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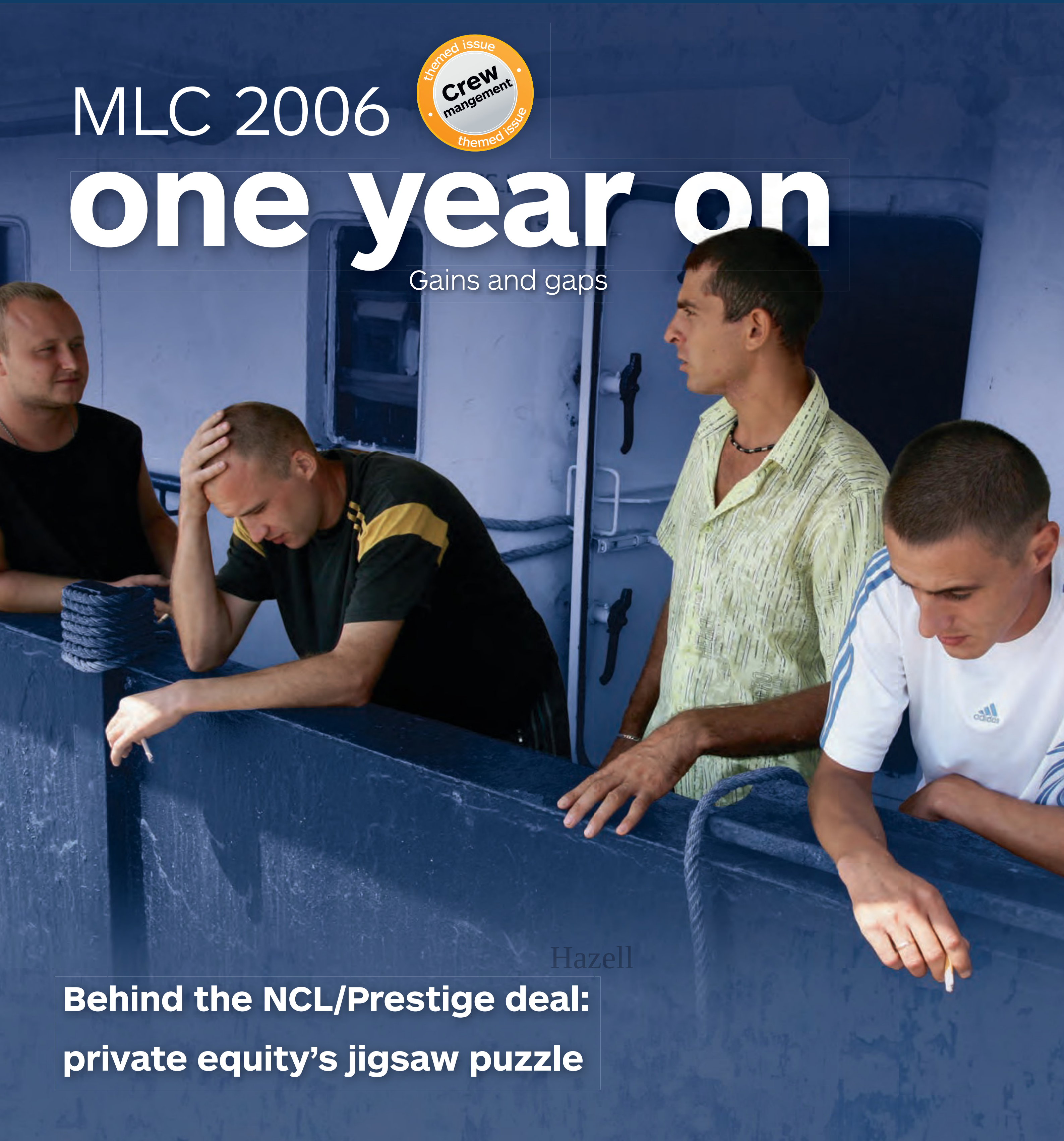

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MLC 2006 one year on

Gains and gaps

Hazell

Behind the NCL/Prestige deal: private equity's jigsaw puzzle

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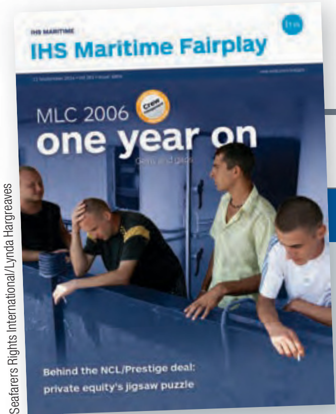

Seafarers Rights International/Lynda Hargreaves

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IHS *Maritime 360*
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www.ihsmaritime360.com

Jiro Asakura

'K' Line

> 9 September

'K' Line orders more ultra-large boxships

Japan's third-biggest shipping company Kawasaki Kisen Kaisha ('K' Line) has ordered a further five 14,000teu ultra-large container ships (ULCSs) from Imabari Shipbuilding.

