs," he said.

He said: "At the moment we are quite under leveraged, actually the shareholders are complaining that we are under leveraged and they don't like it that we are too conservative which is a good thing for us and the banks but is not good for shareholders but we are not in a hurry."

"The credit crunch is not over yet. I think that in the next 12 months there will be a lot of bad news still to come from the banks, and espe-

cially the American banks, and so we do not want to stretch our balance sheet too much because there may be opportunities in a year to 18 months time. If we overstretch now, we will not be able to act quickly then. So we will be taking conservative steps for the next 12 months and that is the same for other companies too," he added.

But just how concerned are the banks about the oversupply situation given the huge influx of new tonnage coming into the market?

"That is what is driving the huge expectations that charter rates will plummet," stressed Ted Petropoulos. But prophecies in shipping never materialise, it's a fact. At this moment, a good 95% of owners and owners will say that 2010 is going to be a very bad year. Well it just doesn't work like that. I am not saying it is going to be a good year I just don't think it will be what people predict.



"The credit crunch is not over yet. I think that in the next 12 months there will be a lot of bad news still to come from the banks, and especially the American banks, and so we do not want to stretch our balance sheet too much because there may be opportunities in a year to 18 months time"

"It is not the inability to lend or the slowdown by some banks, it is more to do with the numbers involved and the market expectations that the deals do not make sense at 70% but maybe make sense at 55% or 60%. This may be having an effect on perhaps the ability to buy ships but it hasn't as yet affected vessel prices as we are seeing. It has had a very subdued effect."

If you do have order cancellations, will that force rates down? "I can see some softening if you take into account the forward supply situation but I do not expect a massive collapse of vessel values or charter rates. The reason for that is that I do not anticipate owners failing in their ability to finance their newbuildings. I see more in the way of shipyards being unable to deliver ships because of the high steel prices and because some of them will remain Greenfield sites."

"As for ship owners being unable to finance their obligations there is a myth being put across by banks primarily and some analysts that most of the Greek newbuilding orders have not been financed. Well that is a myth. We have done the analysis whereby over the next two years we have found that 77% of Greek newbuilding orders have already been financed."

Another factor is that owners are extremely liquid and there isn't any shortage of money, so if we are saying they will default in their ordering obligations, then that is a fallacy," he said. ■

INSIDER

Dick Welsh Director, Isle of Man Ship Registry

The flag sector is changing. We are now seeing the leading flags of the world becoming selective in the owners and operators with which they wish to become involved.



It is this drive for quality which makes the competition for position on the port state control white lists of the world interesting. Gone are the days when 'open registers' looked only for tonnage to grow the flag without taking other factors into consideration. This has really levelled the playing field for the quality flags that now need to compete on other terms; and I believe the answer to this lies in the level of service we can provide to our owners and operators.

Flag State responsibility is of paramount importance to both the traditional registers and the open registers which want to demonstrate they can honour their international obligations.

As IMO's Voluntary Member State Audit Scheme is rolled out to those flags which held their hands aloft to volunteer for the audit; the resources, manpower, expertise and legislation required for flag states to pass the audit becomes all important.

The Isle of Man is keen to secure such an audit and fully expects to be given the 'green light'. We are currently in the queue and will probably be audited in the second wave of audits after the member states.

ISM has had a marked effect on the industry since its inception in 1997 and 2002. In my opinion it provides a natural fit for flag

states to get involved with the ships and their operators as it provides a 36 month period for ships to be assessed and a 12 month period for office systems.

In addition, where problems are experienced with port state control performance of ships, this can almost always be traced back to the safety management system and resolved by working with the company for changes to, or more attention to, the company's system as it operates.

When flag states get involved in this over-arching management element of ships, it allows the class society to get on with the statutory surveys of the systems, equipment and structure of the ships, which can be verified during the flag state visit for ISM.

When security verifications for ISPS code compliance are aligned with shipboard ISM visits, it really does provide flag states with an opportunity for regular visits which add real value for the client and build the vital relationship between crew, operators, class and flag state. Only by fostering these relationships can we as a flag state ensure we are all aiming for the same thing – safety and quality.

"Port State Control when it is carried out consistently and fairly is a very effective third party assessment of ship performance, but where it is not consistent, it does present difficulties"

We have seen, however, that ISM alone cannot really be taken as an arbiter of quality on its own. For ships entering the register for new clients we need to use the intelligence available on port state control performance for the ships and their operators. Port State Control when it is carried out consistently and fairly is a very effective third party assessment of ship performance, but where it is not consistent, it does present difficulties.

Next around the corner is the ILO Maritime Labour Convention (MLC 2006) which is set to become the all important fourth pillar of regulation, alongside SOLAS, MARPOL and STCW.

This is something that will require significant flag state input and emphasis; in fact it is difficult to imagine how flag states which are not resourced with trained inspection teams will cope with the requirements of a convention which focuses on the rights and conditions of the seafarer.

The legislative work to revoke 67 existing conventions and introduce an entirely new convention into national legislation is staggering but the Isle of Man has the advantage of a small and proactive parliament which can bring about change rapidly. ■

INTEGRATED SYSTEMS



ISO 9001:2000

NAVIGATION SYSTEMS



SIMULATION SYSTEMS



VESSEL TRAFFIC SERVICES



Transas International Headquarters: 10 Eastgate Avenue,
Eastgate Business Park, Little Island, Cork, Ireland
Phone: +353 (0) 21 4 710 400, Fax: +353 (0) 21 4 710 410,
information@transas.com, www.transas.com

► Maritime Software Solutions



Jotron Consultas AS offers a variety of ship management software for use onboard all types of vessels. With hundreds of vessels using software from Consultas the solutions are well proven and continuously developed to meet the new demands of the industry.

Loading Computer

Consultas Loading Computer is a powerful tool for fast and accurate control of loading and lashing operations for all types of vessels and off shore installations. Its core functions are:

- Longitudinal Strength
- Intact Stability
- Ullage (DW) calculation
- Offshore or onshore with a level gauge system
- Full Damage Stability Calculation

Topic approved and designed to meet with all requirements from international governing bodies and classification societies.

www.jotron.com

CONSULTAS

Jotron Consultas AS
Tel: +47 33 03 07 00
consultas@consultas.no



Resolving Shipping's Image Crisis

SHIP MANAGEMENT
INTERNATIONAL

2nd International Ship Management Summit

Can Shipping Really Be a Career of the Future?

Top Ship Owner, Ship Manager and Industry
speakers will debate this crucial subject

June 30th to July 1st 2008 Amathus Beach Hotel, Limassol, Cyprus

REGISTRATION HOTLINE

Email: conference@elabor8.co.uk

Tel: +44 (0) 1296 682051

Fax: +44 (0) 1296 682156

For conference programme/booking form - www.shipmanagementinternational.com

Sponsored by



SHIP CENTRIC



SUPPORTED BY THE CYPRUS SHIPPING CHAMBER



SUPPORTED BY INTERMANAGER

WHY YOU SHOULD ATTEND

SHIPMANAGEMENT
INTERNATIONAL
2nd International Ship Management Summit
June 30th to July 1st 2008 Limassol, Cyprus

- Does shipping have a poor image problem or no image at all?
- What is the impact of this situation on the global supply of seafarers and shore-based staff?
- What are the perspectives from the ship owners, managers and regulators?
- Is shipping doing enough to prise itself out of this crisis? If not, what are the consequences?
- What needs to be done to resolve the crisis?
- A blueprint for future improvements

PROGRAMME HIGHLIGHTS

Today's shipping industry is suffering from a major image problem with little real understanding of the strengths and successes of this fine industry among the general public as well as national and international regulating authorities. Shipping generally hits the headlines when there is a crisis or a casualty and not because of the benefit it brings to global trade or to the safe and environmentally-friendly transportation of goods and cargo. The effect this poor image is having on recruitment into the shipping industry has reached epidemic levels with the obvious knock on implications on crew competence, vessel safety and escalating wage scales causing their own major concerns.

CONFIRMED SPEAKERS

RAJAISH BAJPAEE - COO Bernhard Schulte, **CAPT PETER BOND** - General Manager Interiorient Navigation, **SIMON FRANK** - Director, Crewing and Marine Personnel EMS Ship Management AS, **CAPT DIRK FRY** - President of the Cyprus Shipping Chamber and Managing Director of Columbia Shipmanagement, **ROBERTO GIORGI** - President of V.Ships, **MICHAEL IOANNIDES** - President Ocean Tankers, **DIMITRIS LYRAS** - Ulysses, **CLAY MAITLAND** - Chairman NAMEPA, **TONY MASON** - Secretary General ICS/ISF, **GUY MOREL** - General Secretary, InterManager, **STUART MUNRO** - ITIC, **MR NICOS NICOLAIDES** - Minister of Communications and Works, **WIM VAN NOORTWIJK** - President ISSA, **SERGEY POPRAVKO** - COO of Sovcomflot and Managing Director of Unicom, **ASAD SALAMEH** - World-Link Communications, **SERGHIOS SERGHIU** - Director Cyprus Department of Merchant Shipping, **DAG SCHJERVEN** - President & CEO of Wilhelmsen Maritime Services, **RUSS SHERLOCK** - Health Systems International, **DR. PETER SWIFT** - Managing Director of Intertanko,

CONFERENCE FEES

Full delegate rate - GBP 699

Discount available for early bird/multiple bookings



CYPRUS SHIPPING CHAMBER



InterManager

Members & Associate members - GBP 499

For multiple delegate places please contact us, discounts available.

The registration fee covers the 2nd International Ship Management Summit, refreshments, lunch, documentation and a CD Rom of conference speeches that will be made available after the event.

For further information contact our Conference Team, Elaborate Communications Ltd, Unit 9, Acorn Business Centre, Cublington Road, Wing, Bedfordshire, LU7 0LB, United Kingdom.
Tel: +44 (0)1296 682051, Fax: +44 (0)1296 682156
Email: conference@elabor8.co.uk
Web: www.shipmanagementinternational.com and www.elabor8.co.uk

SPONSORSHIP & EXHIBITORS

Elaborate has a variety of sponsorship and exhibition stand opportunities attached to this event, giving your organisation invaluable contact with the delegate audience. Sponsorship packages can be tailored to meet your strategies, objectives and promotional budgets. For further information please contact Jean Winfield on +44 (0) 1296 682051 or email her on jwinfield@elabor8.co.uk

BERNHARD SCHULTE SHIPMANAGEMENT



Global Shipmanagement Services



The power of unity

www.bs-shipmanagement.com



DORCHESTER ATLANTIC

BSM Isle of Man
Dorchester House
Belmont Hill, Douglas
Isle of Man, IM1 4RE British Isle
Tel: +44 (0) 1624 631800
Fax: +44 (0) 1624 626020
E-Mail: im-sdc-man@bs-shipmanagement.com

Eurasia

EURASIA GROUP

BSM Hong Kong
2602, K Wah Centre,
151 Java Road, North Point, Hong Kong
Tel: +852 2561 8838
Fax: +852 2561 8803
E-Mail: hk-sdc-man@bs-shipmanagement.com



HANSEATIC SHIPPING

BSM Cyprus
Hanseatic House
P.O. Box 50127
CY 3601 Limassol Cyprus
Tel: +357 25846400
Fax: +357 25846400
E-Mail: cy-sdc-man@bs-shipmanagement.com



BSM Germany

P.O. Box 11 34 36, 20434
Hamburg
Phone: +49 (0) 40-82 22 65-0
Fax: +49 (0) 40-82 22 65-650
E-Mail: de-sdc-man@bs-shipmanagement.com

Banking on a taxation formality?

If there is one issue the shipping community on the island of Cyprus all agree on, it is that negotiations with Brussels to resolve the issue of the tonnage tax regime, and in particular how it benefits crew managers, need to be concluded positively otherwise shipmanagement companies will start to leave in favour of pastures new.

And while there is general optimism that Cyprus will be able to persuade the European Commission that crew managers as well as companies offering full shipmanagement services should be entitled to the same sort of tonnage tax system that is in place elsewhere in Europe, there is a worry that if the tide doesn't go Cyprus' way then its status as a maritime cluster will be damaged.

"Our effort now is to persuade the Commission that allowing crew managers to be taxed on the basis of a tonnage tax will be beneficial and conducive to achieving the objectives of the guidelines," said Serghios Serghiou, Director at the Cyprus Department of Merchant Shipping.

"The Cyprus Flag has held its ground since the beginning and it has been one of the very few flags accepted by nearly all ship financing banks for mortgage registration"

"We have contracted the Universities of Vienna and the Transport Research Institute of Mannheim in cooperation with the Bremen Institute of Shipping Economics and Logistics to prepare a study on the importance of shipmanagement for Europe. The study is at the final stages and we hope that in the next few weeks we will be able to submit it to the European Commission together with a renewed request that crew managers should get the same treatment. If they don't get the treatment it is likely,

according to our preliminary findings, that most will gradually relocate outside Europe where the tax situation is better," he added.

This was a point echoed by Dirk Fry, President of the newly named Cyprus Shipping Chamber (previously the Cyprus Shipping Council) and Managing Director of Columbia Shipmanagement, who said the taxation issue was currently the most important issue faced by the Cyprus shipping industry. "During EU accession negotiations, Cyprus reached an agreement with the European Commission to extend the application of the 'tonnage tax' system for shipowning companies ⇨



Leave nothing to chance...



*choose Cyprus,
the maritime centre
you can trust!*



For further information please contact:

DEPARTMENT OF MERCHANT SHIPPING, MINISTRY OF COMMUNICATIONS AND WORKS

P.O.Box 56193, 3305 Lemesos, Cyprus, Tel: + 357 25 848100, Fax: + 357 25 848249

e-mail: maritimecyprus@dms.mcw.gov.cy - web site: www.shipping.gov.cy

to shipmanagement companies as well. This approval was provided according to the EU State Aid Guidelines for Maritime Transport 2004. This major 'victory' for Cyprus and European shipping covered a large part of the shipmanagement activities carried out in Cyprus.

"After the EU ruled that shipmanagement companies can also be taxed under a tonnage tax system, various other traditional EU shipping nations either have, or are seriously considering, applying a similar taxation system in their countries with the purpose of attracting this very lucrative sector of the shipping market," he added.

"Efforts are being made to both manage and maintain the competitive edge of the Cyprus shipmanagement industry globally, otherwise, we will have to decide whether or not we will continue to operate here and shrink our operations, or move into a more open and more competitive environment"

Aligned to this is the issue of social security contributions for EU seafarers employed onboard Cyprus flag ships. Having studied the matter closely and investigated what other EU countries have done, the Cyprus Shipping Chamber submitted to its government, a number of well argued proposals which benefit both the Cyprus economy and the Cyprus flag and which, it believes, do not contravene any relevant EU acquis or relevant practice followed in Europe.

Following a meeting of the Council of Ministers at the beginning of the year where the issue of social security was extensively discussed, it was decided that all legal means should be exhausted in defending legislation as it stands today, in order to maintain the competitiveness of Cyprus as a leading international maritime centre.

"Efforts are being made to both manage and maintain the competitive edge of the Cyprus shipmanagement industry globally," said Andreas Droussiotis, Chief Executive Officer of Bernhard Schulte Shipmanagement. "Otherwise, we will have to decide whether or not we will continue to operate here and shrink our operations, or move into a more open and more competitive environment. Surely the →

Reederei "NORD" Klaus E. Oldendorf bucks the trend by entering the third party shipmanagement fray

Limassol-based tanker, bulk and containership owner Reederei "NORD" Klaus E. Oldendorf is to enter the third party shipmanagement sector in a move that will surprise many players in an industry dogged by severe crew shortages, SMI can exclusively reveal.

The company, which manages its tanker and newbuilding fleets from Limassol but which recently relocated the management of its bulkers and box ships to Hamburg, is confident it has the crews to man any third party ships it takes on. However, it was keen to stress that it was entering the niche or 'boutique' segment of the market rather than trying to compete head on with the major players.

Keith Obeyesekera, General Manager, said Reederei "Nord" would seek those owners of tanker, container or bulk tonnage who demanded quality management of their vessels. "We regard this as niche management because we are a quality operator and we are known by our peers as such."

It would also be open for newbuilding supervision work, an area it has built up a strong reputation in, he added.

"We intend to man these ships with our own manning so we have to grow as we expand our own manning pool. That is one of the reasons why I say we have to do it systematically.

"Our move into the third party sector is a three year programme. We want to be fully up and running and making money in the next three years and we are quite confident we can do it. We are even happy to offer ship owners benchmarking exercises because we are confident about our operation. We are ready to be open and frank with third party principals and show what we are able to provide," Mr Obeyesekera concluded.

Cyprus fact file

- Cyprus is considered on the island to be a global 'shipping superpower'
- The Cyprus flag is the third largest in the EU and the 10th largest in the world
- It is the third largest shipmanagement centre in the European Union with more than 130 shipowning, shipmanagement and general shipping companies operating from the island
- it combines a legal system closely modelled on its British counterpart; an efficient civil service; an outstandingly high level of professionalism in the legal and accounting sectors; good labour relations; availability of competent local employees; comparatively low operation costs; an excellent banking system; state of the art telecommunications and good air links to all important destinations
- There are a number of fiscal and economic incentives available which enable Cyprus to become an international shipping metropolis. These include competitive ship registration costs and annual tonnage taxes; a favourable tax regime for shipowning, shipmanagement and other international business enterprises and the extensive network of bilateral agreements in merchant shipping
- In a landmark achievement, the Cyprus Seafarers' Employers' Association C.Y.S.E.A (which was founded only last year) has recently signed for the first time a collective bargaining agreement with the Cypriot unions SEK and PEO



RIGHTSHIP



Managing marine risk



TRADERS CHARTERERS TERMINALS / REFINERS PORT AUTHORITIES INSURANCE

- Petroleum and dry bulk vetting specialists
- Online tanker vetting information system
- Database of 52,000 vessels
- Global inspection team
- Tailored service to customers
- 24/7 access
- Hosted + Barge vetting systems

Australasian office
Melbourne, Victoria
Phone +61 3 86865741
Fax +61 3 86865740

Americas office
Houston, Texas
Office +1 850 387 4249
Mobile +1 850 624 6315
vetting@rightship.com

SEE US AT POSIDONIA BOOTH no. 250

WWW.RIGHTSHIP.COM

At your service

- Visa arrangements
- We can assist for the whole schengen area
- Hotel - Boers Seamen's center
- Crew changes without agency fee
- Own cabs

Take a look at:
www.boers-crewservices.nl

**BOERS
CREW
SERVICES**



Boers Crew Services
Ludolf de Jonghstraat 29-31
3043 JD Rotterdam
T +31 (0)10 415 77 25
E info@boers-crewservices.nl

A global marine travel service - managed locally day and night

IMTG's unique structure means our clients access the best deals from our global fares database, along with the peace of mind that a truly local service can provide.



www.imtg.net

We know you have a choice.



INTERNATIONAL MARINE TRAVEL GROUP



ToThePoint

Dirk Fry, President of the Cyprus Shipping Chamber and Managing Director of Columbia Shipmanagement

"The lifting of the Turkish embargo against Cyprus and EU shipping will have very positive economic effects for Cyprus and EU shipping as well as for Turkish trading interests. Direct trade between Turkey and Cyprus will be possible resulting in the further development of Cyprus ports. The Cyprus flag will experience increased registration of additional vessels and more shipping companies will establish operations on the island."

"Since coming to power, a number of high level meetings have already been held between the new government and the shipping bodies (most notably the CSC). The government is clearly dedicated to promote the shipping industry, and it is expected that the support will be substantial and beyond pure 'lip service'"

effect on the economy will be great; along with the social aspect of it, as approximately 4,500 people work within the active shipping industry on the island. We are confident we will manage to resolve these issues, and that we will not only sustain what we do here, but with the new ships under construction, Cypriot companies will be able to attract more of them here," he said.

"Why should they stay in Cyprus if they can get the benefits elsewhere. Getting the tax situation right is good for Cyprus," added George Ioannides, Vice President of Ocean Tankers.

Robert Thompson, First Deputy Managing Director of Unicom Management Services (Cyprus), agreed it was important to get resolution on the tax issue. "We need some form of comfort factor that has continuity with our colleagues elsewhere in Europe. More importantly, we want a fair deal that can give us something to plan on for the future.

"We know the industry is now being looked at in a different way now but it has to comply with EU legislation. I would like the tonnage tax to be seen as a workable solution: our corporate taxation is amongst the best in Europe but the tonnage tax should be up there with that of the UK and Germany," he said.

Stressing that the University study has "not helped our case that →

**NEED
TECHNICAL
CHEMICALS?
ONE
ANSWER...**

**MARISOL[®]
CHEMICALS**

**...and remember
QUALITY
IS
EFFECTIVE**

Maritech - Marine Technologies AB, Kristianstad, Sweden
Tel. +46 (0)44 106040 marisol@maritech.se www.marisol.nu

ION
INTERSHIP NAVIGATION CO. LTD.
- SHIPOWNERS -

navigating towards

Navigating Ahead...

a safe environment

Technical management
Crew management
Operations

INTERSHIP HOUSE
123, GRIVA DIOHENI AVE.
40032 LIMASSOL
P.O. BOX 54385
3723 LIMASSOL, CYPRUS
TEL: (+357) 25 58 40 00
FAX: (+357) 25 58 57 56
E-MAIL: mail@intership-cyprus.com
www.intership-cyprus.com



By Peter Bond, General Manager, Interorient Navigation

"We are experiencing problems attracting key personnel to come from Europe to Cyprus because Cyprus is no longer as attractive as it used to be because the offshore status, tax breaks and duty free cars have all gone. So we are competing on a level playing field with the UK, Holland and Germany for employees. We can offer the lifestyle and climate and that is all we can do. We can match terms and conditions regarding pay and medical but why should they have the upheaval of moving here – at the moment it is more about lifestyle."

much", Robert Thompson said a legal opinion on the study had been more favourable regarding crew management against technical management. It is about persuading the powers to be that crew management is as, if not more, important as technical management and therefore should be within the band of tonnage tax because without the crew you do not have the technical expertise and crew represents about 30% of total costs.

But these concerns over tax come amid a wave of euphoria on the island following the election in February of Demetris Christofias as President. He is a President many believe has the shipping industry at the heart of his policies and who could play a vital role in not only assisting in the tonnage tax situation but also honouring his pledge of resolving Cyprus' unification problem. Resolution of the Turkish situation and its ban on Cyprus flagged vessels, or vessels coming from a Cyprus port, visiting Turkish ports will have massive benefits for both sides as far as trade and commerce is concerned.

"He was probably the first Cypriot President to designate a section of his election manifesto to shipping, which underlines the importance which his government is putting on the further developments of the shipping sector, said Dieter Rohdenburg, Operations Manager at InterShip Navigation.

"Since coming to power, a number of high level meetings have already been held between the new government and the shipping bodies (most notably the CSC). The government is clearly dedicated to promote the shipping industry, and it is expected that the support will be substantial and beyond pure 'lip service'," he added.

"Misconceptions surrounding the new president will require a great effort to be cleared," said Andreas Droussiotis from Bernhard Schulte Shipmanagement. "Never mind whether the president has been General Secretary of the ex-Communist party of Cyprus, he is one of the most clever and progressive politicians we have representing the island.

Concerns over tax come amid a wave of euphoria on the island following the election in February of Demetris Christofias as President. He is a President many believe has the shipping industry at the heart of his policies and who could play a vital role in not only assisting in the tonnage tax situation but also honouring his pledge of resolving Cyprus' unification problem

"President Christofias is open minded, and during the time he served as president of the house, was one of the most supportive and influential politicians of our industry. I have no doubt he will continue to support the shipping industry. The president always has time for us, and is always willing to help in whatever way possible. President Christofias appreciates the value of the shipping industry to Cyprus," he said.

It is his efforts in trying to resolve the Turkish issue that if successful, will bring about most positive change on the island.

"When referring to the Cyprus Flag and the expansion, we have dealt with the Turkish ban and its negative stigma all these years as diplomatically as possible," said Andreas Droussiotis. "The Cyprus Flag has held its ground since the beginning and it has been one of the very few flags accepted by nearly all ship financing banks for mortgage registration.

"On the other hand, the Turkish ban was responsible for placing a serious restriction on the trading of the vessels; to the dismay of the owners. Due to the ban, we lost a large portion of our share for the Cyprus flag regarding newbuildings. Had this not been the case, we might have been the fourth largest registry internationally. This is a pending matter which we do not see being resolved any time soon. The issue stands and we must cope with it for the time being. This matter is the main reason why the local industry, with close cooperation with the Cyprus government, is trying to bring in new incentives. The current government views this matter as a priority. With our support, it is a problem that will be dealt with, and hopefully one which will be met with success," he stressed. →

Deloitte.

The leading advisors in shipping

We are the premier professional services provider for the shipping industry in Cyprus with an excellent reputation in shipping worldwide.

Deloitte name is synonymous with quality, professionalism and efficiency. We have invested heavily on our local shipping and maritime specialists in order to offer ship owners, managers and charterers with high quality cost effective services and solutions.

Our services in shipping include:

- Audit & Accounting
- Tax
- IT Consulting
- Human Capital Advisory Services
- Financial Advisory Services
- Corporate Finance



Audit • Tax • Consulting • Financial Advisory •

For more information please contact our shipping industry expert partner Costas Georghadjis at cgeorghadjis@deloitte.com or alternatively contact any of our firm's partners at our offices below:

Nicosia: Tel.: +357 22 360300, Fax +357 22 360400, email: infonicosia@deloitte.com
P.O.Box 21675, CY 1512 Nicosia, Cyprus

Limassol: Tel.: +357 25 868686, Fax: +357 25 868600, email: infolimassol@deloitte.com
P.O.Box 58466, CY 3734 Limassol, Cyprus

Larnaca: Tel.: +357 24 819494, Fax: +357 24 661222, email: infolarnaca@deloitte.com
P.O.Box 40772, CY 6307 Larnaca, Cyprus

www.deloitte.com/cy



UpFront

Serghios Serghiou, Director, Department of Merchant Shipping

"Our plan is to have 5% of the world fleet because 5% is a good figure for stability. I believe the 3.5% share we have now is quite good, under the circumstances. If we got the ban lifted, the 5% would be a feasible target."

Serghios Serghiou continued: "If the Turkish ban was lifted we would hope to get those ships that are fully managed from Cyprus – around 30% of the extra tonnage."

But being passionate about the shipping industry is as much about being well briefed about issues as it is about wanting to win votes. "As part of the intensive lobbying made by the Cyprus Shipping Chamber to present the positions of our Industry to all main Presidential candidates as well as to their campaign teams during the recent election campaign, Demetris Christofias was among the candidates who both publicly, and in writing, declared his commitment to resolve all issues affecting our Industry based on the Chamber's relevant proposals," said Dirk Fry.

"In an effort to keep all political parties well advised on the latest developments in Cyprus shipping and the current problems faced by the shipping industry, the Chamber maintains an open channel of communication with all political party leaders through the organisation of various meetings. In this respect, the Chamber has had excellent working and personal relations with Mr Christofias during his seven years term in office as a President of our House of Parliament. Also, Mr Christofias has always attended our official events and functions and more importantly, we have enjoyed a very good and supportive cooperation from his party in Parliament as well as with his party ministers in the previous Government.

"Judging from the commitments he made in his government programme, we are confident to state that the new President of the Republic will positively assist the resolution of the various issues affecting our industry as well as to the further development of Cyprus Shipping," he added. ■

"In an effort to keep all political parties well advised on the latest developments in Cyprus shipping and the current problems faced by the shipping industry, the Chamber maintains an open channel of communication with all political party leaders through the organisation of various meetings"



we manage ships

SHIPMANAGEMENT

NEW BUILDING SUPERVISION

TECHNICAL CONSULTANCY

SHIP OPERATIONS

CREW MANAGEMENT

www.columbia.com.cy



COLUMBIA

SHIPMANAGEMENT LTD.



COLUMBIA HOUSE
DODEKANISON STR.,
4043 LIMASSOL
P.O.BOX 51624
3507 LIMASSOL
CYPRUS

TEL.: +(357) 25843100
FAX : +(357) 25320325

E-Mail: shipmanagement@csmcy.com

Round Table Discussion

Efficient and cost-effective satellite communications onboard ship could be the answer to the industry's crew retention problems. But how viable are the solutions as far as the users are concerned and will concerns over the inability to split out IP costs work against its rapid take-up by owners and ship managers?

We asked 11 senior marine communications industry executives and experts to sit around a table at Inmarsat's London offices to air their views. Chaired by *SMI* Editorial Director **Sean Moloney**, the round table participants included **Piers Cunningham**, Head of Maritime Business at Inmarsat; **Dr Clive Poole**, Business Development Manager at Navitas Telecom; **Robert Johnson**, Chief Executive Officer at Blue Ocean Wireless; **Trevor Willoughby**, Senior Sales Director at Intelsat; **Asad Salameh**, President of World-Link Communications; **Reinhold Luppen**, Director at Vizada Solutions™, Vizada; **Ian Canning**, VP Marketing and Product Management at Stratos; **David Hess**, Managing Director at CSC; **Malcolm McMaster**, President of Telaurus Communications; **Julian Hewson**, Senior Marketing Manager, Europe & Middle East at Intelsat and **Adonis Violaris**, Group Marketing and Communications Manager, Bernhard Schulte Shipmanagement.

Sean Moloney

What are the blockages and barriers to the world's ship owners and ship managers fully understanding and embracing the benefits of effective voice and data communications onboard ship?

Robert Johnson

One of the major barriers, believe it or not, is communicating what is available. Ship owners and ship managers are incredibly busy and as we know, communications represents only a very small percentage of their daily spend. So they only focus on communications for a short period of time and although the industry believes that comms may be the best thing that has ever happened especially with all the good things coming along, I don't think ship owners and managers are able to spend enough time getting themselves educated at the same speed, so they are always behind the curve. You have to be pretty determined to overcome that; to be able to get exposure and time in front of the owners and managers. I don't believe you can do it just by advertising; you actually have to approach it on a one-to-one basis because this business is a people business.

Adonis Violaris

Large-scale operators have the means and the divisions to follow up the communications needs of their fleets. With smaller-scale operators, this is not as easy to do. The implications of what technology can do for small-scale businesses has yet to be appreciated. Sadly, these operators are not willing to financially back this aspect of business. Indeed, it is a factor that, if ignored, can hinder a business. We are fortunate that communications costs have dropped dramatically over the last 10 years. We all remember the 1990s, when the per-minute rate was around \$10. Today, we have voice charges of less than a dollar per-minute in some cases. Regardless, operators are trying to maximise their benefits at a much lower cost.

Sean Moloney

Adonis, your company manages over 640 ships so what percentage of your managed fleet has crew calling and internet access?

Adonis Violaris

One thing I can say is that in the past, all Hanseatic ships had free email for the crew – it was not on a daily basis, but it was more than what many ship managers were offering at the time. Now, we have managed to drop the vessels' communications costs by such a significant amount, in order to keep our crew happier, we can provide free email on a daily basis.



Sean Moloney

Bringing in Ian and Malcolm on this issue, the industry is suffering from a major crew shortage problem so is the obstacle to good communications onboard ship down to cost and the view of the ship owner?

Ian Canning

I certainly wanted to pick up on the costs element that Adonis raises. Trying to put together a cost benefit analysis of investment for an owner is a very difficult thing to actually do. When they are building a ship, capital cost is not an issue at all but once it is built and operational, then gaining additional capital onboard that vessel is certainly a barrier we all face. Some of that is down to the shipmanagement environment we face today; we do see ships moving around ship managers quite extensively and if the payback isn't short enough, they don't know if the vessel is going to stay within their management portfolio.

Coming back to the question about crew retention, we liken going to sea to being worse from a communications perspective than being in prison because you send someone off for nine months across the horizon and give them very limited communications. So that is an issue that needs

to be addressed. Being able to extend GSM connectivity out to the vessels is certainly a big one for crew retention – they can use a single number that they are used to using whether on land or at sea, which is a major benefit. All these things come to support the proliferation of services onboard a vessel. But it has all got to be cost-effective so we have to recognise that cost margins are very tight in the shipping industry and we all have to work within that. One of the things we are focusing more and more on is how communications can actually help to reduce budgets in other areas. If you can use other information to save a little bit of fuel that will actually far outweigh the communications costs you may actually have.

“Large-scale operators have the means and the divisions to follow up the communications needs of their fleets. With smaller-scale operators, this is not as easy to do. The implications of what technology can do for small-scale businesses has yet to be appreciated”

Adonis Violaris, Group Marketing and Communications Manager, Bernhard Schulte Shipmanagement

Malcolm McMaster

Taking up Robert's first comment about focus, I think it is critical because if you are talking about large ship owners, their whole buying process is different. Crew communication costs are a very small proportion of the overall spend; they are much more interested in the fuel cost and the cost of salaries. You can go to a small ship owner who can make a decision very quickly. A large sophisticated owner will go through many more procedures and it can take several months before you get a decision. One of the things we look at is trying to make things as easy as possible for the crew; make sure it is easy for them to set up their own emails; make it very transferable if they are moving from ship-to-ship. And Ian's point about fuel costs – value added services being important. Typically the ship managers are much more focused on costs whereas the ship owners have a different perspective.

Piers Cunningham

I was thinking back to when I used to superintend six sister vessels on the North Atlantic and the biggest issue was looking at the comms costs, about 0.5% against daily OPEX. It is interesting when I hear financial figures being banded about today and comms cost is still less than 1% of daily OPEX. There is no doubt about it that onboard communications can enhance the quality of life onboard and whether that is using voice, email or internet – having effective communications is an incentive to crew retention. Back then, we used to run British and Indian crews and pay Indian crews a retention for the North Atlantic to operate in -50deg F to do lashing bars in the St Lawrence Seaway; it was a monetary incentive to keep them onboard. But what we saw towards the latter years was the increased prosperity of the crewing pools, so the incentive for going to sea was diminished. There is no doubt about it that comms plays a vital part but the jigsaw of crew retention and world migration of crews has become a much more complex debate over and above just pure comms.

Asad Salameh

Technology as we know it today has changed a lot over the past five to six years and it requires much more sophisticated staff onboard. About 10 years ago the industry did away with the radio officer and today we are looking to the requirement possibility for an IT officer onboard ship. If we consider the applications we are deploying onboard, we are going to need an IT officer to be there. And owners are recognising that applications are getting more sophisticated than just sending a fax or a telex. We all know that the master is too busy to be able to install applications or even manage an email account especially in smaller companies, these issues are important. In a medium to large organisation IT departments are willing to assist the master. The fact of life is that with the mergers we have seen in the industry over the past three to four years, the level of service to the vessels in terms of resolving an email issue, is not the same any more. That is also a barrier that owners recognise in terms of what the vessel's capability is in using such services. ➔

Left to Right: Asad Salameh, President of World-Link Communications, David Hess, Managing Director at CSC and Julian Hewson, Senior Marketing Manager, Europe & Middle East at Intelsat





Reinhold Luppen

In our experience, you can lose a little bit of information each step of the way from product management to sales to service provider to the owner or manager and then one step more to the Captain or the IT officer onboard ship. We had various discussions with customers who came to us with certain demands and we said yes, we could accommodate these requests but they didn't realise that. So in my opinion I am sure the owner asks himself three questions: first, is it technically feasible; if it is technically feasible is it too expensive because we have to save costs; and thirdly, if I can afford it what would be the effort needed in my company onshore and onboard to maintain and install the services.

Sean Moloney

Is it about changing owners' mindset because you have to make life onboard ship as acceptable as possible?

Ian Canning

There are some recent studies such as the life at sea survey – and there were some statistics brought forward from a crew perspective where they said the most important thing to have onboard was internet access and then it was access to a telephone and then specifically email, then a gym. Finally it was satellite television. So there are some clear studies out there in terms of what they would like but often the operators look at the salary package rather than the associated facilities and I think it is the more dynamic ship owners and operators who are looking to a more complete package of services for their crew. And they are the ones retaining their crew and that is why we are seeing services like GSM extend out to sea and Fleetbroadband and even VSAT services

“In a medium to large organisation IT departments are willing to assist the master. The fact of life is that with the mergers we have seen in the industry over the past three to four years, the level of service delivery to the vessels in terms of resolving an email issue, is not the same any more”

Asad Salameh, President of World-Link Communications

“There is no doubt about it that onboard communications can enhance quality of life onboard and whether that is voice, email or internet – having effective communications is an incentive to crew retention”

Piers Cunningham, Head of Maritime Business at Inmarsat

extend out into the network such that they can have an 'always-on' connection method but that does then bring some of the barriers which are 'how do you manage it, how do you operate it, and how do you deal with the IT implications that come up as well'.

Julian Hewson

From a satellite operator's perspective, one of the major barriers is the perception that broadband connection comes with such a high cost and people expect it to be high-end SCPC carriers but in actuality, there are very cost-effective solutions that can guarantee CIRs at a fixed cost. Even with such cost-effective solutions out there, a perception issue remains.

David Hess

Our experience suggests that it's a lack of knowledge. In the last couple of years the technology has advanced so far and the understanding of the capabilities has not kept pace with what can be accomplished. While the land side office applications which help them run their businesses are very sophisticated and advanced, the ship side is still not being bridged with the new capabilities. So, as we get to talk to the ship owners we are trying to explain that putting broadband services on their vessels opens doors not only to the challenges of the crew members but also to corporate communications as well as vessel monitoring and security issues that provide real-time data insight that can be used to enable better efficiencies that run their operations both better and smarter. →



Check the weather. Download
chart updates. Talk to shore.
While the crew contact family
and friends. Simultaneously.

**It's all in a day's work for you and
FleetBroadband.**



VOLVO
OCEAN
RACE

2008 - 2009

RACE SPONSOR

A happy crew is operationally effective. And few things contribute more to a crew's wellbeing than keeping in touch with family and friends. Now crew can call or email home and send text messages, while up on the bridge, you're downloading real-time updates and accessing the company intranet. All more cost-effectively, with flexible tariffs. Transform the way you communicate, and help recruit and retain crew, with the best in broadband, from the best provider. For years, Inmarsat has been setting the standard. Now FleetBroadband has raised it.

inmarsat.com/crewcalling

The mobile satellite company™


inmarsat



VIZADA

Satellite communications. And more.™

FleetBroadband Works where you do

Sail your vessel into the IP-era with cost-effective, globally available, broadband data and voice communications using a single, compact antenna. FleetBroadband works where you do enabling simultaneous access to voice and broadband data. Surf the Internet, send email and make a phone call while your operational systems are running online. FleetBroadband also supports ISDN services.

Fleetbroadband is available through Vizada, the leading provider of satellite communications services for users at sea, on land and in flight. Providing communications to over 30,000 maritime vessels worldwide, Vizada has extensive experience developing solutions for the merchant shipping community.

Vizada also offers Vizada Solutions™, leading edge technologies offering the best in IP networking, messaging, business tools, prepaid solutions, fixed2mobile services and secure communications exclusively available through Vizada Service Providers. For more information contact Vizada Customer Care or visit us at Posidonia on stand 598.

Vizada EMEA & Asia

Email: customercare.europe@vizada.com
Phone: +33 (0)5 61 28 89 99

Vizada Americas

Email: customercare.us@vizada.com
Phone: +1 301 838 7700

Trevor Willoughby

One of the barriers I have come across, especially with the large shipping companies, is that they tend to go through a procurement group that has limited knowledge of the true application benefits. Without the owners or the users driving it, saying this will be good for their business growth such as providing engine monitoring as well as crew benefits that include email, VOIP and Internet access, it will be left to the procurement individuals trying to drive the cost of communications down. But they need to understand the tangible benefits it brings. It is all about education and telling the IT man that he can remotely access the system onboard to troubleshoot without having to get an IT man onboard.

Dr Clive Poole

Our perspective is very much from the passenger sector but most of it carries across to the merchant shipping sector as well. The biggest barrier is just getting their attention. These people are very busy and they have a lot of issues in just running a shipping company and comms in general is fairly low down on their list of important things to do. There is an interesting take on that in that in the passenger shipping business you will struggle to get their attention but when one of their competitors has GSM onboard, suddenly they are phoning you up everyday and it is the most important thing on their agenda. The other important thing is that it has to be painless for them. The message I get is that it is all well and good and the money is nice because they have a revenue share model, which is different to the merchant sector, but it has to be painless and it mustn't break down and it mustn't incur extra work for their staff to have to reset the router or something like that. It has to be very much under the radar when it is in operation, to use that phrase. It is different in the passenger ship sector because the prime focus is on the passengers with the crew being an adjunct to that.

Piers Cunningham

When GMDSS came to fruition it was considered to be the holy grail of operating costs because it got rid of another body onboard. I think we are very quickly reaching a point where, regardless of how complex your communications are, whether it be navigation or communications, there is an element of integration between the two. The whole technical advancement onboard ship has taken a quantum leap in the last five years to a point where the issue of 'yes I can remotely administer a LAN' is all very well. But if we look at the root cause of the majority of failures, half the time onboard it is down to human error and that will never be solved by being able to remotely dial in.

While you can embrace modern communications, I believe within the next few years we will actually see the re-emergence of 'a super radio officer' or a person who is dual ticketed to be an onboard IT/Communications specialist. And yes it will raise costs, but by the added complexity of what is demanded from the shore I don't think you will have a disconnect between the two. You will potentially have very complex systems onboard, requiring a high degree of interaction between each other. But when it goes wrong - that is when you need someone.

Adonis Violaris

With the shortage of seafarers in the shipping industry, it is difficult to have an IT related person on-board at a time when we are struggling to attract seafarers to join the ships. It is not easy to find someone with the type of expertise that is capable of holding down two jobs. IT would not be a full time job in this sense, so I see this as an additional cost to our owners. If we provide continuous Fleetbroadband, VSAT or another 'always on' connection, then we run the risk of opening an instantaneous floodgate of viruses, hackers and so on, on board our vessels. So I believe that in some cases we are obliged to have someone on our ships to handle these applications.



"While you can embrace modern communications, I believe within the next few years we will actually see the re-emergence of 'a super radio officer' or an entity or a person who is dual ticketed to be an onboard IT/Communications specialist"

Reinhold Luppen; Director at Vizada Solutions

Piers Cunningham

Adonis is right because as soon as you start connecting to the internet, for example, the internet harbours things that PCs dislike. You can put all the systems in the world, be they VPNs going through firewalls or anti-viruses onboard but from our own experience we have had situations where people onboard have gone out of their way to disable firewalls and anti-viruses and within two days the systems are infected. It highlights the point where you are moving into an area in which control will be everything and how you control that system onboard to the benefit of both your operational requirements whilst not jeopardising operational efficiency of your vessel is going to open up a whole new area of debate.

Malcolm McMaster

I would totally agree with that because it is all about providing control for the owners and managers. You can't have 'always-on' with Microsoft downloading whatever they want and anti-virus engine uploads because it would be a nightmare for the owners.

Adonis Violaris

It is easy to say we will have 'always-on' throughout your ships but as soon as you have this facility you have to look at how you can split the costs from private, to charterers, to managers and to owners. There is no solution available in the market to handle this. ➔

I think it is the more dynamic ship owners and operators who are looking to a more complete package of services for their crew. And they are the ones retaining their crew and that is why we are seeing services like GSM extend out to sea and Fleetbroadband and even VSAT services extend out into the network

Ian Canning, VP Marketing and Product Management at Stratos



David Hess

We believe someday soon all the vessels will become an office extension versus just a transport vehicle. Regarding crew morale and retention: understanding the complexities and the demands of the crew's lifestyle at sea for nine months isn't difficult to grasp. And if like today, you are dealing with a world where there are not enough crew members; guess what, they will use their power to start choosing the better options available to them. Expanding the size of the workforce is a different challenge and not solvable overnight. It's a public relations problem and will require evidence or promotional information showing the world that the lifestyle at sea is not a lifestyle akin to being in prison. These are longer range challenges while in the short term owners are going to be faced with 'how am I going to make my vessel more suited to the needs of the crew members and/or attract new crew members'. The corporate 'officing' issues regarding data security has always had its security issues. The same kind of land-based solution such secure firewalls will be the same standards and just extend out to the vessel also.

Robert Johnson

Old Dr Johnson back in the 18th Century said that going to sea was like going to prison with the added risk of drowning. And nothing has changed. As these guys are locked away as they are, the differentiation onboard ship is so important as we can see. We have had a 30% rise in tonnage over the last four years but only a 7% increase in qualified crew. We all know there is a tremendous shortage of qualified officers so if you can provide a differentiator then it makes all the difference.

Trevor Willoughby

As Intelsat operates teleports around the world and provides Internet access, we have certain policies that are in place so that adequate bandwidth is available. So there are some measures already in use that can protect the vessels from viruses, etc.

Sean Moloney

How do you overcome this cost splitting problem that Adonis was talking about?

Trevor Willoughby

That is a difficult one because we provide essentially a pipe and how it can get more granular from that I don't know.