The ships, to be delivered during 1H and 2H/18, take to 10 the total number of ULCSs the company has on order at Imabari.

Prices were again not disclosed, but in January Seaspan placed a similar order at Hyundai HI at $120M per ship; if that were applied to this order, it would be worth $600M.

> 8 September

Iraq to sue over Kurdish oil cargoes

Greek shipping company Marine Management Services (MMS) has said that it will defend itself against legal action planned by the Iraqi government for transporting oil from Iraq's Kurdish autonomous region.

Iraq has reportedly claimed that five MMS-operated vessels had been used to transport crude. Tehran holds MMS liable for damage payments of "at least" $318M. MMS said in a statement cited by Reuters that it did not consider itself a party to Iraq's dispute with the Kurds.

> 5 September

Fredriksen cashes out of Golar LNG

John Fredriksen is resigning as chairman of Golar LNG Ltd and selling most of his personal stake in the NASDAQ-listed company.

Fredriksen-controlled World Shipholding Ltd priced a sale of 27,826,087 common shares of Golar LNG Ltd at $58.50/share; 4,173,913 more shares are available for purchase by underwriters. Fredriksen would pocket gross proceeds of $1.627Bn or $1.872Bn if the underwriter option is fully exercised.

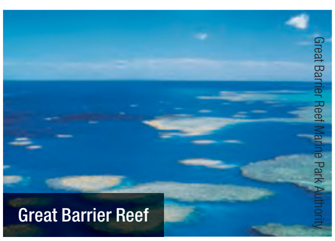
Vice chairman Tor Olav Troim indicated he intends to buy 500,000 of the shares.

> 5 September

Oz Senate seeks to halt dumping at reef

An Australian Senate inquiry called for a ban on disposing of dredging sediment in the Great Barrier Reef Marine Park, until further studies.

The inquiry also called for a freeze on any further funding cuts to government agencies in charge of protecting the reef, since the $2.8M cuts announced in this federal budget. Federal environment minister Greg Hunt had already given the green light to dredging at Abbot Point and the disposal of 5M tonnes sediment in waters adjacent to the reef.



Great Barrier Reef

Great Barrier Reef Marine Park Authority

Gas carrier in Suez Canal

Suez Canal Authority

> 5 September

Dar lands deal for $4Bn Suez scheme

Saudi Arabia-based Dar Al-Handasah Consultants (Dar) has been awarded the prime consultancy contract for Egypt's $4Bn Suez Canal Regional Development Project.

The development contract includes a new 35km parallel canal channel, which is scheduled for completion by 2016. Dar, which received the best technical score from among 14 tenderers for the contract, will work with the Egyptian army, the project's prime contractor as well as security guarantor.

The Egyptian government also awarded major contracts covering the estimated $4Bn spend to companies from several Gulf Co-operation Council states.

> 4 September

Migrants storm cross-Channel ferry

Several hundred migrants tried to storm aboard a cross-Channel ferry at Calais, bound for Dover.

Immigrants invaded the port precinct in two separate waves. Crewmen raised the boarding ramp and closed access doors, then police rounded up the first wave.

The other migrants tried to get aboard trucks but were extracted.

> 3 September

Ebola fails so far to affect tanker rates

The outbreak of the Ebola virus in West Africa has yet to affect oil tanker rates, as owners and charterers disagree about liability. A Singapore broker told *IHS Maritime*: "Freight rates for West Africa-China have not seen any meaningful changes, although there's been a drop for West African crude shipments to India."

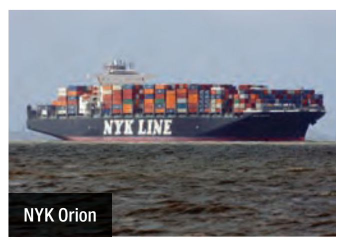
IHS Maritime was shown Dutch commodity trader Trafigura's charter contract, which states it would issue alternative voyage orders for a chartered-in tanker should the owners decide against entering any port due to Ebola.

> 3 September

Crew rescues 257 from box ship

The crew of box ship NYK *Orion* rescued 257 people in the Mediterranean Sea after receiving an emergency call from Malta.

NYK *Orion* had been headed from Valencia, Spain, to Port Said, Egypt, when the crew was told by Malta's Maritime Rescue Coordination Centre about a distressed vessel, which was not identified. Captain Filip Kalebic and his crew of six Croatians and 18 Filipinos provided drinking water, food and medical aid for those with minor injuries on 27 August.



NYK Orion

NYK

people in **the news**

PA

‘We ask for forgiveness from the public. There is an impact of this congestion on the growth of our economy’

Congestion at Manila’s port, tied to truck access rules, could restrict growth in the Philippines, **President Benigno Aquino** told reporters. Food prices reached a five-year high as import growth fell in May and June.