David Hess

While the world has moved towards an IP infrastructure for its communications, we have learned that the IP backbone doesn't care what kind of communication media it is transferring over the pipe. As you get into applications such as voice/video communications, texting and data file transfers, the new IP network tools allow you to control and see the network utilisation of internet traffic, corporate use and voice. For example, you can see the voice traffic going over a network and you can control the amount of bandwidth to each user like a 'hotel' thus having the insight into how you pass on charges to departments and users. There is a big benefit to moving into a fixed cost structure versus a variable cost structure, it is easier to budget and manage while the variable cost basis is going up and down. Furthermore, flat rate broadband service is core to the future of what communications can do and how it will help owners operate their vessels better. Then you get into the next generation of what IP can do! The crew will get to the point where they will all carry WiFi based PDAs, thus giving them a flexible communications environment. So today, the issue stands regarding how the crew members are communicating, it's close to the same method as 10 to 15 years ago. They are using old technology methods, such as prepaid calling cards which carry a higher cost structure than the new Voice Over the Internet (VoIP) approaches which move away from variable costs that are tough to control.

Reinhold Luppen

I kind of agree with that for passenger vessels but around 80% of the ships are currently unwilling to spend the kind of money that would be required to accommodate a flat rate. For the next 10 years, there is still the need for services to provide what the crew demand so I wouldn't say that prepaid cards are old technology. For voice yes, but such as with the VSAT web browsing scratch card where the payment will be done via the card is helping to split the cost. We as a provider need to ensure these products are easy to understand, cheap enough for the crew and also simple as far as the internal processes are concerned. We have done a lot of homework in making it as easy as possible for the ship owner. We have brought together voice, email and SMS into one card and we had a lot of positive feedback because the owner doesn't have – the Universal Card™ – to take the bill and deduct it from the crew's wages.

Adonis Violaris

The prepaid card is fine but I still have to separate the cost for the owner, manager and charterer.

Asad Salameh

It is 'do-able' because we have been doing it for MPDS when we have taken the MPDS traffic through a predetermined router and measured where the destinations are. We have been able to break down the cost of the packet between the owner and the manager and the charterer.

Adonis Violaris

I am not saying it is not do-able, I just haven't seen it up and running yet. At present, there are a significant amount of vessels equipped with Fleet Broadband.

Ian Canning

In a true IP environment, it doesn't really exist today. It is really interesting that in the marketplace there is no such thing as true IP billing and these are developments that are currently underway and being undertaken so we can meet the specific demands.

David Hess

Regarding pre-paid as a technology, you are right, it doesn't always mean voice as there are many other applications that use state-of-the-art pre-paid charging mechanisms. My reference was more to variable cost voice-based communications services, where as crew members on the vessels have not been taught how to communicate more efficiently. And I disagree that flat rate broadband service is not economical today! I think the flat rate services are affordable because they are predictable and relatively close if not lower than the pay as you use models the communications managers are a custom too. Once you get broadband services in the home or office the requirement for speed only goes one way, and that is up! So, as we deal with the process of them getting educated to better ways of communicating, the crew members will gain major improvements in their lifestyle at sea due to lower costs as well as benefiting from the capabilities of unlimited internet usage. ⇨

“Equally as important is being able to look at the entire network as part of the value chain, with service providers having the ability to provide installation, integration and global training”

Julian Hewson, Senior Marketing Manager, Europe & Middle East at Intelsat



**Wherever you go,
we go voice & text
messaging for your
crew at sea**





Ian Canning

I think we are constantly focusing on the crew side of it. But the true business benefit that communications can bring is the knife edge we are sitting on at the moment where we are just getting to that education point where ship owners, operators and managers are starting to realise that communications and arguably, an increase in communications costs, can have an impact on savings across a range of OPEX costs. That education process is extremely difficult. Regarding the cost splitting issue that Adonis was talking about, you will see in the future some of those tools and capabilities come to market.

Asad Salameh

I want to go back to the point that there is a second generation of communications coming on line with broadband, Fleetbroadband and VSAT where the way of thinking about communications is changing. But I think what Reinhold said about it taking us 10 years to get there is a very long period of time to move your way of thinking. Most likely it will go down to educating the customer base and I would say that around 20% of the market is made up of large organisations but the remaining 80% is made up of the 5 or 10 vessel strong ship owner and they are the most difficult to convince because we are going to take them from the Mini M or the B Terminal all the way to Fleetbroadband or VSAT and that is going to be a leap of faith by them.

Malcolm McMaster

The billing problem is certainly something that we have been working on and the tools will be there. But talking about broadband, it is about the breakdown of the fleets because the number of vessels expected to use broadband will not be there this year or the year after. It will take a long time because existing fleets will not be retrofitted with broadband.

Ian Canning

It will if we can show them a true cost benefit.

Malcolm McMaster

But that comes back to the more forward looking ship owners versus the traditional and let's face it, this industry is not well known for being forward thinking. So you won't get a rapid turnaround.

Ian Canning

A benefit we do face is that the terrestrial environment has now caught on and we are seeing more dynamic change within the shipping industry with people from non-maritime industries coming into the sector and bringing that knowledge and demand into the marketplace. That will help us drive the technology change.

Dr Clive Poole

We did a survey of crew onboard ships that we serve and we saw that they do have email and internet as well as a satellite phone of some description which they can use to make calls from. But one of the factors they felt was lacking was the facility to have private incoming calls.

They may not want to call their family but they wanted to know that their family can call them if there is a need. The other thing is text messaging. There is a strong desire to have text. In fact half of the crew we surveyed said the inability to receive incoming calls was a big problem and half said the ability to have text via a GSM mobile phone would significantly increase their quality of working life.

David Hess

For example, take the iPhone or iPod from Apple. They both have WiFi capability allowing IP connectivity, to be the driver for its communication services. Basically, the iPod connects to any available WiFi network, so a crew member could be sitting on the vessel or at shore then connect to an available network to web search, talk on the phone through VoIP, Email and or text, which becomes the same thing on IP, all at a fraction of the current cost they are paying.

"I support what you are saying but the point is if there is a cost that is where you hit the buffers and you have to provide the ship owner with a no brainer if you want to get this technology onboard"

Robert Johnson, Chief Executive Officer at Blue Ocean Wireless

Piers Cunningham

Ian is absolutely right in that in order to convince anyone about technology you have to show an operational advantage or cost saving or a combination of the both. Vessels don't adopt technology for technology's sake. That is not to say that technology that is now available in the market can't be used to greater advantage to bring on applications that haven't been possible before and aligning more with what is happening terrestrially – IP based backbone is the way of the world. The interesting thing about the rate of technology adoption in the maritime market is that those outside look at marine as a very simple and finite proposition but as you start to drill down below the surface and look at different flag states and different cultures in the way they adopt technology, the ages of their ships, the role of owners and managers – the whole fragmentation becomes an interesting soup of different requirements.

Dr Clive Poole

What David said is true that with your iPhone you text a number of different ways. We are looking at that from the perspective that we live in a terrestrial world where GSM is ubiquitous and now people are looking at ways of doing things better or doing things cheaper. I always have to take myself back 10 years when I go on these ships because they

don't even have GSM and they don't even have conventional text messaging. You are talking about a crew member who is not going to buy a \$400 iphone but is going to buy a \$50 Nokia 8110 that he buys on the street in Hong Kong. Yes, some years down the road it will happen but what they need now is the ability to get a text from the wife which they don't get right now.

David Hess

If it costs you \$200 or \$300 a month to have that feature you might as well buy the \$500 iphone one time and mitigate your costs over a multiple of years.

Robert Johnson

I support what you are saying but the point is if there is a cost that is where you hit the buffers and you have to provide the ship owner with a no brainer if you want to get this technology onboard. If you give text messaging to a ship full of Filipinos, or anyone actually, the volume of traffic coming off that ship is incredible – not on voice, not on email, it's on SMS. And it is two way.

"I disagree totally. Everybody here has a weighted interest in their products they represent, so it doesn't stimulate purity to the facts related to the costs of current services versus the movement to the cheapest means of communication"

David Hess, Managing Director at CSC

David Hess

I disagree totally. Everybody here has a weighted interest in the products they represent so it doesn't stimulate purity to the facts related to the costs of current services versus the movement to the cheapest means of communication. I feel the new technology options that are driven through broadband services are the right solutions but because we all have a different strategy here, I stand alone and feel lowering the cost for the crew to communicate allows for more interaction with family and loved ones. So, whether it is SMS text messaging or emailing, which today are being transmitted through the same vehicle, you are going to go with the cheapest cost.



Dr Clive Poole

I kind of disagree because, yes looking at the economics then what you say makes sense. But a crew member who is earning less than \$1,000 a month will not spend \$400 on an iphone no matter if it is going to save him money in the long run.

Reinhold Lüpken

What we always hear is that the price is one of the major decision factors and Piers said it quite well because it is a package. Then you will see that people are really fighting for each cent to get crew costs down. It is our job to provide solutions which can offer benefits from the terminals already onboard ship. The question is will they pay 20 or 30 cents more per text just so they can send it by their mobile when they may be 10 yards away from the crew mess where they can use the computer. Then probably the answer is no.

Ian Canning

Let me ask the ship manager here. Could you ever see a situation where you will say to a crew member, sign up with us and we will give you an iphone? ⇨



CSC
www.cscmgmt.net
40 years of service

- 1st Global Broadband Service for the Shipping Industry
- GPS Tracking
- "Always On" Broadband Service
- Flat Rate with Unlimited Usage
- Guaranteed Speeds
- Static IP Address

Contact us 011-201-930-0533



Leaders in Network Infrastructure Services



www.cscmgmt.net

Adonis Violaris

I do not think that will help. Free email and texts would be much more appropriate, as well as efficient. However, the question of retaining crew is an important one for us. Some years ago when we were discussing free Mini M schemes, we sent a questionnaire to all our ships asking if they would like to have free Mini M. This would have provided them a phone in the mess room. The response was not very encouraging, as they preferred using their own mobile phones. Privacy might cost a bit more, but the seafarers need it.

Sean Moloney

Is cost as much of an issue?

Adonis Violaris

I have seen that the invoice costs of private use is increasing from month to month, meaning that people want to talk, they want to text and they want to email.

Sean Moloney

On to the next question. How much value do ship owners and ship managers place on purchasing services from a network provider with a known network longevity when selecting sat comms?

Piers Cunningham

I suppose this applies equally to ourselves, or Intelsat or any satellite operator. If you are going to invest in equipment and set up your infrastructure to communicate based on a specific network, you want to know it is going to be there in five years time or 10 years time. So I think that the commercial reality of satellite operation is such that satellites do wear out and need replacing. It is important to show that you have a solid network infrastructure that is bought and paid for and fully operational, versus one that maybe has degrading satellites or requires significant investment. It demonstrates that you are in it for the long term.

Julian Hewson

I think Piers is correct in terms of redundancy in the entire network being key, whether it be within the satellite constellation, the fibre connectivity or the teleport. So whether you call it longevity or redundancy, if there is a failure in any part of that circuit then we are going to have communications maintained. Equally as important is being able to look at the entire network as a part of the value chain, with service providers having the ability to provide installation, integration and global training. It is a global network and it needs full redundancy. So, for example, if a vessel breaks down in South America, the customer needs someone to be able to reinstall the antenna. Likewise within the satellite network, if my satellite foot print goes down I need to be able to have redundancy within the network.

Adonis Violaris

We are forgetting an important issue; in the last eight years we have seen consolidation of the various providers such as Station 12, Telstra, Telenor, Deutsche and France Telecom disappearing from the market. Emerging from this phenomenon were the two providers, Stratos and Vizada. We would like to work with providers who have been in the market for a while. Many of us know from previous experience with Land Earth Station Operators, that with every merger, it was the customer that suffered.

Reinhold Luppen

I can answer that. You said it is an issue. I don't think that because we are reselling existing solutions and if we talk about a lifetime of service

it is not a problem. That is why it is even more important in the end to deal with the package because the advantage to the customer is being able to offer the whole range in the market. The package can be so flexible to meet the individual needs of the customer.



“If the industry is to survive, it has to consolidate because it was too fragmented and we see it not only in the maritime world but in all parts of industry”

Malcolm McMaster, President of Taurus Communications

David Hess

I am an integrator putting forward a full solution but you can't stop consolidation in any industry but as a ship owner, you will still look at longevity and the package of services you bring. You talk about a four or five piece puzzle from installation to maintenance to the satellite and service provider so I think it is important and the owner wants to know if the company is going to be in business and that the piece parts are as strong as the solution you are bringing.

Ian Canning

Consolidation is required in the market because it brings stability and brings a viable industry for the long term. Arguably, none of the smaller independent organisations as they were could actually sustain the investment required to support them over the longer term. So through consolidation we are bringing you long term solutions.

Robert Johnson

Well I support Ian because if the industry is to survive, it has to consolidate because it was too fragmented and we see it not only in the



“It was a real wake up for us trying to go from a maritime GSM passenger shipping environment where it was effectively costless to the merchant shipping area where we had to go back to our equipment vendor and start stripping everything out of the box that wasn’t absolutely required”

Dr Clive Poole, Business Development Manager at Navitas Telecom

maritime world but in all parts of industry. You have to look back in history and say that Inmarsat has been around for getting on to 30 years, Intelsat, Eutelsat are here and even Iridium is still here and they are coming out with a new product. So you have to make a balanced judgement. It is great being a customer and having a number of stalls from which to make your call but then sometimes you have to go to the one shopping mall and say I do trust whoever it happens to be because they have got longevity but I will negotiate hard with them to get best value.

Trevor Willoughby

The demand on satellite operators is to provide a service level agreement to our service providers who then flow that down to the end user. So there is a guaranteed mechanism there of how good your network is through those agreements.

Sean Moloney

Piers, what are your thoughts about the level of consolidation within the market?

Piers Cunningham

I think it was a necessary thing to happen. Look at Inmarsat - evolving from 80 of the world's PTTs, all operating their own land earth station gateways, and ultimately all servicing a finite number of customers. In the days when the satellite portion of the main telco was something that could be cross subsidised it was fine. Nowadays where telcos are under

pressure to perform, and for something that isn't core to their business, whether GSM or 3G provision, they look at the satellite portion as being a very niche operation, but which needs to provide revenue versus the cost it takes to operate these massive gateways. When you are supporting a finite number of vessels the consolidation has brought a higher degree of stability because consolidation can only go so far; it will flatten out, and you will still have levels of redundancy in terms of network architecture but you won't have the infighting or the operation of a teleport or land earth station that was no longer viable.

Asad Salameh

I think the longevity comes also from working on the day-to-day operation of the vessel with an IT manager of a shipping company. The ability to understand what the owner or the ship manager is looking for from day-to-day and taking that from a Mini M to a Fleet 77 then to a Fleetbroadband. What we have seen through the consolidation, we have fewer network operators that have the coverage but that has also put a lot of pressure on us smaller ISPs to deliver the service to the end user.

Reinhold Luppen

Today, the first decision a ship owner makes is 'what kind of application and solution do I need, what kind of connection do I need? Then there will be the question of what type of transmission. In the end it always starts with the solution. But they always need redundancy. We talk to a lot of customers who don't want to stick to one technology. They want a VSAT and let's say small Fleetbroadband or Iridium Open port if they want to cross the Northwest passage.

Asad Salameh

The maritime industry has got used to the dependability of Inmarsat and we take it for granted that any satellite terminal we put onboard a vessel is going to work. The issue of dependability comes with the new coverages.

Piers Cunningham

The requirement for high bandwidth and data is exponential and to a high degree I never thought we would see the day where the large terrestrial ISPs are complaining to the BBC about their iplayer which was putting such pressure on their fibre optic capacity that it has started in certain places to bring it to its knees. There has to be a high degree of education. You can take it for granted that networks will be there and will cover certain areas but we, and any other satellite operator, will always face the same fate at the end of the day that satellite capacity and capability is always a finite resource compared with fibre optic.

Sean Moloney

Finally I want to end on cost and to identify how important cost is and what the market is saying to you.

Adonis Violaris

Cost needs to be controlled as this is the way that ship owners work. They have to know where every penny goes and this needs to be appreciated.

Robert Johnson

Cost is always being driven down and it will never change. As Adonis has already said, he needs to break down his costs so he can divvy the right amount to the right people and continue to make his margins. We should listen to that as we move to the IP world. We must listen to the ship owner.

Piers Cunningham

Managers operate to a tight margin and a high economic level of granularity. It is how you extract that extra value from the dollar that is the key. ➔

Going forward there will not be a quantum leap in terms of the economic viability of taking on new communications unless it is accompanied by ways to bring savings or operational gains in other areas.

Asad Salameh

We have to bring the superintendent and the financial controller into the discussion. The IT manager will always support our argument but when we are going to raise the cost of communication we need to bring these decision makers into the discussion to build a case that says these are the savings we can achieve

David Hess

The real challenge is convincing them that you are shifting cost. Most people have offices and have watched how their budgets have shifted from voice communications to data communications so this isn't the first time they have seen it. I believe the flat rate environment will override at some point but when? I hope soon.

Julian Hewson

As a satellite operator the issue for us is to distinguish between CAPEX and OPEX costs. In our market it is very much low volume, high yields whereas Piers' is probably the opposite. To us it is about education and what fits the needs best.

Malcolm McMaster

Costs have always been a major driver and the cost of comms has come down drastically over recent years whereas fuel and crewing is going up. We, as an application provider, happened to be focused on providing the managers and the owners with the ability to control and measure those costs. And that will always drive the business.

Ian Canning

The granularity of information we provide is two way: it is not just off the vessel but it is onto the vessel particularly as we bring the other providers into this mix. If you are bringing the engine monitoring onboard, who is actually going to pay for that? Everything has to be targeted to the operator and environment you are dealing with.

Dr Clive Poole

Cost is important, my perspective is it was a real wake up for us trying to go from a maritime GSM passenger shipping environment where it was effectively costless to the merchant shipping area where we had to go back to our equipment vendor and start stripping everything out of the box that wasn't absolutely required in order to hit a particularly price point for that piece of equipment. It is just a different business model and the price has to hit that point otherwise it won't work.

Reinhold Lüppen

For the large number of small low end users then cost is an important parameter. But there are examples in the market of larger shipping companies being willing to invest in renewing their communication equipment and IT. So if they see that communication will save in other areas it is easy to convince them about satellite communication. ■

“The demand on satellite operators is to provide a service level agreement to our service providers who then flow that down to the end user. So there is a guaranteed mechanism there of how good your network is through those agreements ”

Trevor Willoughby, Senior Sales Director at Intelsat



Need anchors and chains?

www.wortelboer.nl



Tankers

GAYLIN[®]

GAYLIN INTERNATIONAL PTE LTD

- ▶ **GAYLIN** is acknowledged globally as one of the leaders in the manufacture and provision of products and services in the offshore oil and gas, shipping and construction industry.
- ▶ **With annual** turnover of more than 10,000 tons steel wire ropes, one of the biggest distributor in the world.
- ▶ **Manufacture** of Cable Laid Heavy Lifting Slings and Grommets in accordance to PM20, IMCA and EN 13414-3 specifications.
- ▶ **Most advanced** splicing equipment and wire rope swaging presses ranging from 300T, 650T, 1000T, 2000T, 3000T & the largest in Singapore 4500T.
- ▶ **EQUIPPED** with 2600 Tonnes capacity by 330Ft length test bed, making it the biggest capacity and longest test bed in Southeast Asia.



D. KORONAKIS S.A. **GUNNEBO**



A/S Timms Reperbane



7 Gul Avenue • Jurong • Singapore 629651 • Tel: (65) 6861 3288 • Fax: (65) 6861 5433 / 6862 0910
Email: offshore@gaylin.com • Website: www.gaylin.com • AOH • 24 Hrs: (65) 6535 8833

AdHoc

Intertanko supporters dine like Sultans

Cram 200 guests into four coaches and drive them half an hour across the Bosphorus from Europe into Asia and what do you get? Well a cocktail and dinner party fit for a Sultan.

Delegates attending Intertanko's Poseidon Challenge conference and exhibition in Istanbul rounded off a week of debate, counter debate and generally well deserved revelry and quality networking with an excellent evening of Turkish culture courtesy of the Turkish Chamber of Shipping.

Owners and managers, brokers and agents rubbed shoulders with the good and great from the world of shipping as they settled down for dinner at the Adile Sultan Palace on the Asian side of the Bosphorus. The Palace was built by the legendary Armenian architect Sarkis Balyan for the Ottoman princess Adile Sultan (1825-1898), the daughter of Sultan Mahmud II (1785-1839) and the sister of the Sultans Abdulmecid (1823-1861) and Abdulaziz (1830-1876). It stands on a hill, and gives a wonderful panoramic view of the waterway reaching from the Sea of Marmara to Black Sea seen out of all the rooms in three sides of the building.



Guests stream into the Adile Sultan Palace



A Papagos, Andriaki Shipping; Mrs Korkodilos; Dimitrios Korkodilos, CEO Andriaki Shipping; Bill Box, Intertanko



It was the Turkish Chamber of Shipping's night to turn on the charm



Capt Kjell Landin, Marine Manager Chevron Transport Corp; Mrs Yamamoto; Dr Hishashi Yamamoto, Secretary, International Association of Maritime Universities



Kristian Fuglesang (right), Intertnako and Mrs Fuglesang



Johanah Lewis, UK P&I Club; Capt Michael Elwert, BIMCO; Pat Tye, Analyst Gibson Shipbrokers



Guests being serenaded



J Santhanam, VP Chartering Varun Shipping; Dr Hichem Dammak, Maritime Lawyer; and Samy Thoumas, Asst MD Thocomar Shipping Agency



Anders Broberg, Technical Director, Laurin Maritime (America); Thomas Fogelberg, Consilium Marine; Capt Bob Krootjes, Fleet Director, Broere Shipping; Anders Roos, Senior VP, Consilium AB; Capt Kyaw Lin, General Manager Tanker Division, Eastwind Shipmanagement



Capt Peter Swift, General Manager, Maritime Industry Foundation; Carleen Lyden Kluss



The entertainment was illuminating

GAC races ahead



GAC has underlined its determination to show it can be in pole position when it comes to port agency and logistics operation by announcing it has extended its sponsorship of London-based racing driver Viktor Jensen for another year.

The relationship, which began in 2006 when Jensen was just 16, has seen the Icelandic driver become the youngest ever race winner in the Formula Palmer Audi Championship, finishing the season as runner-up having clinched 6 wins, 11 podium positions and a record eight pole positions. In 2007, Jensen progressed to the British Formula 3 Championship where the newcomer notched up another win and five podium places. This year, Jensen has moved up a notch and is racing with a new international team, Nexa Racing, headed by former Formula 1 engineer Andy Kidby.

No tall order for Hutton's

The race hasn't even started yet, but Hutton's Medical is already a winner after it was chosen as a preferred sponsor for one of Europe's most prestigious marine events. Every year, the Tall Ships' Races sees 5,000 to 6,000 young people from more than 30 nations across the world gather in European waters. The crews man between 70 and 100 vessels from 15 to 20 countries, which will also include four days of activities in each port and racing or cruising-in-company between ports. As a leading supplier of pharmaceutical and medical supplies to the shipping and offshore industries, Hutton's will be sponsoring the event this summer. Organisers are careful to ensure medical supplies are always at hand for participants during this challenging physical and emotional journey. The Races begin in Liverpool on July 18th 2008, the route taking in Norway before finishing on August 23rd at Den Helder in The Netherlands.



Stealth Maritime adds to its fleet

The Vafias group's Stealth Maritime Corp has taken delivery of two more IMO II/III product tanker newbuildings. The 47,000 dwt, Marshall Islands-flagged Navig8 Faith, delivered from the Sungdong Shipyard in Korea, will start long period employment to oil trader Navig8 while the 50,000 dwt Mexico (pictured), built at the SPP Shipyard in Korea, will go on long-term period charter to Shell. After these latest deliveries the Vafias group of companies has 55 vessels in the water and a further 20 on order in various yards in China, Korea, Japan and Turkey.



Matter of Fact

Warwick Norman, CEO of RightShip

"According to our performance measures, there are sectors of the dry bulk fleet that are operating to the same standards as the tanker fleets. I was showing a large ship manager yesterday that his cape-size fleet was operating to the same sort of performance levels as that of a tanker. There has been that change but it's down to the chain of responsibility. While we're not polluting beaches there have still been 50 seafarers lost this year already on dry bulk vessels in particular trades. So I think from a community point of view there isn't the polluted beach issue and the oiled bird issue, but from an industry point of view, we can't ignore the unacceptably and preventable injuries and deaths that are occurring to seafarers."



India becomes 'anti-ageist'

In a move aimed at bringing Indian maritime safety standards in line with global regulations, the Indian government is looking to impose a stricter regime for older vessels plying its domestic waters.

Besides ensuring that age of the vessel is not more than 25 years, the government is also looking to consider the vessels' insurance status and flag as a way of weeding out poor performers. While offshore vessels of more than 25 years will be restricted to sail in Indian seas, other older cargo vessels would be barred during monsoon months. Gas carriers and dredgers would be initially exempted from the restriction, but could be brought under the proposed guidelines at a later date.

"There has been an increase in older vessels plying in Indian coastal waters. This is partly a result of the increase in freight rate, making trading of these older vessels economically feasible, and partly because of the tightening up by the developed maritime countries of their maritime safety regulations," a government official said.

"We have so far taken a softer stand in order to keep freight rates low, but the



increase in casualties over the last three years demands a review of this approach," he stressed.

Of the 29 vessels lost during the last three years, 18 were 25 years or older. The average age of the Indian fleet is 18 years with 50.3% of the fleet being over 20 years. This compares with the average age of the world fleet which is about 12 years, with 27% of the entire fleet 20 or more years old.

"In the next round, we will also target vessels of 20 or more years old," the official said.

Indian shipping industry has been on a high in the last few years. It is estimated about 1,000 foreign flag vessels transit Indian waters every day and close to 12,000 vessels call at Indian ports annually. In the backdrop of growing offshore supply vessel traffic in and around sensitive areas of the sea, the government will also make it mandatory for all offshore vessels older than 20 years to undergo mandatory inspection by the Indian Registrar of Shipping (IRS). The IRS will check for deficiencies in the hull, machinery and safety appliances.



IACS wins Poseidon Challenge Award

The International Association of Classifications Societies (IACS) has picked up the Poseidon Challenge award for its work on Common Structural Rules.

Presenting the award to Tor Svensen, Chairman of IACS, Willem de Ruiter, Executive Director of the European Maritime Safety Agency (EMSA), said the Poseidon Challenge initiative was "fresh and ambitious and very timely. It is about being proactive and about voluntary initiatives which have to come from shipping itself.

"You cannot expect regulators to be proactive, we need your input," he told delegates attending the Intertanko Poseidon Challenge conference in Istanbul. "It is generally accepted now that there is no conflict between profit making in shipping and running a quality operation. I believe there is a general feeling in the industry that the two must be together, that is the only way forward," he said.

Addressing delegates, Tor Svensen said: "To develop Common Structural Rules for the industry has been a tremendous effort, combining the technical skills of class and the whole industry. It has been a diplomatic exercise because regulations are not just about writing down a new set of rules. It is about finding consensus between regulators and all the stakeholders."

SIBA appoints 'first' female master

SIBA Ships has appointed Laura Pinasco as master of the world's largest livestock carrier, MV Stella Deneb. It is Captain Pinasco's first voyage as master and also the first time a female master has been appointed to a livestock carrier of this size and trade.

Mauro Balzarini, chairman of Siba Ships, said of the move: "Captain Pinasco is one of our experienced officers and we are pleased to promote her to master. She is a great example of how hard-working people can build a successful career at sea."

Laura Pinasco was born and raised in Genoa, Italy and went to sea in 1997 with a local ro-ro fleet. Her career has included service as a deck officer on ro-ros, gas carriers and livestock vessels. She qualified as a Master Mariner in 2003 and joined SIBA as a Chief Officer in 2006.



Get your Benzene checked out

Cancer risks and other health hazards from exposure to benzene can now be tackled with a low-cost, high sensitivity test introduced by Medscreen, part of the worldwide Concateno Group.

The test, which is for a benzene specific biomarker, S-PMA, will help employers not only assess and monitor the health of their employees, who may be exposed to benzene, but also to check and measure the effectiveness of their company's health and safety procedures.

If inhaled or absorbed through the skin, the toxic chemical benzene can damage the body's DNA. Occupational exposure can produce a range of diseases, including leukemia and a decrease in infection-fighting white blood cells, while short term exposure to low levels can cause a range of problems including eye irritation, drowsiness, dizziness, headaches or rapid heart rate.

India gives exclusive survey rights to IRS

India's Directorate-General of Shipping released a veritable bombshell amongst the country's shipping fraternity at the end of April, by withdrawing the recognition accorded to six leading international classification societies for undertaking statutory surveys on Indian flag vessels, and giving the monopoly for this task to the Indian Register of Shipping (IRS), *writes Shirish Nadkarni in Mumbai.*

Societies given three months' notice to wind down their survey operations include American Bureau of Shipping (ABS), Bureau Veritas, Japan's NKK, Det Norske Veritas (DNV), Germanischer Lloyd and Lloyd's Register.

A notification signed by deputy DGS Samuel Darse read: "The administration is grateful to you for assisting us in carrying out the survey [sic] all these years; and now the government is satisfied that the IRS is in a position to undertake the entire survey requirements of the Government of India."

Confusion prevailed over the wording of the notification; and shipowners remained unclear whether the withdrawal of authorisation to global class societies was only in the matter of statutory surveys, or whether it included class surveys and newbuildings certification. Most Indian flagged vessels currently have dual classification – with a global class society and the IRS.

IRS chairman Capt J C Anand stressed that the DGS notification dealt only with statutory surveys, and that the status quo would continue with class surveys and newbuildings.

"In any case, the IRS has been carrying out a substantial part – approximately 80% -- of the statutory surveys in respect of Indian flag vessels; and the share of surveys carried out by the six other classification societies is not significant," he said.

Sudesh Kumar, Managing Director of IRS, pointed out that recognition or otherwise of foreign class societies was the prerogative of the government; and that India has merely fallen in step with most maritime nations which have given exclusive authority for surveys to their own national societies.

"If you look at the authorisation list, as provided by the International Maritime Organisation, you will see that the governments of Japan, China, Korea, France, Germany, Norway, Poland, Russia, Vietnam, UK and USA only recognise their own national class societies," he said.

IRS' company secretary B V Nargundkar further buttressed the argument in favour of according IRS sole recognition by claiming that the organisation was ready to take on the added responsibility, and had proved its worth.

"No Indian ship had been held up anywhere in the world for the last three years for want of an IRS surveyor," he said. "We can easily handle the 20% extra statutory survey work that is now being given to us; we have a 200-strong team of surveyors that is sufficient to cover any survey problem anywhere in the world."



Shashank Kulkarni, INSA secretary-general

Some of the de-recognised class societies were not, however, so sanguine. Eivind Grostad, regional director – Middle East and Indian sub-continent, for DNV, said his office would comply with the requirements of the notice, as it has always done in the past; and cease being involved in surveys from August 1 this year.

"There must be a strong reason for this step taken by the Indian authorities, but it could cause some inconvenience to Indian flag vessels in many parts of the world," said the Dubai-based Mr Grostad, speaking tactfully and cautiously.

"If one of their ships is held up for, say, a safety certificate, the vessel could remain immobilised until an available surveyor gets there from the closest IRS office, after obtaining the requisite visa – which can be a time-consuming process. A lot of the top global class societies, including DNV, could have a surveyor reach virtually any port in the world within 24 hours."

Nor has the DGS move gone down well with the Indian National Shipowners' Association (INSA), which has taken up the matter strongly with the directorate on the grounds that not allowing dual classification could seriously inconvenience Indian vessels in remote international waters.

"India has at least 300 ships trading in different parts of the world at any given time; that 60-65% of Indian shipowners' revenue comes from international operations," said INSA secretary-general Shashank Kulkarni.

"It is a good thing the Indian government is giving due recognition to the country's own class society, but it should have waited for some time until the IRS was actually geared up to handle all surveys anywhere in the world."

"Two of the IRS offices have a single surveyor each," said Shipping Corporation of India chairman and INSA president Sabyasachi Hajara. "Obviously, if our vessels were stuck at some distant port for a survey job, the IRS would not find it easy to cater to our requirement. We have brought this point, among others, to the notice of the DGS; and are awaiting a response from her office." ■



THE PREFERRED YARD FOR MARINE REPAIR IN SOUTH EAST ASIAN REGION



Engineered for Growth.

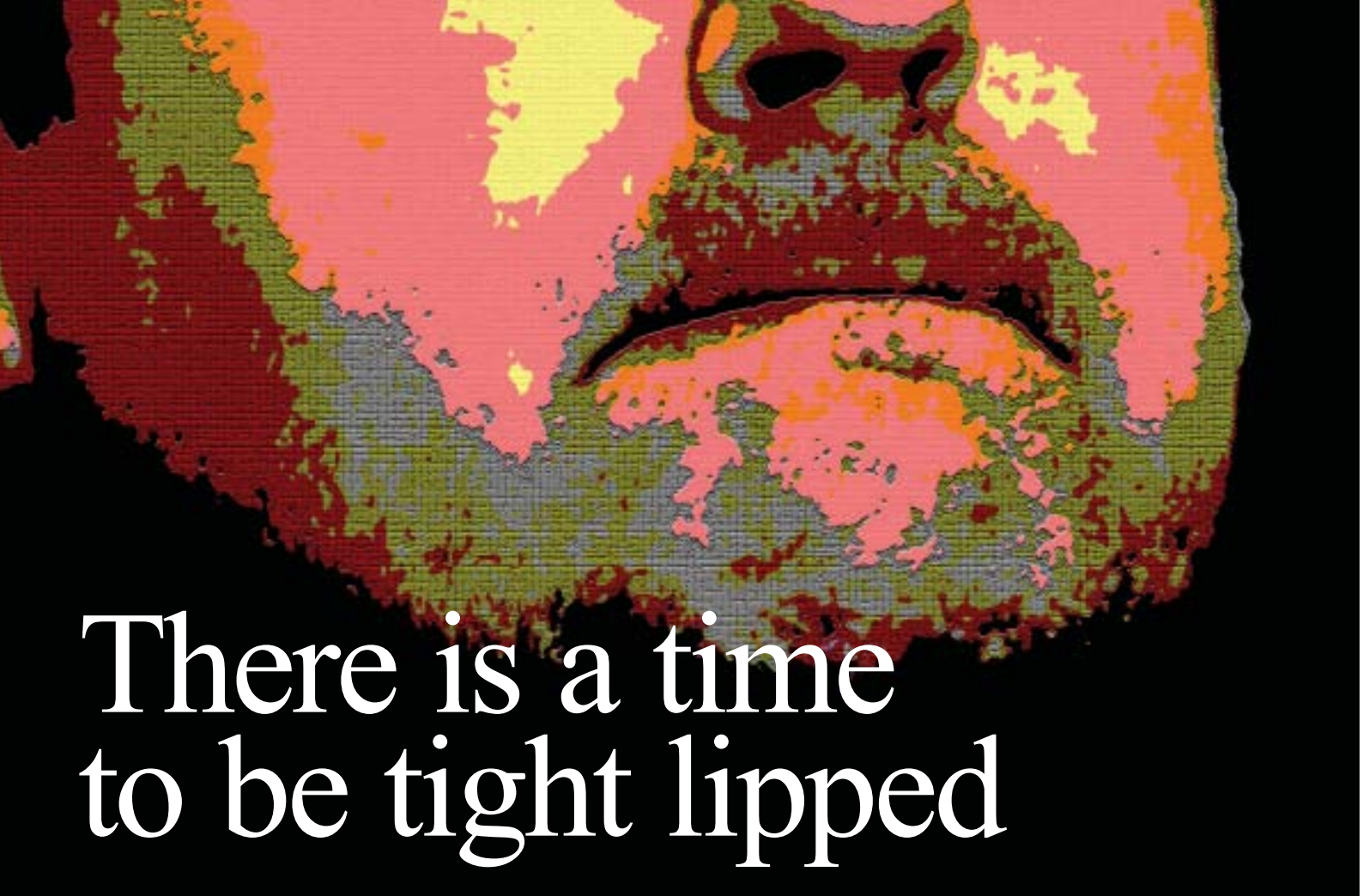
Malaysia Marine and Heavy
Engineering Sdn. Bhd.
PLO 3, Jalan Pekeliling
81700 Pasir Gudang, Johor,
Malaysia
Tel : (607) 268 2111
Fax : (607) 251 3997
Email: marketing@mmhe.com.my
www.mmhe.com.my

As a leading solutions provider in the energy sector,
we provide integral services for :

- Marine Repair
- FSO/FPSO Conversion and Specialised Construction
- Oil & Gas Production Structure

In the shiprepair sector, MMHE specialises in the repair of LNG & LPG carriers, petroleum and chemical tankers, as well as in the reactivation and upgrading of rigs. MMHE is a centre of choice for membrane-type LNG tanker repair in the Southeast Asian region.





There is a time to be tight lipped

It's not often that the rather somnolent world of P&I gets ruffled. Any squabbling or disagreements between the players, whether mutuals or fixed-premium operators, are usually kept under the counter as much as possible. And certainly most clubs remain tight-lipped at the February renewal time, partly due to the gentlemen's agreement on undercutting of premium rates which members of the International Group adhere to.

But now megabroker Aon has sparked a conflict with the IG clubs by criticising their "arrogance" for "absurdly late" notification of P&I reinsurance rates preceding this year's renewal. Not surprisingly, the criticism has been refuted by the IG's reinsurance sub-committee, branding it as being factually incorrect.

The row is all about timing. Aon said that as the clubs are able to announce their own general increases for the new policy year from October, they should finalise the reinsurance deal by the year-end. "Announcing this essential component of the premium price less than a month from renewal is just arrogant," the broker commented, adding that "no other commercial sector would treat its buyers in this way."

Just Arne Storvik, chairman of the IG sub-committee, rejoined there had always been a consensus that it is beneficial to the clubs and their ship owner members to avoid January 1 when many other reinsurance contracts renew in the commercial marine insurance market. There the matter rests, at least for now.

It's not the first time that the International Group has come in for flak, though perhaps the first time it has incurred the wrath of a giant like Aon. The IG keeps a tight rein on its 13 member clubs, which benefit from its unique claims pooling mechanism, and some sectors of the market argue that membership stifles competition – in other words, many owners and charterers do not get a fair deal.

This suggestion was firmly put down at a TradeWinds Marine Risk Forum in Singapore in May. Joe Hughes, CEO of Shipowners Claims Bureau, managers of the American Club, said that, big or small, all 13 IG members benefited from the system, as did their shipowner members.

In a detailed examination of the system, Hughes argued that both genuine competition and real co-operation existed within the IG, both having 'hard' and 'soft' elements. Ultimately, the dynamic balance between the two produced significant benefits for owners.

'Hard' competition related to the price of insurance and the conditions upon which it was provided. "In this purely commercial dimension, incidentally, the respective cost to individual clubs or pooling (claims) now arguably plays a larger role in pricing than ever before," he said. In addition, the ultimate cost of cover – insofar as premium for any year may be less or greater than the original forecast – could also be a point of competitive comparison.

One club may have "comparative advantage" by way of offering a particular pricing or cover benefit based on experience or understanding of a specific sector of the industry by reference to vessel type or member domicile. In this context, he continues, the operation of the IG Agreement was obviously key – placing, as it did, restrictions on what would otherwise be unbridled competition.

He said: "Sharp competition is always to be seen in the case of free business, most vividly in the rating of newbuildings where, as many commentators have noted, uneconomic pricing has been a conspicuous feature of the market in recent years."

Co-operation between group clubs was not cosy, he said. In the final analysis, it was based on self-interest since it underpinned and facilitated the exercise of competitive differentiation by clubs in their interface with the shipping industry at large.

Finally, Hughes contended that the IG structure provided owners with maximum cover at minimum cost. Further, it allowed for industry-wide consultation on matters of common interest and the concomitant 'brains trust' benefit this entailed; it created a collective voice for owners on issues of global importance; and overall it represented a benevolent 'Goldilocks' effect as being neither too competitive nor too co-operative but, by contrast, "just right."

Meanwhile, Aon's post-renewal report seemed to confirm that this year's negotiations were plenty tough. The broker was able to identify

more than 64 fleets where at least some ships were on the move – a figure thought to be well beyond the norm – Aon adding that the renewal was remarkable for the number of top-class owners who revised their P&I cover. (As an example, one club told *SMI* that one of the world's biggest tanker fleets, which had always placed its cover with one UK club, had now split it between three.)

PL Ferrari, Aon's Italian subsidiary, suggested that the IG mutuals achieved an overall cash premium increase of 13.58%, against a target of 16.15%. And higher deductibles were worth an extra 1.97%, bringing the overall increase to 15.55%. Aon's analysis showed that the North of England, Standard and Gard clubs were high among the winners, while Britannia, one of the oldest, is reported to have lost a lot of vessels against a single gain.

Among the fixed-premium insurers, British Marine (now a wholly-owned subsidiary of the QBE insurance group in Australia) fared well; it provides cover for over 10m gt but with a maximum vessel size of 10,000 gt. There are only a handful of fixed-premium players, based in Bermuda, the Netherlands and London, mainly dealing in small vessels or charterers' risk only.

What next? While the clubs have been assessing the effects of the renewal on their portfolio, the focus is very much on the financial acumen of the managers and their advisers as all swim against a tide of droopy investment income and the credit crunch.

More ominously, the escalating claims crisis is perhaps the most worrying factor for the clubs, as it is for the wider marine insurance market. Another big broker and P&I specialist, HSBC, has said there is evidence of a fundamental shift in claims experience. Moreover, "paradoxically, the biggest claims are by no means confined to owners that would be classified as in any way second-rate. On the contrary, they are more often than not attributable to shipping companies that would be

welcomed with open arms if they are in the market for a new club."

Nick Riddle at HSBC said that the random nature of these catastrophic losses left the clubs with a dilemma. "Do they impose draconian penalty increases where the record alone appears to justify it, thereby alienating otherwise top-quality members? Or do they attempt to mitigate potential high exposure and alienate arguably more marginal members who, through good fortune or otherwise, have maintained an historical claims record to be proud of?"

"The reality is that club underwriters will get their money where they can, which unfortunately means that smaller owners – and particularly those without capable broker representation – will suffer the most."

Further gloomy comments have come from leading broker Arthur J Gallagher which has predicted that a new era is beginning that will see the marine liability market under continuing pressure, the clubs facing increased scrutiny and the margin between success and failure widening. Gallagher also criticises the slowness of the clubs to respond to change.

Looking ahead to the February 2009 renewal, owners can expect a further painful tightening of the price screw unless there is a dramatic reduction in casualties – and at present that is wishful thinking as total and partial losses continue to climb. And Gallagher expects current trends, including pressure on owners to pay higher premiums, to continue for a couple more years at least.

That view is echoed by Aon, whose Stephen Hawke said: "The \$560m of pool claims for 2006 gave a much greater justification to the rate increases and the current high pool claims environment is set to continue.

"As this will put further pressure on the premium base for the next renewal, it may well be time for the IG to address whether the current pooling system is sufficiently robust to cater for the modern trend of very high-value claims and the demands of the future." ■

The escalating claims crisis is perhaps the most worrying factor for the clubs, as it is for the wider marine insurance market. Another big broker and P&I specialist, HSBC, has said there is evidence of a fundamental shift in claims experience





ANCHORS & CHAINS

One of the largest stockists of anchors and chains in Europe with approx. 10 000 tonnes of brand new and second hand anchors and chains in our yards in Norway, Scotland, The Netherlands and China.



Tel: +47 56 32 68 50
Fax: +47 56 32 68 60

Email: marine@sotra.net
Web: www.sotra.net



SOTRA
ANCHOR & CHAIN
Vindenes, 5363 Asgotes, Norway

DISPATCHES

SHIPPING BUSINESS REPORTS FROM AROUND THE WORLD

Bureaucracy hinders rescue efforts at sea

Shipowners are campaigning under the flag of the International Chamber of Shipping (ICS) for an end to intolerable pressure on ship captains to ignore the plight of shipwrecks on the high seas.

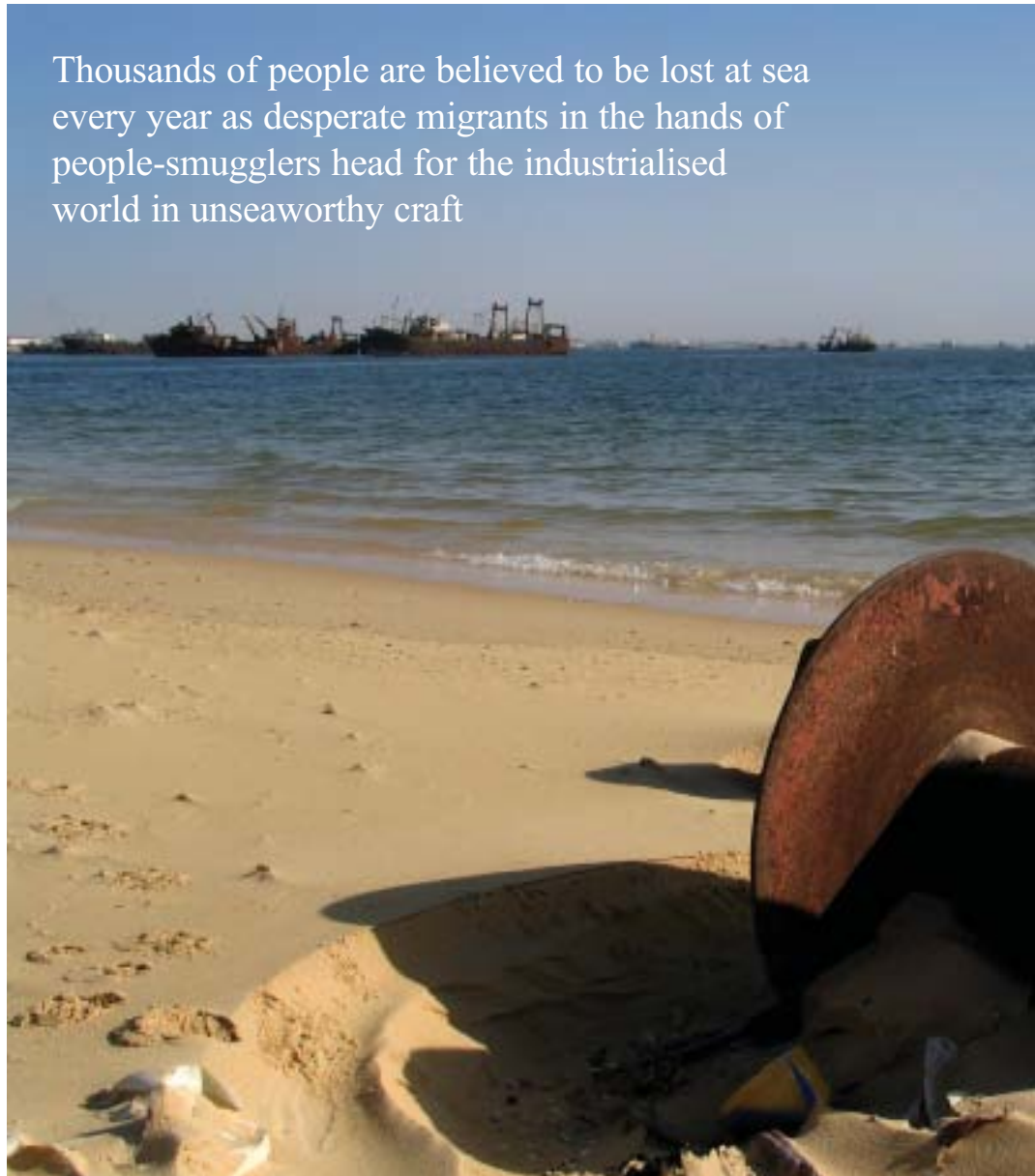
Such well-documented incidents are increasing, and literally thousands of people are believed to be lost at sea every year as desperate migrants in the hands of people-smugglers head for the industrialised world in unseaworthy craft. Ships rescuing their occupants take on serious financial risks as many countries refuse to allow such passengers to disembark or impose heavy fines on shipping companies if their vessels come into port with illegal migrants on board. This has led to cases of murder at sea.

There have been recent amendments to the 1974 International Convention for the Safety of Life at Sea (SOLAS) and the 1979 International Convention on Maritime Search and Rescue (SAR), obliging states to cooperate in the quick and safe disembarkation of people rescued at sea. But these have been largely ignored by governments, says the office of the United Nations High Commissioner for Refugees (UNHCR) in Geneva.

Meanwhile the London-based International Maritime Organization (IMO) has just issued fresh guidelines to ships' captains and ship owners in the treatment of migrants and stowaways on board and their obligation to rescue and respect lives at sea.

The issue involves nothing less than the ancient right and duty of seafarers to aid shipwrecks. The controversy may well attract the focus of global attention in the wake of a difficult agreement reached by the European Union (EU) during April on a common policy to regulate the detention and eventual repatriation of illegal aliens.

Thousands of people are believed to be lost at sea every year as desperate migrants in the hands of people-smugglers head for the industrialised world in unseaworthy craft



The case of the ship owners is also championed by the IMO and the UNHCR. And it has drawn support from such other specialist organizations concerned with the plight of migrants as the UN Office on Drugs and Crime and the UN Children's Fund.

"Ship masters who save people in distress should not be penalised with further expenses," declared John Lyras, chairman of the Shipping Policy Committee of the ICS, an organisation representing ship owners worldwide. "They should be allowed to disembark the people as soon as possible."

Chris Horrocks, the recently retired ICS Secretary-General, elaborates that the shipping industry has become "the jam in the sandwich... Most cases go unreported, but whether it is stowaways, asylum seekers or refugees rescued at sea, shipping companies meeting their humanitarian obligations are frequently forced to accept the consequences of governments unwill-

ing to share the burden of responsibility by allowing such people to disembark safely."

Efthimios Mitropoulos, the IMO secretary-general, added: "The traditions of seafaring and seamanship recognise a duty to those in peril. I am greatly concerned by reports that people in dangerous conditions at sea are being ignored by passing ships – presumably because their captains believe them to be migrants or refugees rather than conventional crews and passengers."

"The Maritime Safety Committee of the IMO has adopted amendments to the SOLAS and SAR conventions concerning the treatment of persons rescued at sea, including asylum seekers, refugees and stowaways. Our chief concern here is to save lives along with the general concern that, once rescued, these hapless human beings should be taken to a place of safety where other humanitarian organizations such as the UNHCR should take charge."

These amendments were intended to ensure "that the obligation of the shipmaster to render assistance is complemented by a corresponding obligation of states to cooperate in rescue situations," explained Ron Redmond, a specialist spokesman for the UNHCR. "They must relieve the master of the responsibility to care for survivors, and allow individuals who are rescued at sea to be delivered promptly to a place of safety."

"The conventions require signatory states and other parties to coordinate and cooperate in order to ensure that ships rescuing persons in distress face minimum disruption in their schedules by arranging disembarkation as soon as reasonably practicable. Shipmasters who have picked up persons in distress are also obliged to treat them humanely," he said.

However, vessels fulfilling their humanitarian duty have encountered bureaucratic hindrance and suffered financial losses as states have occasionally refused to allow some migrants rescued at sea to disembark, especially those lacking proper documentation. This has put ship owners and captains in a very difficult situation, says the UNHCR, even threatening the integrity of the time-honoured humanitarian tradition of rendering assistance to those in peril at sea.

One effect of the consequent legal anomaly has been the death of "unknown thousands" of migrants shipwrecked annually in the Mediterranean, the Red Sea, the Gulf of Aden, the Caribbean and elsewhere, says the UNHCR. A few survivors are picked up, mostly by merchant vessels.

And the issue is further complicated. Some of the asylum seekers at sea have a legally established right to shelter and "international protection" under the 1951 UN convention on the status of refugees that recognises the needs of people fleeing persecution or war. Most of them are economic migrants seeking better lives in countries more humane or prosperous than their own, and they are likely to be forcibly repatriated.



Efthimios Mitropoulos, IMO secretary-general

"Vessels fulfilling their humanitarian duty have encountered bureaucratic hindrance and suffered financial losses as states have occasionally refused to allow some migrants rescued at sea to disembark"

But the administrative difference in the legal status held by those separate groups is properly lost on the captain of a passing vessel when he encounters shipwrecks at sea. Some ship owners, such as Orion of Germany, have assured their masters of full company backing and cooperation in cases of search and rescue operations.

Wallenius Wilhelmsen Line suffered considerable financial losses after its vessel the Tampa rescued 433 passengers from an Indonesian boat breaking up near the Australian coastline. The Australian immigration authorities refused to disembark the passengers in a high-profile case, and subjected the Norwegian vessel to long unscheduled delays.

In turn, the UNHCR recently bestowed its highest honour, the Nansen Refugee Award, on Captain Arne Rinnan of the Tampa and his crew of 27 as well as the ship owner.

Financial concerns sometimes override humanitarian principles. In May 2007, 27 shipwrecked African migrants clinging to tuna pens were being dragged in the open Mediterranean for three days and nights under the gaze of the master of the Maltese fishing boat Budafel until their rescue by the Italian navy. The captain →





In May 2007, 27 shipwrecked African migrants clinging to tuna pens were being dragged in the open Mediterranean for three days and nights under the gaze of the master of the Maltese fishing boat Budafel until their rescue by the Italian navy

charged with the interception of such vessels approaching its ports and their return, if

explained afterwards that he had declined to engage in a rescue operation for fear of losing a tuna catch.

David Cockroft, General Secretary of the International Transport Workers' Federation, says stowaways are occasionally thrown into the sea to avoid cost and trouble. The reason is that shipmasters and their companies may be subjected to heavy fines if their ships sail into port with stowaways on board. Stowaways also raise significant insurance and safety concerns.

A South African court in 2006 heard testimonies describing how seven stowaways were being forced by the captain of the African Kalahari to jump overboard off Durban harbour. Few sailors are prepared to testify in such cases. But they come into court with increasing regularity.

A Chinese Snakehead people-smuggling syndicate is believed to have forced 15 migrants to jump into the sea off the Sicilian coast in 2005. Some survived. Forensic examinations performed on bodies recovered from the sea showed severe skull concussions apparently inflicted while still onboard.

Most attempted irregular sea crossings are arranged and supervised by criminal gangs who often rob, rape, abandon and even murder their clients. Their plight and the risk of their pathetic craft being lost at sea is exacerbated by the deployment of warships by some states to intercept and forcibly tow them away from their intended destination.

The Greek government is investigating a report issued in October 2007 by two EU groups of civil rights lawyers alleging flagrant violations of international law by the national coast-guard. Its vessels regularly try to "block the boats of migrants and force them out of Greek territorial waters," the report asserts. "Regardless of whether they survive or not, passengers are cast ashore on uninhabited islands or left to their fate on the open sea."

Italy, France, Spain, Australia and the US have for some years intercepted irregular migrant vessels in waters adjacent to their shores. The EU formed its joint Agency for the Management of Operational Cooperation at the External Borders (known as Frontex) in 2005,

possible, to their points of embarkation.

Many lives have been saved by such operations. But several navies involved have been accused also of idly witnessing the drowning of passengers. And all migrants including those entitled to legal refugee status who are forcibly turned back in maritime interception operations are thus deprived of an opportunity to state their claims for asylum.

Erika Feller, Assistant High Commissioner at the UN refugee agency, said that, "for this reason, we have an interest in maritime issues such as interception, search and rescue, disembarkation, people-smuggling and stowaways. Our position remains that the interception process, even if it may be necessary to protect lives and borders, must include safeguards that allow any refugees on board to exercise their rights to asylum."

Further controversy over handling the maritime exodus is now provoked by an uneasy compromise just reached by the EU over the administrative detention of unwanted migrants who have got through but cannot be deported for legal or technical reasons.

The jails are full, and new ones are being established onboard ships and floating platforms, but mostly overseas. In an attempt to solve an internal humanitarian crisis, the EU has agreed to detain migrants guilty of no crime in neighbouring countries some of which, like Libya, have not signed the UN convention on refugees.

Discord over the agreement is likely to concentrate minds on the greater issue of seafarers hindered in the rescue of shipwrecks. A timely UN guideline intended for ship owners, masters and crews as well as port authorities unambiguously interprets their obligations provided by the July 2006 amendments to the SOLAS and SAR conventions.

The document authoritatively interprets the new legal provisions and prescribes practical procedures to ensure the prompt disembarkation of survivors of rescue operations. It covers measures to meet the specific needs of refugees and asylum-seekers, and defines the related status of stowaways.

It states that ship owners and masters are



John Lyras, chairman of the Shipping Policy Committee of the ICS

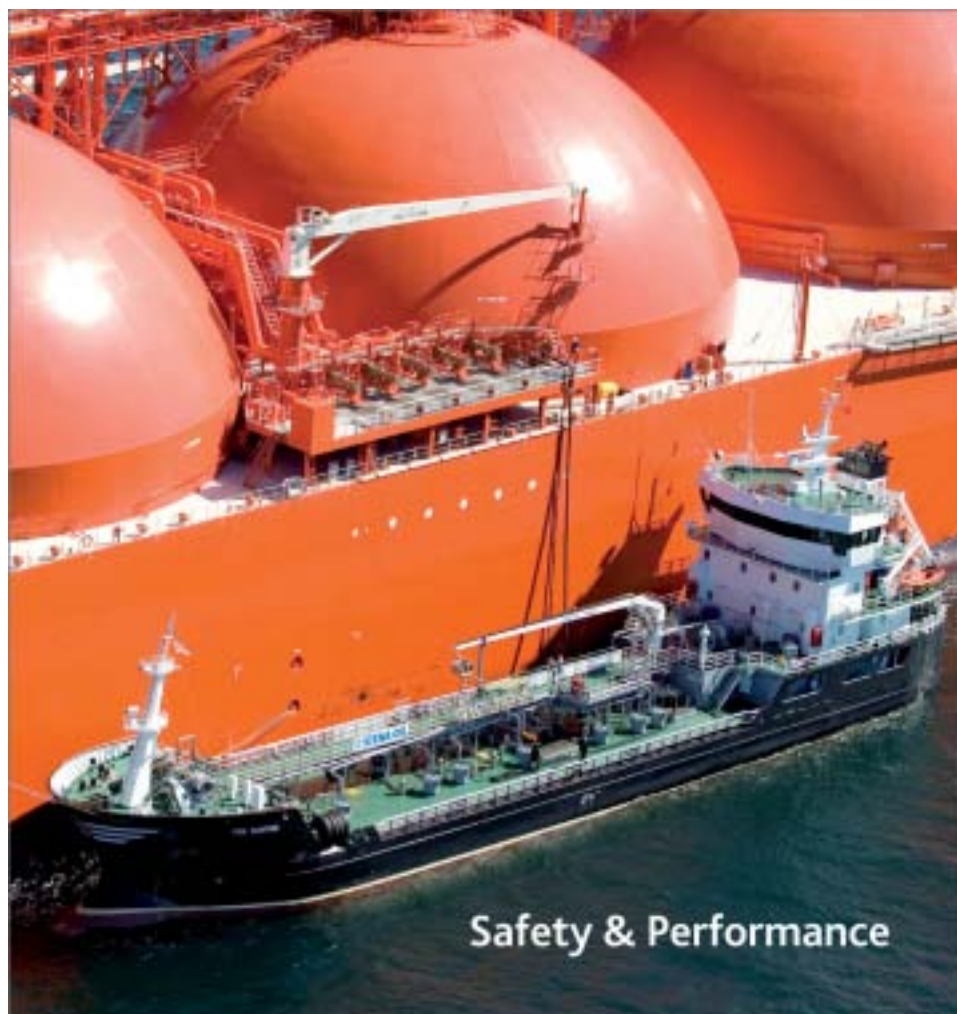
"Ship masters who save people in distress should not be penalised with further expenses. "They should be allowed to disembark the people as soon as possible"

obliged to cooperate in preventing illegal access to their vessel while it is in port. But it also recognises that, no matter how effective routine port and ship security may be, stowaways will always manage on occasion to gain access to vessels, either secreted in the cargo or by surreptitious boarding.

That is due, in part, to the increasing size and declining crew numbers of modern vessels. The prosecution of stowaways for trespass or any damage to property remains the responsibility of the recipient national authorities.

The guideline says all unscheduled passengers should be treated humanely by all parties involved, and that the ship owner and master as well as the port authorities and national administrations should cooperate in their speedy disembarkation. It emphasises that every effort must be made to avoid their indefinite detention on board. ■

Thomas Ország-Land is an award winning author and foreign correspondent who writes on global affairs.



Bunkering in Scandinavia

Stena Oil is the leading physical supplier in the Scandinavian region.

We specialize in offshore bunkering with minimum time loss.

Please contact us.
+ 46 10 445 14 15
bunkers@stenaol.com

We are always available.

Safety & Performance

 **STENA OIL**
www.stenaol.com

PUT YOUR TRAINING ON COURSE WITH VIDEOTEL

Meeting IMO requirements

ISM and STCW compliance

distance learning

DVDs/VCDs/videos

computer based training

workbooks

courses

e-learning

training services

Videotel on Demand

Videotel Marine International
84 Newman Street, London W1T 3EU,
United Kingdom
Tel: +44 (0)20 7299 1800
Fax: +44 (0)20 7299 1818

Videotel Athens
6th Floor, Efplias 3
Piraeus 185 37, Greece
Tel: +30 210 428 0384
Fax: +30 210 428 0385
vmi-ath@otenet.gr

www.videotel.co.uk

 **VIDEOTEL**

Continuing to meet your training needs

What goes up must come down

What's goes up must come down and in the case of the trained US officer and cadet, an escalation in global seafarer wage scales is starting to mean a compensatory fall in aversion by the international owning and management communities towards considering them as an economically viable crew source, at least for the higher end of the crew supply market.

Indeed, as recently reported in *SMI*, V.Ships is now looking to the US crew supply market to resource officers into its LNG ships as the escalation in wages makes this area of recruitment an attractive and viable option.

But how realistic an option is the US crew supply market and how seriously do academies such as Kings Point on Long Island, New York, take their responsibilities as far as

ensuring the US officer has a long-term future onboard foreign-flagged and foreign-owned merchant vessels?

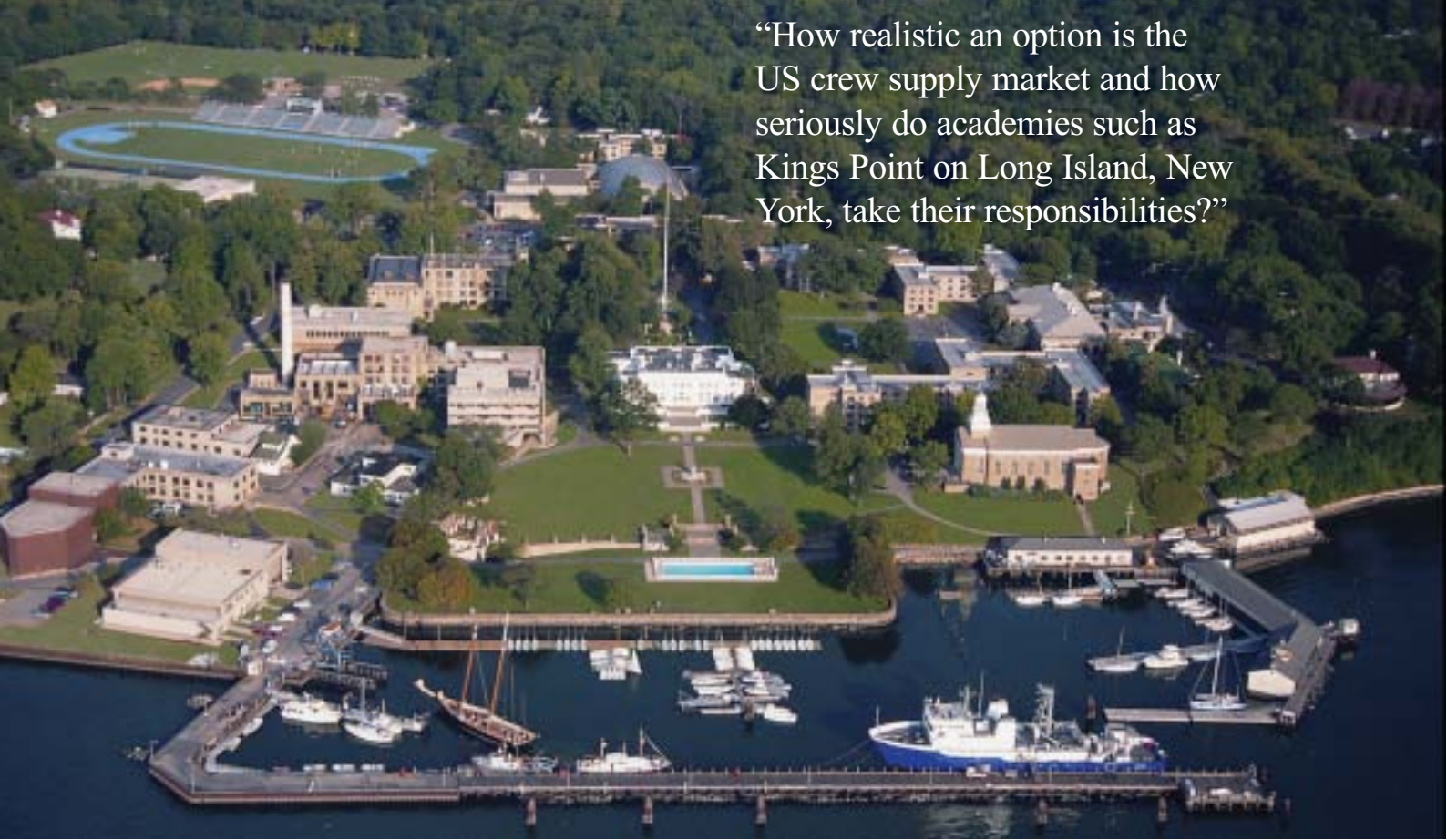
"It is definitely happening right now," said Capt Saunders Jones, Executive Vice President of Californian-based ship manager and crew supplier Alaris. "I have American officers on LNG ships trading to the US. I think, when I got into this particular phase of business I believed that modern markets for qualified officers in particular would be at the high end – LNG, passenger ship, maybe chemical carriers, and maybe even VLCCs and they're beginning to get down to that vessel sector," he said.

The move to attract US seafarers to LNG ships was given a significant boost last year when US Maritime Administrator Sean Connaughton ordered that 25% of crew members on liquefied natural gas carriers docking at

two proposed offshore terminals in Massachusetts Bay be US citizens. He said the rule would ensure that Americans had access to lucrative tanker jobs. The rule, it was claimed, would also enhance safety because Americans would be aboard the ships as they unloaded the highly flammable liquid.

"Sean Connaughton has done a great job for us in getting that attention in the LNG market," said Capt Jones, when questioned about the MARAD move. "I understand what the Americans offer, I understand the bias against Americans, and the issues around the cost of Americans, and my belief is that it is all beginning to be mitigated or even made to go away because of the desperate need for seafarers."

But is it just wages that has been holding the US seafarers back? "It's wages and then there's the fear of US litigation around injury claims

An aerial photograph showing the Kings Point campus on Long Island, New York. The campus features several large, multi-story brick buildings, green lawns, and a swimming pool. In the foreground, there is a harbor with numerous boats, including a large blue and white ship docked at a pier. The surrounding area is lush with green trees.

"How realistic an option is the US crew supply market and how seriously do academies such as Kings Point on Long Island, New York, take their responsibilities?"



and so on. I believe it's overblown. I think that if the management companies manage their ships properly and their people properly, they're not going to have any issues there. I've had experience now with putting US officers and crew on non-US flag ships and I've had zero problems where it comes to injuries," he said.

Then there is the healthcare issue which can cost ship owners an additional 30% on top of the 30% they will already have to pay in tax for the seafarer.

"That's a cost that the ship manager or owner has to pay in order to have the American seafarer onboard. You have the wages, and you have the healthcare and you have the tax situation. The US seafarer needs to stay out of the country physically for 330 days if he is going to avoid paying tax. It's not do-able, so there is a move afoot, and Sean Connaughton was talking about getting some legislation and a tax package together and we want to mitigate that. It's something that's not new; the American labour unions have been working on that for 20 years so maybe the time has come, we'll see."

So if there was a move at MARAD level to

lower the tax situation for US seafarers would that help? "It would help immensely with the American seafarer. It would make us much more competitive if we could get that. Because then what would happen is an owner/manager could lower the wage, because he wouldn't have to worry about paying the tax, it's a net gain for him. Then you only have to deal with the healthcare issue, and the healthcare is really not solvable right now," said Capt Jones.

But it is the work at academies like the Global Maritime and Transportation School (GMATS) and the United States Merchant Marine Academy (USMMA) at Kings Point, New York that is driving the stream of highly qualified and quality seafarer cadets onto the market. There are two parts to the Kings Point operation with one being the undergraduate programme run as part of the United States Merchant Marine Academy and the other being the GMATS operation which typically run one to two week courses for people already working in the industry.

"Interest in the maritime academy is strong and despite the fact we are a federal service academy with the stigma of being attached to

"Interest in the maritime academy is strong and despite the fact we are a federal service academy with the stigma of being attached to the other four academies – army, air force, naval and USCG"



the other four academies – army, air force, naval and USCG – the interesting thing was that our applications were up this year. We always accept more than we expect to have happen because you normally have only a percentage accepting but this year our class is at capacity. We normally take 280 and we are at 310 this year," said Rear Admiral Christopher McMahon, Deputy Superintendent at USMMA.

"A few years ago, the US maritime administration which owns the academy, took the view that while it certainly wants to promote US flag shipping it also recognised that shipping is a global industry and it is a value that ships trading in the US regardless of flag, have US officers onboard, particularly LNG ships.

"Under the direction of the Maritime ⇨

Ship Registration Services

Hubel Marine B.V. is specialized in ship registration and surveys on behalf of the above mentioned flags. When you submit us your application for registration, your vessel will be registered within 24 hours.

You can contact us for:

- Provisional registration - Special delivery registration - Mortgage registration
- Extension of registry documents - Payment of Annual taxes - Seafarer's Flag Endorsements

Interested in the one of the above flags? Just inform us about your vessel details and we sent you quotation with registration requirements.

Hubel Marine ... your reliable partner for all your Flag matters.

We represent various Recognized Organizations (RO) which are authorized for the conduction of surveys and certification of vessels of any size or type of service.

PANAMA BELIZE JAMAICA ST. KITTS & NEVIS

Hubel Marine B.V.
 PO Box 3219 • 3003 AZ Rotterdam
 T +31-10-458 7338 • F +31-10-458 7662
 E info@hubelmarine.com
 I www.hubelmarine.com

Contact Erik de Koning directly at the Posidonia Exhibition (3-6 June 2008).
 Tel.: +31 65 372 4457

Ship Registration | Crew Endorsements | Company Formation | ISM / ISPS Audits | Ship Surveys



“We are also working with the Liberian government to re-establish a maritime school in Liberia. We sent a team over there and produced a feasibility study and it looks like we are going to be asked to do a follow on”

Administration, the law was changed so that graduates and our midshipmen can spend their sea year on foreign flagged ships. We have started to do this in small numbers primarily on high technology vessels like LNG ships. In addition, the US Maritime Administrator Sean Connaughton has been instrumental in promoting the use of US officers, which would include our graduates, on foreign flagged ships, again particularly on the LNG side. Because the gov-

ernment is paying for our graduates' education there is a payback and that payback is five years in maritime industry and eight years in a military reserve situation. But Sean Connaughton has indicated that with permission from the Maritime Administration, our graduates can fulfil their obligation by sailing on foreign flagged vessels,” he told *SMI*.

According to the Admiral, there is interest from foreign ship owners in the academy and

the fact that that some LNG carrier companies are starting to hire US graduates is an indication, he says, of that happening. It is also interesting that two of the US maritime unions have contracts with foreign flag carriers on the LNG side. “I also see that interest moving into some of the container lines as well because they are concerned about shortage of seafarers,” he said.

“Last year we had a visit from a group of Greek ship owners who said that their merchant marine academies were empty and they can't get young Greeks to go to sea. But Americans will go to sea if you pay them,” he said.

But this seafarer shortage is also having a beneficial knock-on effect at the neighbouring Global Maritime and Transportation School (GMATS) with the school's experts being called on to export their expertise internationally as the seafarer shortage takes hold and quality training of personnel becomes a priority.

GMATS was instrumental in helping to establish and develop the Maritime Academy of Asia and Pacific in Manila and its teams of experts have been called back to look at the feasibility of doubling MAAP's capacity because of the demand for seafarers. “We have sent a team over there to work out how to take the school we have set up and double the

Toxic emissions are rising fast –
diesel particulate matter will kill people.



capacity. The ship owners are willing to pay for this because the tolerance is getting lower for unqualified people onboard ship," said Capt John Hanus, Director at GMATS.

"We are also working with the Liberian government to re-establish a maritime school in Liberia. We sent a team over there and produced a feasibility study and it looks like we are going to be asked to do a follow on," he added.

Demand for GMATS assistance internationally is a by product of a perceived need for increased training capability worldwide rather than any drive by the academy to sell its services. "Worldwide you cannot afford to set something up that will not pass the IMO standards so our assistance also helps countries ensure they achieve this standard," Capt Hanus said.

The primary mission of the Global Maritime and Transportation School is to offer leading edge education and training programmes for the private sector, military, and government. With nearly 3,000 students annually attending its programmes, it has become an important supplier of maritime and transportation training for personnel from numerous government, military, and commercial entities.

The USMMA Global Maritime and Transportation School is currently divided into



four divisions: Nautical Science and Military Affairs; Marine Engineering; Transportation Logistics and Management; Research and Special Projects

Together these divisions offer more than 140 professional education and training programs. In addition, GMATS specialises in developing customised education and training programs that meet the specific needs of the client. GMATS relies on more than 300 subject matter experts to provide instruction in its programs. This faculty brings a wealth of diversity and talent to the classroom. Instructors include USMMA faculty, academia from other colleges and universities, and guest lecturers from pri-

vate-sector, military, and government organisations who are experts in their field. In keeping with the Kings Point tradition, where appropriate, classroom presentation is augmented by extensive use of the Academy's laboratories, simulators, and waterfront vessels. Transportation related courses generally include field visits to intermodal facilities in the Port of New York/New Jersey.

"Most of the courses we run are typically a continue education type of course," said Capt Hanus. "Typically most of our courses are one to two weeks in length and are for people already working in the industry. We also teach folks in the Navy. One of the challenges we face in the continuing education format is ensuring the instructors draw on information that is extremely current because your reputation is hinged on the quality of the programme. When you have a group of people working in the industry and you have six month old information, you will get a bad reputation," he said.

Is demand for the courses increasing? "We are seeing demand grow not only in our student numbers but also in our research and special projects division where we are being asked to develop maritime schools internationally," he added. ■



Smokestacks billowing soot was once acceptable, now it is not necessary. With emissions compliance now goal based, abatement technology has become the officially recognised alternative to costly and damaging distillates. By installing Krystallon Seawater Scrubbing and Continuous Emissions Monitoring (CEM) Technology you are protecting your business against future particulate legislation and tightening sulphur laws, protecting humankind and sending out a strong message to your customers. Being green is no longer a cost – it's an investment.

Krystallon is a smart, sustainable and straightforward solution to marine air pollution for ships of the 21st century.

+44 (0) 1903 738349
www.krystallon.com



bp marine | Krystallon, a BP group company

Winner of 2007 Award - Protection of the Marine and Atmospheric Environment



Dealing with the constraints

Ask the man in the street – or a senior executive from any of the world's leading owners or managers for that matter – to try and second guess the effects that rising global commodity prices, port congestion and over-ordering will have on the future dynamics of the ship management sector and he will probably harrumph a lot and suggest he is actually running late for an important meeting before disappearing in a cloud of dust, pleased to have got away lightly.

The market constraints are there, there is no doubt about that, but they are strong and worrying enough for some City asset managers to raise concerns about how third party managers will be affected. According to one main player we interviewed, and who preferred to remain anonymous, the knock-on effects of a rise in cargo supply is significant and while they may take a little time to work through the system, their presence will be felt throughout the system.

“The first order response to a spike in freight rates is the increased ordering of ships which introduces a shift in the system constraint for global marine transportation,” he said. “This constraint is the availability of tonnage, and once owners order ships en masse then the system constraint then becomes the availability of new building berths. This is why we are seeing so many green field yards springing up as well as the expansion of existing facilities,” he said.

But no sooner do we get that second order response, that the third and fourth order constraints or responses become evident – notably the available resources of ship management expertise, crew, superintendents, and supply chain as it pertains to lub oils and stores. At the same time a third order constraint could also be availability of port and terminal and harbour facilities.

While they are obviously damaging to the markets, there is a feeling that these constraints will be very supportive to the freight market for the next three or four years, offering more support than people give them credit for as it will take time for those third order constraints to be resolved.

“For instance, problems such as new terminal capacity, loading rates, transportation infrastructure problems, as well as issues to do with the rail networks in Australia and China as well as the need for expanded terminal capacity for 10,000 teu-plus container ships will not be resolved over the next two years. In the mean-

“The first order response to a spike in freight rates is the increased ordering of ships which introduces a shift in the system constraint for global marine transportation”





time, the effects of these constraints will be to suck tonnage out of the market, so this phenomenon will be very supportive because naturally that floating capacity which people are counting on to drive rates lower, is getting sucked out in the form of port congestion," he added.

The other third order constraint which is the availability of ship management resource and expertise, will also take at least three or four years to be resolved, he said. "So you may actually get to the point where ships have to sit idle because of a lack of crews," he said.

While the expectations for quality and safety standards between customers and port state control authorities are actually moving higher, the ability of the provider to achieve those expectations is dropping. So the net effect of that phenomenon is that ships will also be sucked out of the market, he opined. "So in general I'd say that while the market is going to inevitably go down as the tonnage on the orderbook hits the water, its rate of decline will be slower than people give it credit for," he stressed.

But there is a significant sea change in the way management companies are driving their own market strategies with consolidation still a key aspect in the sector. Will the fact that there are fewer, but larger, players in the market, have a detrimental effect on the availability of shipmanagement resource and expertise: is there a danger that all the aces could end up being held in a only a few pairs of hands?

"I'm not entirely sure because it depends on the leadership role that ship managers want to assume. The usual rationale for consolidation is the benefits of scale. By virtue of the scale of a larger pool of seafarers for example, the ship manager can juggle the human assets and optimise their allocation on his ships to more efficiently meet the expectations demanded by their clients and by the end user.

"The other rationale would be that with a larger pool of seafarers you actually get better

"While the expectations for quality and safety standards between customers and port state control authorities are actually moving higher, the ability of the provider to achieve those expectations is dropping"

economies of scale as well as greater use of training assets or the procurement of training assets by developing your own institutes or reaching out to institutes which enjoy a broader, deeper reach around the globe. So that's the glass is half full scenario, in that by virtue of consolidation, accountability now more clearly rests on the big shipmanagement players to really take seriously their responsibility to develop these skills and grow them quicker. Their size means they can grow more quickly and, on average, more cheaply. The glass half empty scenario, which is actually contradicting the scale, is that they still avoid responsibility and this free rider phenomenon that we're all familiar with in all aspects of shipping is actually worse than what it was before. And I just don't know. I have a great deal of time for some of the large ship managers, I think they're coping as best they can.

"I think the problem is that no one's looking beyond the next six to 12 months by saying that as a group, we can show leadership and ask ourselves the question, can we innovate or can we do something unconventional to try and eradicate this growing crisis. By taking this six

to twelve month view, the problem is going to exacerbate over the next two to three years because everyone's really playing catch-up to the present," he said.

One solution being mooted in some quarters is how can we make the seafarer more accountable for his own training and career progression. Criminalisation is undermining the industry, yet according to some in the market, this can be resolved. "One idea that's been mooted is introducing the idea of self financing professionals, i.e. if you know anything about micro-finance, or you've read stories for example about professional athletes selling shares in themselves to support their current cash needs, you could have a cadet who would take a loan out on himself backed by his own earning power to invest in his own training and own career development with the idea of paying off the loan in the future. In that situation it doesn't really matter who he works for. He's making the commitment by securitising his own productivity. You need more people and ambition in the industry to drive potential cadets and potential seafarers out of the woodwork and get them passionate about the industry. Training is really the last thing you'd have to worry about because it's an immediate sort of band aid on a problem. Nobody's looking back further into the supply of seafarers," he added.

So if we had a crystal ball, how will the situation change in the next two years? Well according to public perception, we will be seeing more ship managers turning away business. "I think that you're going to get customers paying for better quality which is banded about right now but it really isn't happening and you may actually get customers willing to pay a premium for quality service.

"And I think that you will probably finally get some proper investment in the pipeline of seafarers, i.e. proper training institutes, academies, this sort of thing. In the mean time I would say the freight market will be soft by comparison to '04 to '06 numbers but still very robust.

"I think that the key thing in the longer term will be as I mentioned before, how much government support shipyard capacity gets. So if governments feel compelled in the next two or three years to support shipyards that otherwise would not be competitive with the Chinese and the Koreans, then that will make the lagging shoulder of the cycle a lot deeper. So you will see that over supply period for a couple of years."

Will that mean larger numbers of vessel layoffs? "Yes, but right now it's a little too close to call. There may be some issues with green field yards, and there may be some issues with credit, but asset values will certainly decline, but I just cannot see them crashing. We are talking of a steady erosion to normal historically normalised levels over the next four years, not a crash." ■



Concateno

Occupational Benzene Testing

Benzene is a highly carcinogenic compound. For workers in the maritime and petro-chemical industries exposure to benzene is a significant potential health risk.

Concateno's subsidiary Medscreen offers state-of-the-art analysis that can test for benzene exposure using a small amount of urine collected in a very simple procedure.

Benefits:

- > Measurement of TOTAL exposure through inhalation, ingestion & skin
- > Safety assurance for your employees
- > Identification of benzene exposure trends
- > Evaluation of site safety practices
- > Concateno's worldwide collector network enables effective monitoring

Tel: +44 (0)20 7712 8000

Email: sales@medscreen.com

Harbour Quay, 100 Preston's Road,
London E14 9PH, UK
Tel: +44 (0)20 7712 8000
Fax: +44 (0)20 7712 8001
Website: www.medscreen.com
Email: sales@medscreen.com



A Commitment to Quality

Our pledge is to be available to our ship owners providing the highest quality service 24 hours per day, seven days per week.

Our commitment balances safety and profitability to meet the most demanding commercial objectives.

Our mandate provides safety & security in an unsafe and insecure world



40 Knutsford Boulevard
Kingston 5, Jamaica W.I.

Tel: (876) 754- 7260 / 968- 1020

Fax: (876) 754- 7256 / 920- 8775

Email: registrar@jamaicaships.com

www.jamaicaships.com

LONDON

ATHENS

HAMBURG

ROTTERDAM

MONACO

MALTA

BOOK Review

The No. 1 Ladies' Detective Agency

Author Alexander McCall Smith

Publisher Abacus

Price: £6.99

When Michael Camdessus, former head of the International Monetary Fund, was asked why Botswana has done well, in comparison with other African states, he answered: "Three honest men." He was referring to competent and honest men who presided over the country in the years after it gained independence from Britain in 1966.

Alexander McCall Smith's *The No. 1 Ladies' Detective Agency* is a valentine to Botswana. When most of Africa is steeped in hunger, wholesale corruption, violence and a huge tide of human misery, Botswana is peaceful and relatively prosperous; the country of 2 million people boasts the world's largest diamond mine, which has brought wealth to its people.

McCall Smith, who was born in Zimbabwe, lived for some time in Swaziland and visits Botswana regularly. "I find Botswana an admirable country; I respect the people; they have built up their country very successfully. I admire their patience and decency. I thought it was a great pity there are so many negative books and articles about Africa. I wanted to show readers that there are many remarkable people living in Southern Africa, who lead good lives, with honour and integrity. Precious is one such person."

Precious is Mma Ramotswe, who uses the money raised from the sale of cattle her beloved father left her, to open the first and only ladies' detective agency in Botswana. She is recovering from a failed marriage to an abusive husband, and the death of her infant child.

"Mma Ramotswe had a detective agency in Africa, at the foot of the Kgale hill. These were its assets: a tiny white van, two desks, two chairs, a telephone and an old typewriter. Then there was a teapot, in which Mma Ramotswe brewed redbush tea. And three mugs – one for herself, one for her secretary, and one for the client. What else does a detective agency really need? Detective agencies rely on human intuition and intelligence, both of which Mma Ramotswe had in abundance." These first lines from the book are some of the most oft-recited lines from a surprising hit novel that is the first in a series of 9, translated into 43 languages, and selling more than 9 million copies.

Gratuitous violence does not reside in these books. A young boy goes missing and Mma Ramotswe suspects he has fallen victim to witchdoctors who traffic in human body parts for muti (bush medicine). Errant husbands who go astray; unexplained deaths in a hospital; domestic violence; conmen; theft; small-time fraud – these are the cases Precious and her redoubtable secretary, Grace Makutsi, try to solve.

"They are my people, my brothers and sisters. It is my duty to help them to solve the mysteries of their lives," Precious remarks, her faith in the goodness of human nature undented, her love for Botswana and her people hugely contagious. The 'traditionally built' lady detective is one of the most delightful heroines to grace modern-day fiction. Armed as she is with a keen sense of right and wrong, strong female intuition, knowledge of the

workings of the human heart, she tackles the problems of ordinary people, understands their foibles and listens to their hopes and dreams. The books, which have been written with charm and great affection, give unalloyed reading pleasure and have the singular power to touch even the hardest of hearts. ■

(To enjoy the series, it is important to read the books in chronological order.)

An Appeal to Reason: A Cool Look at Global Warming

Author Nigel Lawson

Publisher Duckworth Overlook

Price: £9.99

This is the book none of the British publishing houses wanted to publish – too controversial a subject matter; too hot a topic to handle. It took an American house to publish it; internet-review blogs show that readers (including academics and opinion-makers) are evenly divided: the camp that thinks the author has committed the sacrilege of questioning global warming; the other camp that thinks there's something here to challenge the prevailing orthodoxy on climate change and global warming.

If you have to carry the cudgels for the challengers to orthodox thinking, it helps if you have the superior brains and the courage of the conviction of the former UK Energy Minister and Chancellor of the Exchequer (under Margaret Thatcher), Lord Lawson of Blaby. He argues that there has been much less global warming than most of the world realises and he cites pretty impressive data from, among others, the Hadley Centre for Climate Prediction & Research, showing that the earth is now slightly cooler than it was a few years ago.

Questioning the 'received' belief on global warming, he says: "The readiness to embrace this fashionable belief has led to the present Labour Government to commit itself to a policy of drastically cutting back CO₂ emissions at huge cost to the British economy and to the living standards not merely of this generation, but of our children's generation, too."

There is none of the fanatical, Sturm-und-Drang tone in this book that usually characterises tomes tackling the vexed subject of climate change and the end of the world as we knew it. While the author cedes ground on increased man-made CO₂ emissions being partly to blame for "the modest 20th Century warming of the planet", he rails against "eco-fundamentalism and global warming absolutism." He asks us to understand the economics of cutting back CO₂ emissions; we decarbonise without question at our peril. He writes: "We appear to have entered a new age of unreason, which threatens to be as economically harmful as it is profoundly disquieting. It is from this, above all, that we really do need to save the planet." ■

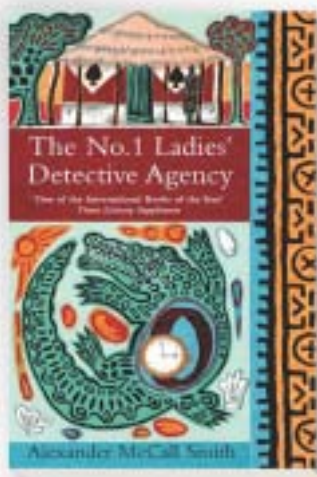
Shark's Fin and Sichuan Pepper: A Sweet-and-Sour Memoir of Eating in China

Author Fuchsia Dunlop

Publisher Ebury

Price: £16.99

Fresh out of Cambridge University and with a fascination, thirst and hunger for China, Fuchsia Dunlop travels to China, determined to immerse herself in the rich and fascinating history and culture of the Middle Kingdom. She ➔



abandons difficult language lessons and, convinced that she can find out a lot more about a people through their cooking, eats her way through Chinese cuisine with complete abandon.

In pursuit of learning and authentic experience, she vows to eat everything she is offered, but first, she has to overcome her Western squeamishness and master her gag reflex. "She becomes the Rambo of the food world, skipping from one gourmet massacre to the next: many, many animals have died in the making of this book, and she has eaten them all," writes Matt Rudd, *The Times*' travel writer.

The menu is wide, varied and comprehensive, among them pig's brain custard, orang-utan lips; fried rabbit's head; bear paws; civet cat; scorpions; roasted puppy; the ovarian fat of a snow frog.

She travels everywhere in China in her quest to learn their cooking. She arrives in Sichuan province and promptly falls in love with the local food. The province, in southwest China, is the country's most vibrant culinary region and one of the world's greatest culinary secrets, renowned for its hot and spicy food. The region's chefs boast some 5,000 different dishes, and gourmets the world over praise Sichuan cuisine for its legendary sophistication and diversity.

Ms Dunlop decides to stay in Chengdu, the heart of Sichuan province, and as the first foreigner to become a student of Sichuan's famous cook-



ing school – the Sichuan Institute of Higher Cuisines – she gains insight into the art and complexity of Chinese cooking. Her spare time is spent in the kitchens of some of Sichuan's most famous restaurants, and in exploring food stalls and street markets.

When presented with a preserved duck egg, she writes: "They leered up at me like the eyeballs of some nightmarish monster, dark and threatening. Their albumens were a translucent brown, their yokes an oozy black, ringed with layers of greenish, mouldy grey." Colour, texture, taste: this is one of the most talked-about travel (and food) books of the year. Ms Dunlop, with her encyclopaedic knowledge of Chinese cooking gained in over 15 years of exploring China, is the author of well-thumbed 'classics' on Sichuanese and Hunanese cooking.

As we travel a lot more, so we have become more adventurous – in the destinations we go to, the cultures we study, the drinks we imbibe and the

food we eat. Everyone thinks they know their Chinese cuisine, but as this book engagingly tells us, the Chinese have one of the most sophisticated cuisines in the world, with a culinary culture dating back thousands of years. In 2002, Chinese food overtook Indian as the UK's number-one favourite ethnic cuisine. For those travelling to the Beijing Olympics this summer, this book is a 'must' Baedeker. ■




Garrets
on-board
catering

Providing on-board catering for more than 17 years, Garrets offer an efficient, cost effective service which has enabled us to build up an extensive client base. They have all benefited from the following:

- Fixed Feeding Rates
- Quality Food Supplied
- On-Board Catering System
- Stock-Control
- ISO 9001 Certified

Garrets
International Limited

Tel: +44(0)1708-740400
Fax: +44(0)1708-768444
Email: garrets@garrets.com

Visit our Website: www.garrets.com



LLOYD'S MIU
The leader in global maritime information

www.lloydsniu.com

Come and visit us
in Posidonia - Hall 6,
Stand 625

The world's only totally live,
fully integrated shipping database
keeping track of vessels, their owners and
the ports they visit 24 hours a day, 7 days a week.

- Detailed characteristics of 120,000 vessels
- Comprehensive information on over 180,000 companies
- Over 13,000 up-to-date credit reports
- The world's largest casualty database
- Details on over 10,000 port facilities
- Millions of daily AIS and reported movements

Visit www.lloydsniu.com for your free trial
Please quote N100066A when replying

Lloyd's is the registered provider of the services mentioned by the above text. Lloyd's is not responsible for the content of the information provided by the above text.

an Informa Business



The WILWEL Group
"Providing Service Excellence Since 1906"

The Preferred Marine Supplier US Ports Serviced

CONNECTICUT
Bridgeport
New Haven
DELAWARE
Wilmington
MAINE
Portland
MARYLAND
Baltimore
Cove Point
MASSACHUSETTS
Boston
NEW HAMPSHIRE
Newington
Portsmouth
NEW JERSEY
Camden
Paulsboro
Perth Amboy
Port Newark
NEW YORK
Albany
Brooklyn
Long Island
New York City
Staten Island
NORTH CAROLINA
Wilmington
PENNSYLVANIA
Marcus Hook
Philadelphia
RHODE ISLAND
Brenton Point
Newport
SOUTH CAROLINA
Charleston
VIRGINIA
Norfolk

ALABAMA
Mobile
LOUISIANA
Baton Rouge
Lake Charles
New Orleans
Port Fourchon
MISSISSIPPI
Gulf Port
Pascagoula
TEXAS
Beaumont
Corpus Christi
Freeport
Galveston
Houston
Port Arthur
Port Comfort
Texas City



Shaded ports are serviced by request

www.wilwelgroup.com

IS YOUR VESSEL CALLING AT AN EGYPTIAN PORT?



EDWARDO

MARINE SERVICES CO.

Your reliable suppliers in
ALL Egyptian ports

Head Office: El-Mahrousa Tower, Mahmoud Sedky
& Panama St., P.O. Box: 179 Port Said, Egypt

Telephone: +20 (66) 334 0222 - 323 0031 - 324 8444

Facsimile: +20 (66) 332 2134 • **Telex:** +91 63096 • Edwar UN

E-mail: info@edwardmarine.com • **A.H. Phone:** +20 12 749 7373



Objects of desire

Busy about business

Imagine a mobile phone that does everything you want – and more. The new Nokia E90 Communicator is the brand's best premium device for letting you do a hundred things at once. Surf the web, browse and edit documents, email or talk to anybody, anywhere in the world with quad-band GSM. With video calling and video streaming facilities, you can take the office out the door with you.

For the fun stuff, send images captured with the integrated 3.2 megapixel camera complete with flash and autofocus. Or simply turn on and tune in to FM radio or the music player. And with integrated GPS, you'll have little difficulty in finding a venue where you can get away from it all. Just don't be surprised if you can be reached.



Nokia E90 £624 <http://shop.nokia.co.uk/>



Enjoy multitasking?

Let the drums roll: the world premiere of the Leatherman Skeetool CX. Starring: a combination straight and serrated blade, pliers, wire cutters, a universal bit driver, hard-wire cutters, a 3/6" and 1/4" Phillips screwdriver bit, a bottle opener, a removable belt clip – and needle nose pliers. It's small and neat, yet does more than a regular pocket knife. But don't let the name fool you. There's nothing soft about this multitool, which will be dressed in stainless steel and accessorised with a hardwearing Tungsten DLC coating. It's also easy to handle thanks to a comfortable ergonomic hand fit. Roll the red carpet out for this 142g lightweight.

Leatherman Skeetool CX

£79.95 <http://www.iwantoneofthose.com>

Trying to find direction

It's finally here, the world premiere of the Leatherman Skeetool CX. Starring: a combination straight and serrated blade, pliers, wire cutters, a universal bit driver, hard-wire cutters, a 3/6" and 1/4" Phillips screwdriver bit, a bottle opener, a removable belt clip – and needle nose pliers. It's small and neat, yet does more than a regular pocket knife. But don't let the name fool you. There's nothing soft about this multitool, which will be dressed in stainless steel and accessorised with a hardwearing Tungsten DLC coating. It's also easy to handle thanks to a comfortable ergonomic hand fit. Roll the red carpet out for this 142g lightweight.



PogoDrive £249.95 <http://www.naonline.co.uk/gps/pogo-drive.php>

Eye this up

This is escapism like you've never encountered before. Sit on your sofa and be transported into another world by any iPod video, DVD or multiplayer game – on the tip of your nose. Wearing Vuzix iWear as a pair of shades, you run the risk of looking like Robocop, but this really is an entertainment buff's audiovisual dream. 3D enabled with integrated but removable ear piece and adjustable nose bridge, Vuzix iWear uses AC power or a charger and comes in a variety of versions: the iP230 (iPod only), the AV230 (virtual 44" screen), the AV920 (virtual 62" screen) or the VR920 (PC only). Take your pick.



Vuzix iWear £99.95 - £249.95 <http://www.firebox.com/product/2029>



Electric shock

Worried about the environment? This inaugural device from DIY Kyoto may be the solution. The wireless Wattson 01 measures the energy consumed by other surrounding electrical devices in your home or office and shows you up for what you really are: a green friend or energy foe. The transmitter connected to your electricity metre or fuse box sends information directly to Wattson 01 at a distance of up to 30 metres. Simple to use, energy values are shown on an easy-to-read display in several currencies while the colour sensor changes according to the amount of electricity used. It comes complete with software that lets you create reports on your MAC or PC for those techies out there.

Wattson 01

£150

<http://www.purves.co.uk/>



Wakeup call

It's depressing enough to have to get up early every morning. It's even more depressing when your alarm clock looks like a calculator. But the Retro iPod Alarm Clock really is music to your ears. Harking back to the time when those belled numbers were all the rage, this style features 360° 3W omni speakers, sweetly disguised as bells. Cute. Acting as a charger for your iPod, you can blast out any song or podcast to drag you out of bed. But this alarm clock can also lull you off to la-la land too: you can listen to your iPod in bed through those bell speakers instead of plugging headphones into your ears. Comfort and beauty. You'll want to keep this bed fellow for good.



Retro iPod Alarm Clock

£39.95

<http://www.firebox.com/product/1764>

Light up your life

The novelty of this table lamp is the fact it's a supersize version of an electrical plug fuse. Enough said. Modelled on the BS 1363 domestic power plug (in case you wanted specifics), it's the funkiest way to inject some innovative design into that boring office of yours. And it's a sturdy little feller: with a base material made from aluminium, steel and acrylic, you'll be able to stand it up on a shelf or alternatively, use the wall bracket provided. With dimensions of approximately 33.5cm (H) x 8cm (W) x 8cm (D), you may just feel like you've entered Gulliver's World.



13 amp fuse light £69.95 <http://www.firebox.com/product/1909>

Drydocks World eyes Batam development

February this year, Dubai's Drydocks World, which owns the former Dubai Drydocks shipyard in Dubai, took over the two yards owned and operated by Labroy Shipbuilding on the Indonesian Island of Batam. Drydocks World already operated the former Pan United Marine shipyard on Batam, taking the total to three shipyards.

The two former Labroy shipyards are now under the leadership of Managing Director Mark Biggs, while the former Pan United yard is under the leadership of Jaoa Macedo, who is also Managing Director of the former Pan United shipyard in Singapore. The new names for these shipyards are Drydocks World Singapore (ex Pan United), Drydocks World Batam (ex Pan United), Drydocks World Graha and Drydocks World Nanindah (both ex Labroy).

Meanwhile, Drydocks World has also opened an office in the Harbour Front Building in Singapore, where Denis Welch (formerly with Intelligent Engineering) sits as CEO of Drydocks World South East Asia. This has control over the Singapore and Batam Island yards as well as a joint venture, with a Singapore-based shipowner, of a shipbuilding yard in China.

The main shipyard for repair on Batam Island is Drydocks World Batam (the former Pan United Marine yard), which operates two floating docks, the largest being 225 m x 40 m. Recently in this floating dock was Ocean Ship Management's 25,996 dwt bulk carrier *Tabernacle Grace*, which was undergoing general repairs including 120 tonnes of steel renewal.

Drydocks World Nanindah is mainly concerned with shipbuilding activities, including a number of offshore supply vessels and anchor handling tugs for Swire Pacific, Seacor and Esnaat (Abu Dhabi), cement carriers and 2,000 animal-cattle carriers. However, the yard also currently has three floating docks, used for repair and newbuilding activities, although one (the largest at 12,000 tonnes lifting capacity) has been sold to Vietnamese owners. A new 15,000 tonnes lifting capacity floating dock is currently being built at Drydocks World Graha, although no definite decision has been made whether this new unit goes to Drydocks World Nanindah or Drydocks World Batam. Meanwhile the yard has been very successful with general repair contracts from Singapore's Regional Container Lines (RCL) this year, having repaired four containerships, the 16,356 dwt *Piya Bhum*, the 8,018 dwt *Ratha Bhum*, the 18,168 dwt *Ganta Bhum* and the 15,152 dwt *Mathu Bhum*.

Drydocks World Graha Shipyard, the most modern of the Batam Island shipyards, is purely offshore oil and gas fabrication. The order-book currently comprises a series of four *MSC Gusto CJ46 100D* jack-up rigs for Standard Drilling ASA, Norway, the first due for delivery later this year (2008), and two + two *MSC Gusto Seajacks* – four-legged heavy construction barges for Master Marine, Norway, the first due for delivery in 2010. The yard is also constructing the floating dock for Drydocks World's own use.

Drydocks World also has plans to build a 'Batam Maritime Centre', designed along the lines of Dubai maritime City in Dubai. This 175 hectares area, which will operate a 10,000 shiplift system, with up to 30 x 120 m berths, will be used for shiprepair and shipbuilding and will also have two 12 m deep water jetties available. This development is a 'greenfield' project and work is expected to start during 2010.

Meanwhile, the East Fortune conversion from 55,337 dwt tanker to FPSO is continuing at Drydocks World Singapore (formerly Pan United Marine). The conversion was ordered by Nortech Singapore, which is currently looking for a suitable charter for the vessel. It is expected that when a charter is agreed, additional work will have to be carried out in the yard prior delivery.

The yard is also handling the conversion of the offshore supply vessel (OSV) *Pacific Ataawha*, which will become a seismic research vessel for her owner Swire Pacific Offshore. The vessel is due for delivery during August this year. There are also two accommodation barges from Consolidated Projects Ltd in the yard, the 111.00 m long *Jascon 28*, being converted to a pipe-laying barge, for delivery during June this year, and the 118.00 m long *Jascon 25*, which is undergoing general repairs.

Another conversion involves Brostrom Tankers (Singapore)'s 6,500 dwt tanker *Petro Easkem*, which is the third tanker from this owner to convert from single hull (with double bottom) to full double hull arrangement. The 13,585 grt drillship *Frontier Duchess*, which is owned by Frontier Drilling, is also in the yard for a major refurbishment, due to leave at the end of April. Western Geco's 4,126 grt seis-

Drydocks World also has plans to build a 'Batam Maritime Centre', designed along the lines of Dubai maritime City in Dubai. This 175 hectares area, which will operate a 10,000 shiplift system, with up to 30 x 120 m berths, will be used for shiprepair and shipbuilding





The 80,745 dwt products tanker Rubicon Vantage, being converted to an FPSO in ST Marine

mic research vessel *Geco Topaz* is also in the yard for the installation of additional sponsons, a similar contract was carried out by this yard during 2007 onboard the *Geco Diamond*. The OSV *Normand Trym*, which is owned by Solstad Shipping, is having a new Kort nozzle installed around the propeller. Another long term refurbishment project (November 2007 to April 2008) involves the drill barge MTR-2, which is owned by Mermaid Drilling (Malaysia).

First FPSO conversion for ST Marine

Singapore's ST Marine has won its first FPSO conversion project, involving the 80,745 dwt products tanker *Rubicon Vantage*, which is owned by Rubicon Offshore. The vessel is due for delivery during the latter part of April this year. Work has included:

- Fabrication and installation of Flare Tower
- Installation of the process module
- Fabrication and installation of helideck
- Installation of Utility Module and its equipment – generators, chemical injection system etc
- Installation of Water Injection module and its equipment – DA Tower, water injection pumps etc
- Installation of bow loading system and deck crane
- Fabrication and installation of process pipings etc
- Electrical cabling work (for control, fire and gas systems etc)

ST Marine has also recently won a contract from Norway's Waveship AS for the outfitting and completion of the seismic research vessel *Geowave Voyager*. This vessel was originally ordered by an Indian owner

from Russia's Amur Shipbuilding, Komsomolsk. However, the vessel was then purchased by the Norwegians following delays in Russia and the hull was towed to ST Marine for completion. The main engines were in place but not connected. She will be completed by the fourth quarter of this year. Extensive work involves the connection of all engines, auxiliary equipment and piping systems, modification and upgrading of the seismic equipment from six to 12 streamers, and modification to the heli-deck.

Conversion contract for A&P

A&P Tyne has been awarded the contract to carry out the conversion of a former ice breaking cargo vessel into a DP3 Flotel - an accommodation vessel carrying up to 399 persons. The contract has been awarded by the C&M Group, Aberdeen on behalf of the owners Silters.

Some preparations have already taken place on the vessel in the USA. The vessel is due to be brought to the Tyne by the heavy lift cargo vessel *Fairstar Fjord* where the main part of the conversion will be undertaken. The project will require the fitting of some 1,400 tonnes of new accommodation block steel work, accommodation for 399 people, which include all the necessary services to support the personnel to be carried.

There will be a further 1900 tonnes of steel work fabricated and fitted to form new decks and machinery spaces. A total of eight new generating sets will be fitted to power eight new thrusters giving the vessel full DP3 dynamic positioning capability.

An interesting design feature is the fact that the vessel will be the first of her type to be fully Ice Classed and will be capable of operating in conditions of -40deg C. The vessel, ex *Paardeberg* has been renamed *Ice Maiden 1*. The contract will take nine months to execute from the time of arrival at the yard and is worth in excess of £30m. ■

C.M.I. Co., Ltd. - VIETNAM

Serving the Shipping Industry since 1996



Vietnam's Premier Ship Supply and Ship Repair Specialist

From General Provisions and Spare Parts to all your Fresh Water, Marine Lubricant and Chemical needs

Call us now!

Other services include:

- Ship Agents
- Crew Management
- Forwarding and Spare Part Delivery
- Bunkering
- Safety Equipment Inspection, repair and supply
- Dunnage Material - selected dry bamboo sticks and mats, Kraft paper, net, Styrofoam, nylon etc
- Tally Services

Technical Services include Overhaul/Repair of Engines & Machinery (including Reconditioning), Air-conditioning Units, Steelwork, Radar/Gyro/GMDSS as well as Chipping/Scrapping/Painting.

NDT department

NDT Level III / Level II certified by ISO 9712 / SNT TC-1A code.

UTM certified by

ClassNK



Safety Radio survey certified by

GREAT MARITIME CORPORATION : Marine Surveyors and Consultants
PMI CONDITION SURVEYS - PRE-PURCHASE SURVEYS
ULTRASONIC TIGHTNESS TESTING OF HATCH COVERS by "SHERLOG TA"

LIFE BOAT, LAUNCHING APPLIANCES and ON-LOAD RELEASE GEAR
Inspection as per SOLAS & MSC/Circ.1206

We are authorized by BEIHAI BOATBUILDING & DAVITS (China)
also by ORIENTAL PRECISION & ENGINEERING CO., LTD (S.Korea)/
GREBEN (Croatia), SEKIGAHARA SEIKAKUSHO LTD (Japan)

44 HOANG DIEU STR. DIST 4, HCMC VIETNAM

TEL: 84 8 9400762 - 8254279

FAX: 84 8 8254278 TELEX: 811370 CMI VT

MOBILE: 84 903843382 - 903744411 - 913807955

Email: cmi-vn@hcm.vnn.vn capt-napoleon@hcm.vnn.vn

P.L.C Capt Napoleon Paterakis - Managing Director
Ms Zoe Huong - Director and Mr Pavlos Cuong - Director

www.captain-napoleon.com



**Harland and Wolff
Heavy Industries Ltd**

FORGING THE FUTURE SINCE 1861

SHIP & OFFSHORE UNIT REPAIR AND CONVERSION

Docking Facilities

• 556m x 93m	2 x 840T Gantry
	2 x 60T
	2 x 9T
• 335m x 50.29m	2 x 40T
	1 x 80T

Quayside Facilities

• 400m x 8.6m DRAFT	2 x 40T
• 300m x 8.5m DRAFT	1 x 5T

Licensed TBT Paint Removal System

Licensed Open Grit Blasting

1500m³ Slops Facility

Full Design Engineering Facility

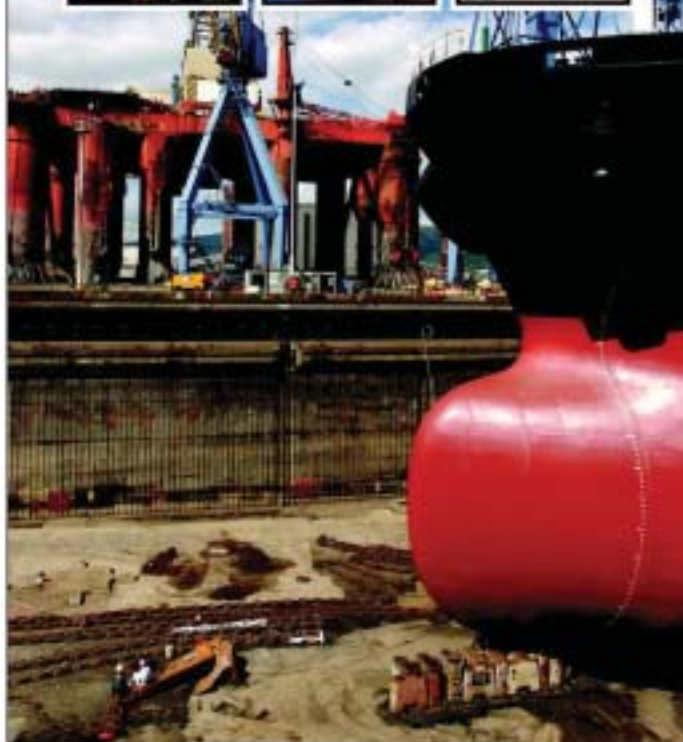
Harland and Wolff Heavy Industries Ltd
Queen's Island, Belfast, BT3 9DU, Nireland, UK

TEL: 00 44 2890 458 456

FAX: 00 44 2890 458 515

Email: billymc@harland-wolff.com

www.Harland-Wolff.com



GETTING PERSONAL

Elijah Cummings

US Democratic Congressman and Chair of the House Sub-Committee on Coast Guard and Maritime Transportation with additional comments by Admiral Thad Allen, Commandant of the US Coast Guard

Elijah Cummings is a force to be reckoned with. In fact, he is one of those politicians who gives the very strong impression that he means exactly what he says. Perusers of the US dailies will have seen him out publicly supporting the Barak Obama election campaign. The question is will this co-chairman of Obama's presidential campaign find himself suitably rewarded with a more senior government post in an Obama government? This remains to be seen. But in the meantime, Congressman Cummings remains wholly committed to the US Coast Guard and the promulgation of a safe and growing US maritime transportation sector.

"I believe that we often need to focus on the protection of life, property and the environment at sea by expanding our investments in the US Coast Guard," he said.

"Frankly I believe that the Coast Guard cannot find its new point of balance if it does not grow in size."

By his own calculations, the USCG in fiscal 2007 was an active duty service with 4,698 people. In a post 9/11 world, the coast guard must always be on patrol, not unlike a police department, he claims and the areas to be patrolled have been greatly expanding.

"Importantly however, before we can appropriately fill the gaps in the Coast Guard's personnel and asset strength, it must identify its specific needs. This also involves prioritising the risk to which the Coast Guard's missions are directed to respond.

"One good example of an area where national discussions about risks are critical is the safety and security of liquefied natural gas terminal and tanker operations. There are now some 40 new LNG projects at various stages of the process of applying for construction and operating permits. In 2007 the Coast Guard and Maritime Transportation sub committee held hearings on two proposed LNG terminal projects including one in Baltimore and one in Long Island, New York.

"While there is no question that our nation requires new supplies of LNG, I believe we also need a national policy on the siting of LNG facilities. I also believe that state authorities should have a formal say where their terminals in their states are to be placed as we are increasingly relying on states and even local authorities to provide security for these facilities. We're now working to craft language in the Coast Guard authorisation act that will ensure that when state or local authorities are anticipating guarding LNG terminals, they meet the highest standards of preparedness.

"It is simply unacceptable that we would approve any new LNG terminals if security requirements are not met. I do appreciate the point raised recently by Admiral Allen when he stated that we need to look at



"To ensure that the US Coast Guard's resources are properly aligned with its missions it is necessary that when missions are experiencing problems, these challenges are acknowledged and steps are taken immediately to resolve them"

how the costs associated for security LNG terminals are properly borne. I also agree with him that we need a national policy for examining the allocation of all resource to all dangerous cargoes, not just LNG. Nonetheless, the US Coast Guard, which I often call our thin blue line at sea, is and must remain the guardian of our nation as communities against all of the risks that approach us from the sea," he said. →



"As a first step in what needs to be a deliberate and thorough effort to shore up the marine safety programme and to ensure it is the equal of all the Coast Guard's missions, the service has requested some \$20 million in operating funding"

"To ensure that the US Coast Guard's resources are properly aligned with its missions it is necessary that when missions are experiencing problems, these challenges are acknowledged and steps are taken immediately to resolve them. We've been closely examining the decline in expertise and resources that the Coast Guard's marine safety programme appears to have suffered," he said.

"As a first step in what needs to be a deliberate and thorough effort to shore up the marine safety programme and to ensure it is the equal of all the Coast Guard's missions, the service has requested some \$20 million in operating funding. The US Coast Guard Commandant has also recently issued several strongly worded messages to the Coast Guard personnel regarding the need to respect mariners. However, the Coast Guard will only gain the professional respect of the maritime industry when every man and woman in the service who inspects commercial vessels, conducts the inspection respectfully and has the technical expertise to conduct and perform a discussion about safety matters with ships crew.

"We will therefore continue to monitor the service's progress in straightening the programme. We're also developing language in the authorisation act that will be intended to support the long term re-

talisation of the programme by establishing marine safety as a core mission and by requiring that marine inspectors and investigators have experience and training expertise commensurate with their responsibilities. Commandant Allen has given me his assurances that the Coast Guard will make progress on his backlog and I will also assure you and the commandant that we will be watching to see how fast this effort proceeds," he said.

Congressman Cummings recently hit the headlines when he vowed to ensure the enforcement of a provision in existing legislation that would make it compulsory for 100% of US-bound containers to be scanned for radiation at foreign ports by 2012, effectively ignoring various suggestions from within the industry and from other policymakers that this controversial provision be watered down.

Michael Chertoff, US secretary of homeland security, last November exhorted Congress to reconsider the 100% inspection provision included in the 9/11 Commission recommendations implementation Bills passed by the House and Senate last year.

Independently of Mr Chertoff, several politicians have started to change their tune on this subject, agreeing that a sampling risk-based approach to container inspection might be the more practical way forward.

President George Bush signed the Bill into law in August last year but various members of Congress are considering the introduction of a Bill to amend or delete the provision addressing 100% container scanning. In addition, Congress has yet to fund the measure, so DHS is currently unable to commence the scanner acquisition process.

Mr Cummings told a recent luncheon at the MarineLog port security conference that he believes in "balance" in every aspect of life, which, in turn, has convinced him of the need to ensure US national security while not "strangling" commerce.



He then declared: "Scanning every container will not threaten this balance. Instead, it will ensure this balance, which is exactly why Congress passed the law."

Mr Cummings was quoted in the press as saying the events of September 11, 2001 taught the US that it needs to "think ahead" to prevent two scenarios – intelligence reaching the US that a container already bound for the country held weapons of mass destruction; or such devices being detonated either en route to or in the US.

"If either of these scenarios happens you can be sure the government will shut down the movement of all containers and strangle commerce," Mr Cummings said. "It will also set off an unprecedented restructuring of the entire maritime security regime. 100% inspection of containers is unavoidable and necessary. We are not talking about opening each container – only scanning it." ■



Michael Chertoff, US secretary of homeland security

RightOfReply

Admiral Thad W. Allen, Commandant of the United States Coast Guard



"You might think I would be taking exception to some of the things that Chairman Cummings said. I do not. In fact there is one thing that Chairman Cummings and I agree on and that is the ultimate outcome of what the Coast Guard is trying to achieve in this country. I have been very open with him about the problems we face, the challenges we face and also about my commitment as a leader to take care of it.

"On my watch I am committed to addressing issues. A lot of these issues come about because we have been doing a lot of things lastely and I want to talk about multitasking. Some other issues were rooted in 10 or 15 years ago where there was a change in the demand for Coast Guard Services and quite frankly with the rush of resources that came into the Coast Guard post 9/11 – not all of those resources counted for holes that existed in the Coast Guard prior to 9/11.

"Regarding the marine safety programme, there were staffing and resource issues at the time of 9/11 that were not dealt with and were exacerbated. I have been very frank and helpful with the industry and our entire Congressional justification for fiscal 2009 budget is on our website and you can see exactly which resources we are asking for.

"We need to get the workforce right. That required a blended workforce and puts a premium on continuity and institutionalising corporate memory at port level..... We are all chasing the same personnel pool – officers, engineers and people who work in our environment. We would like to see more people from our maritime academies coming into our Coast Guard." ■

"Regarding the marine safety programme, there were staffing and resource issues at the time of 9/11 that were not dealt with and were exacerbated"





ALWAYS RELEVANT
ALWAYS IN THE PICTURE
JUST ALL WAYS



OCEAN TANKERS

HOLOGRES PUBLIC COMPANY LIMITED

4R, PAROU STREET, 1082-NICOSIA, CYPRUS

TEL: +357-22-813030 ; FAX: +357-22-512882 ; EMAIL: MANAGEMENT@OCEAN-TANKERS.COM

Posidonia Ποσειδώνια Come on down!

It's June, it's Glyfada and it's Party Time – Greek style. The shipping industry has spent the last goodness knows how many months preparing for the biggest maritime shindig of the year and with freight rates soaring at all time highs, who is going to deny Greek owners their time in the limelight.

And the signs suggest it is going to be an event to mirror the best of the rest. With over 1,650 exhibitors already booked in and an estimated 17,000 visitors planned, the glitzy venues and the grand hotels will be overflowing to bursting with revelry and Ouzo. Don't forget the Ferney-Branca...it is a good hangover cure I am told. And the party programme is an impressive one with Lloyd's Register starting proceedings on the Friday before at the Astir Palace followed by those two broking heavy-weights Braemar and Clarksons holding their bashes on Monday June 4th, Inmarsat holding an industry dinner on the Wednesday, the same day as StealthGas while Top Ships, Eletson, Japanese Ship Exporters and the final reception with the Union of Greek Shipowners will add glitz and quality to an excellent week's networking.

Posidonia has set another milestone in its 40 year-long history by registering the highest number of participating countries than any other international maritime event for its 21st edition.

In addition to an increase from participating companies from estab-

lished maritime nations, companies from the Central American Republic of Honduras, Iceland, Luxemburg and Mongolia are making their Posidonia debut this year further increasing the total number of participating countries to almost 80, setting a new show record and reiterating the event's status as the world's most international shipping trade fair.

This year's event is also inching closer to yet another landmark for the most national pavilions ever fielded at Posidonia with Romania, Argentina, Sweden and Honduras bringing the total number of national pavilions to 22, confirming the event's truly global appeal and increasing commercial credentials as the ultimate business-making forum for the world's shipping community.

Floor exhibition space has grown in line with stronger exhibitor demand with a total of 27,500 sq metres reserved for Posidonia 2008, the biggest in the biennial event's history.

"The world's shipping industry is nearing a peak of a cycle that has been propelled by exponential economic growth and energy demand in key emerging markets and an investment spree of Greek shipowners who have committed some \$50 billion in various fleet renewal projects," said Nana Michael, Managing Director, Posidonia S.A. the exhibition's organisers. ■

ORGANISER	EVENT	TIME	DATE
IMarEST	Joint Branch IMarEST Young Members' Student Conference	13.00 - 19.00	Tues 3/6/2008
New York College	Seminar		
	"Rising Demand for Multi-Skilled Maritime Security Expertise at Sea"	11.00 - 13.00	Wed 4/6/2008
Lloyd's Register	Press Conference	13.15 - 15.00	Wed 4/6/2008
Korean Register of Shipping	Seminar		
	"Introduction of KR-CON Program"	15.30 - 16.30	Wed 4/6/2008
DNV	Press Conference	16.45 - 18.45	Wed 4/6/2008
Germanischer Lloyd	Press Conference	10.30-12.30	Thur 5/6/2008
RINA	Press Conference - Seminar		
	"Focus on training and human element"	13.00-15.00	Thur 5/6/2008
Chevron Products Hellas AE	Seminar		
	Reliability-based Lubrication TM.		
	Chevron Global Marine Products and Services for efficient operations.	15.30-17.00	Thur 5/6/2008
IMDO – Irish Maritime Development Office	Ireland Ship Finance & Investment Forum	17.15-18.15	Thur 5/6/2008
Polish Register of Shipping	Press Conference	14.00-15.45	Fri 6/6/2008
James Fisher Mimic	Seminar	15.45-17.00	Fri 6/6/2008


BRUHN SHIPBROKERS

Sale & Purchase of Ships • Contracting of Newbuildings

An der Alster 30 • D-20099 Hamburg • Germany • Fon +49.40.555 027-0 • Fax +49.40.555 027-27 • snpg@bruhn-shipbrokers.de



© 2007 Disney Enterprises, Inc. All Rights Reserved.

PiratesBeware! Don't sink into illegal film screenings.

It is against the law to use your own bought or rented DVD's for onboard entertainment.

Filmbank represent Hollywood and Independent film studios in providing legally approved copies of Films and TV series for both communal and in-cabin screenings.

For further information on legal requirements for onboard entertainment call **+44(0) 207 984 5975**
or email **seavision@filmbank.co.uk**

www.filmbank.co.uk

FILMBANK

Leaders in non-theatrical distribution

In a genre of theatre production slightly different from the norm, diversity is taking centre stage

Are you being served?

Since the dawn of man, the art of story telling has been used to pass on knowledge, culture and wisdom from generation to generation. From heroes and gods in ancient mythology, legend and folklore, through to print, drama, television, film and theatre, story telling is the art to which historians believe defines humanity.

It is from this historical art that theatre has derived and since its inception has come to take on many forms, utilising elements such as speech, gesture, music and dance to support its purpose. It might come as a surprise, however, to learn that food is one of the latest utilities being used on stage to create unique theatre experiences. And why shouldn't it? Taste and smell are intrinsic to memory with some 70% to 75% of what we perceive as taste actually deriving from our sense of smell. As the primal of our senses, the sense of smell can transport us back in time or across the world triggering vivid memories of an exciting event, a glorious occasion, or, in this case a spectacular trip to the theatre!

It is no wonder then that theatre companies and individual artists worldwide are exploring the relationship between food and theatre in different ways. Lee Dong Hyun, head of Public Relations for the world

famous play Nanta, explains: "Since no one can survive without it, food is the most common element that unites people. The stirring scent of grilling vegetables that floats off the stage stimulates the audience's sense of smell and enhances satisfaction making it such a pleasing experience."

Nanta is a humorous Korean performance in which cooking utensils are transformed into great musical instruments. Since its first performance on stage in 1997, it has been the must-see performance in Korea. Its success hasn't stopped in its home country, however, the show made its first international appearance at the Edinburgh Fringe Festival in 1999 where it received an award for best performance. Since then it has been staged at various venues across the world – UK, Germany, Austria, Italy, Japan, Taiwan, Singapore, the Netherlands and Australia. In February 2004, Nanta opened a long term performance in Broadway, New York.

"The biggest strength of Nanta is that it can be performed in any part of the world and can be enjoyed by people of various cultures and backgrounds," Dung Hyun commented. "The fact that there isn't a language barrier means that the musical performance is an energetic spectacular for all ages." ⇨

Nanta is a humorous Korean performance in which cooking utensils are transformed into great musical instruments. Since its first performance on stage in 1997, it has been the must-see performance in Korea





Productions of a similar ilk are serving up a treat across the globe with a growing number of theatres exploring this new trend. Dean Christy, Managing Director of *Murder on a Hot Tin Roof* (Canada) commented: 'In short we refer to the style of the play as "a three course meal served over a three act play. We lay out the buffet and serve the food during the show, while the guests are seated in a devised seating plan to suite the performance." Cast members are in character all evening and partake in serving, pouring waters, getting bar drinks and clearing up. "The unique style means that guests are part of the show from the moment they enter the theatre until the moment they leave. It really is great fun for everyone involved," said Christy.

There is such a wide scope for theatre companies and individuals to experiment with food in theatre that the days of stopping off at a fancy restaurant on the way to a performance may soon be left well behind. Whether the food is actually cooked on stage, or served by the actors themselves, the audience gets to feast while watching the play, and if you're a guest at Tony N Tina's Wedding, you can even have a little dance afterwards!

Since no one can survive without it, food is the most common element that unites people. The stirring scent of grilling vegetables that floats off the stage stimulates the audience's sense of smell and enhances satisfaction making it such a pleasing experience



Nanta

The show is a non-verbal performance of reckless rhythms that dramatise customary Korean percussion in a strikingly comedic stage show. Nanta storms on stage into a huge kitchen where four cooks are preparing a wedding banquet. While cooking traditional Korean cuisine, the typical instruments used in Samulnori (Korean traditional percussions) are replaced by kitchen items such as pots, pans, dishes, knives, chopping boards, water bottles, brooms and even the actors themselves, and transformed into percussion instruments. Nanta combines rhythms from Korean folk music with modern musical forms to create an experience very unique but familiar to international audiences. As they complete the best dishes of the day, the performance culminates in a feast that is shared with the audience to both highlight and celebrate the communal bond found in traditional Samulnori performance.

Tony n' Tina's Wedding

Since opening in 1988 in New York City, this unique theatrical experience has won over the hearts of thousands of people and can now be seen in over 100 cities worldwide. Members of the audience actually play the role of Tony and Tina's family and friends and regardless of where they are from will be taken back and forth between fantasy and reality as they eat, drink, dance and get caught up in the activities.



Milk N' Honey (New York)

Part documentary and part fiction, this multimedia theatrical performance examines how a diverse array of Americans makes choices about the food they eat, and how these choices affect their lives and the world around them. The Food Theatre Project performance celebrates the beauty and sensuality of food, at the same time questioning the ability to savor it.

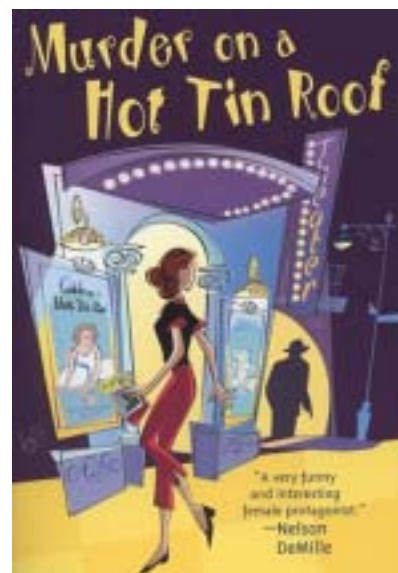
There is such a wide scope for theatre companies and individuals to experiment with food in theatre that the days of stopping off at a fancy restaurant on the way to a performance may soon be left well behind. Whether the food is actually cooked on stage, or served by the actors themselves, the audience gets to feast while watching the play

Duckie (Class Club, UK)

For one night only, the Duckie Christmas show, 2006 offered a night of entertainment to members of different social classes. In this quintessentially English game of manners, Duckie presented Christmas dinner at this audience interactive event.

Murder on a Hot Tin Roof (Canada)

'Play With Your Food' is Victoria's only full time, year round interactive dinner theatre company. The troupe's reputation has been building over a nine year relationship with the Victoria theatre/arts/food scene and the company's primary focus is to provide opportunities to local performers to develop their craft in a professional environment. Its show, *Murder on a Hot Tin Roof*, is a musical comedy parody/spoof that draws on well known stereo-types from Tennessee Williams and pop music. The show has an audience participation component which requires a talented cast of 'hybrids' that sing, dance and improvise as required in and outside of the script. All cast members are also part of the food service team. Guests are immersed in the theatre experience from the minute they arrive until the end of the evening. Cast members are always in character, clearing plates or washing up.



'Play With Your Food's' next show *Pirates of Foul Bay*, means the audience will be guests on a luxury liner that is taken over by pirates and the sea hag (looking for buried treasure, of course...!). ■



raising the standard

sales@huttons-chandlers.com
www.huttons-chandlers.com

The UK's leading supplier to the marine industry



CLOTHING PERSONAL PROTECTION ROPES RIGGING SAFETY EQUIPMENT TOOLS HARDWARE NAUTICAL CLEANING MATERIALS CHEMICALS MEDICAL

DON'T MISS YOUR NEXT COPY - SUBSCRIBE TODAY!

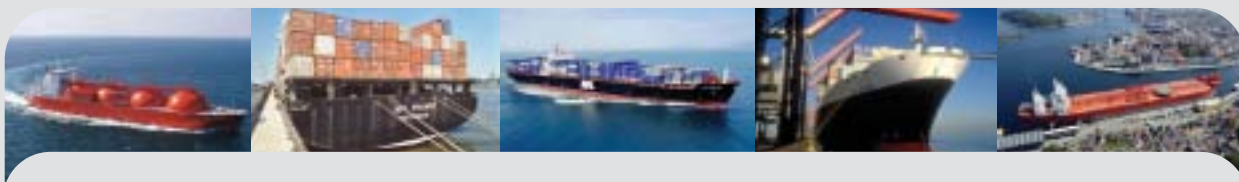
SHIP

MANAGEMENT

INTERNATIONAL

Yes I would like to subscribe to Ship Management International

Annual subscription £85 ☐ Two year subscription £160 ☐



YOUR DETAILS

Title.....First Name.....Surname/Family Name.....

Company Name.....

Business email.....Job Title.....

Address.....

.....

.....ZIP/Postcode.....

Country.....Tel.....Fax.....

PAYMENT OPTIONS

Credit Card ☐ (Mastercard/Visa/AMEX only)

Cardholder's Name.....Expiry Date.....CVC2 Security code.....
(last 3 digits on the signature strip)

Credit Card Number.....

Cardholder's Signature.....Date.....

Cheque (Payable to Elaborate Communications Ltd) ☐

 **elaborate**
COMMUNICATIONS

Please copy, complete and fax back to: +44 (0)1296 682156

or post to: Elaborate Communications Ltd, 10 Acorn Farm Business Centre,
Cublington Road, Wing, Leighton Buzzard, Bedfordshire LU7 0LB, United Kingdom

Mention Jamaica and you immediately think of sugar plantations, Appleton's Rum and reggae music with the odd spliff thrown in too. To the serious tourist home owner in search of a little slice of paradise, the island is proving even more alluring.

Live or Let Live in Luxury - no problem

For those of us lucky enough and rich enough to seek and demand a pampered lifestyle, then Jamaica, with its long-held reputation for being a getaway for the rich and famous, has the right credentials. It has had a long experience as a tourist destination and has been a favoured retreat for European travellers since the eighteenth century. Jamaica's tourism industry, however, started in earnest in the late nineteenth to early twentieth century, with the first systematic efforts by Government to promote the industry; aided by private investors keen to establish large hotels. The emergence of the island's tourist industry coincided with the rapid economic growth of the US, which has remained the main source of visitors up to the present.

But Jamaica's rise in popularity is no mistake. Since the 1980s, tourism has been one of the leading growth sectors in the global economy, undergoing immense growth in revenue and employment terms. In 2006 the size of the global tourist market in tourist numbers was 842 million, 4.2% up on the previous year and it is expected to increase to approximately 1.6 billion by 2020. Total international tourism receipts totalled \$735 billion in 2006 and tourism represents around 35% of the world's export of services.

Indeed, according to the UN World Tourism Organization's (WTO) Tourism 2020 Vision, international arrivals are expected to grow by 4.1% annually to 2020. Within this overall forecast it is projected that long-haul travel will grow faster, at 5.4% per annum. Europe will continue to maintain the highest share of world arrivals although there will be a decline in its share from the 60% share in 1995 to 46% in 2020. The long-term trends in global tourism also include growth in emerging markets especially in the Far East, the youth travel market, holistic tourism, eco-tourism and increased importance of information and communication technologies (ICTs) and online travel services.

Jamaica has been one of the best-known resort vacation destinations in the world for decades. Originally known for its stunning physical beauty and as a playground for the rich and famous, the island has seen its tourism industry experience significant growth and diversification in recent years. Jamaica currently boasts one of the most diverse visitor accommodation sectors in the Caribbean, including world-famous all-

inclusive resorts, upscale hotels and villas, and a range of distinctive tourist accommodations and attractions. Take for example, Goldeneye, a small resort on the former estate of Ian Fleming, the late author of the James Bond spy novels. Beach cottages and villas were marketed at prices ranging from \$600,000 for a one bedroom cove hut to \$3.5 million for a lagoon villa. The boutique resort rents its existing villas, including Ian Fleming's original three bedroom property for up to \$3,800 per night during the high season and for \$2,800 per night during the low season. ➔





A property such as Goldeneye benefits from Jamaica's lush tropical vistas, abundant sunshine and a culture that developed sensual reggae music. Added to these features are the attractions of extensive water sports, a sting ray pool, a movie house and a Thalassotherapy spa coupled with the heritage and fusion of the Bond connection. According to Jason Henzell, President of Goldeneye, there are small hints of Bond "but it is not a theme park so don't expect to see a honeymoon suite called Pussy Galore." But this is not the only pocket where the extraordinary wealthy relax.

Located on the magnificent northern coast of Jamaica, the Royal Plantation in Ocho Rios is an elegant resort accommodation in splendid

According to Jason Henzell, President of Goldeneye, there are small hints of Bond "but it is not a theme park so don't expect to see a honeymoon suite called Pussy Galore"



seclusion. This small, all-inclusive property is tucked away amidst the rolling hills of the St. Ann Mountains which sweep down to the pristine white sand beaches of the calm St. Ann's Bay. Offering luxurious suites, all with stunning ocean views, the Royal Plantation maintains the intimacy of an elegant private villa and the panache of a world-class resort.

The Royal Plantation provides seven categories of suites plus a three-bedroom private villa. They all boast sumptuous down beds and fine Italian linens, custom-crafted mahogany furniture, ceiling fans, mini-bars, Internet access, marble bathtubs and showers, laptop-compatible safes, as well as VCR and DVD players.

Located on the magnificent northern coast of Jamaica, the Royal Plantation in Ocho Rios is an elegant resort accommodation in splendid seclusion. This small, all-inclusive property is tucked away amidst the rolling hills of the St. Ann Mountains



It is home to three award-winning restaurants with menu options including classic French cuisine, spicy Caribbean delicacies and exotic seafood selections. The hotel also features Jamaica's only caviar and champagne bar. The Royal Plantation provides two beaches with sugary sand, including beach butlers. The resort houses an award-winning European spa and features a picturesque championship golf course at the Upton Golf and Country Club.

The Royal Plan includes all meals, beverages and premium drinks; a selection of choice house wines plus a guestroom bar set up; unlimited greens fees at the resort's golf course; unlimited use of the water sports facility and equipment including sailing and snorkelling; use of the resort's scuba diving equipment; and afternoon tea served daily. With occupancy levels close to 100% year round, reservations should be made at least three months in advance. If you have to ask the price at this lavish retreat you probably can't afford it.

Increases in disposable incomes and the growing appetite for travel by citizens of Europe (particular Eastern Europe/Formal Soviet Republic countries), the Middle East, East Asia and the Pacific, are expected to fuel the demand for luxury properties in exotic locations. China alone is expected to generate 100 million outbound tourists by 2020, up from less than 15 million currently. ■

Celebrating **30** years
of Ship Management
in Asia

Managing Tankers in all Environments

At Thome, we dedicate ourselves to excellence in Safety, Quality and Environmental Protection. Combining Norwegian shipping expertise with Asian business flair, Thome provides a range of maritime services under one roof.

For more information visit us at www.thome.com.sg



ISO 9001:2000



ISO 14001:1996



THOME SHIP MANAGEMENT PTE LTD



— FOR US IT'S NATURAL

PROTECTING LIFE THROUGH OUR
ENVIRONMENTAL SERVICES —
IT'S IN OUR NATURE.

www.lr.org/marine

**Lloyd's
Register**

LIFE MATTERS

Coral reef in the Red Sea, Indian Ocean – a rich and diverse ecosystem, with many species found nowhere else.

Services are provided by members of the Lloyd's Register Group. Lloyd's Register is an exempt charity under the UK Charities Act 1993.