‘Having 50 vessels and none of them being yours is bad news. Better to have 10 and know they are yours’

Irene Daifas, CEO, Stavros Marine and Silver Lake

Savanna Nightingale/IHS

This week’s **decision-maker**: page 24

Lloyd’s

‘The one thing you can say about this [insurance] industry is that it gets through whatever confronts it’

Lloyd’s CEO **Inga Beale**

This week’s **regulation & risk**: page 18

‘We are open to the industry for suggestions on improvement of safety culture at sea. Most of the accidents [that] happen at sea are human behavioural in nature, and we look at even the near-misses and minor cases of ship contacts to instil a safety mindset in seafarers’

Muhammad Segar, assistant CEO of the MPA in Singapore

This week’s **news & analysis**: page 10

‘It’s a completely different proposition. These ships age like fine wine’

NCL’s CEO **Kevin Sheehan** says for Regent and Oceania, service, cuisine and itineraries prevail, rather than the latest cruise attractions

NCL

This week’s **story of the week**: page 18

There is so little fairplay in the world. If our own efforts succeed, we shall have taken the first steps towards promoting the habit of calling things by their right name and looking at them through uncoloured spectacles…
Founder: **Thomas Hope Robinson**, Fairplay, 18 May 1883

> 11 September 2014

lookout

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Richard Clayton: Chief Maritime Analyst

Be careful what you wish for

> **"If we just provide the crew, we can't** train them. If we can't train them there's a risk to our reputation," a crew management specialist told me recently. When a manager recruits, trains, monitors, and debriefs all seafarers in an efficient and effective way, the door is open to new ventures.

But when crew management is split from technical management, it's much more difficult to guarantee performance against shipowner-client expectations.

Further, the management team and the crew on the ship must work as a unit if the seafarers are to raise safety standards, improve technical efficiency, and provide the highest levels of protection for the environment. Over the years many owners have delegated responsibility for the crew but retained responsibility for technical and operations management.

It can work, but it can work better if all three aspects of the venture are driven by the same people – just as it used to be in the old days, under the ship's owner.

This debate will be on the agenda in board meetings around the world as the balance between the roles played by the owner and the manager shifts from the former to the latter. About one vessel in five today is managed by a company that does not own the ship.

Owners can invest in upgraded technology, but if they fail to link that technology with the crew using it, it's more likely that efficiency gains will be lost. The key to good technical management is not the equipment installed on the ship but the training given to the seafarers responsible for getting that equipment to work effectively.

All of which puts great emphasis on crew training. Managers have invested small fortunes in building their own training academies in the Philippines, India, China, and elsewhere.

'The key to good technical management is not the equipment installed but the training given to the seafarers responsible for it'

One manager outlined the underlying ethos of his training programme as based on the assumption that "the ability of a team to react appropriately in a time-critical, stressful situation is a skill that can be trained, practised, measured and evaluated". This must include onshore managers in their air-conditioned, stress-reduced offices, and should incorporate cultural awareness training.

Getting seafarers of different nationalities to work together harmoniously has been a challenge for years, but pressure to reduce crewing costs has raised the issue once again. Some nationalities clash, others complement one another.

The old P&O Nedlloyd, for example, used to operate its P&O ships with British officers and Indian ratings and its Nedlloyd ships with Dutch officers and Indonesian ratings. It worked in the late 1990s.

Some of the worst maritime accidents have happened because senior officers of different nationalities refused to work as a team, or because the master believed the pilot had been "disrespectful". Good crew training must acknowledge cultural sensitivities: in some ways this is becoming easier as the pool of seafarers grows smaller.

But there's another view. According to the visionaries, it won't be long before shipping companies have dispensed with seafarers altogether. Their scenario has it that ships will be operated from shore via satellite connection: routine tasks will be performed remotely; navigation will be controlled by former officers from an operations room.

This will be possible only if all aspects of vessel operations are run by a single team. The coming together of seafarer, technical, and operations management under one roof might be the very first step in redefining the way ships are handled. Security issues are the largest hurdle to be overcome if autonomous ships are to win through, but technological change often comes in baby steps. F

Tweet of the week

Sad reflection that #sewol fact finding has become mired in #south-korea politics. Safety of life at sea should transcend political posturing

> Follow Richard Clayton:
@rjbclayton

richard.clayton@ihs.com

Private equity's jigsaw puzzle

Apollo built NCL and Oaktree put together Star Bulk in similar ways, **Greg Miller** explains

> Private equity has been buying up slices of the maritime world for more than half a decade. Now it is fitting the pieces of the jigsaw puzzle together, creating huge publicly traded entities that are transforming the competitive landscape.

The latest example is last week's agreement by NASDAQ-listed Norwegian Cruise Line (NCL), controlled by private-equity giant Apollo, to purchase Prestige Cruises, which is 78% owned by Apollo, for a total consideration of $3.025Bn.

This takeover comes just two weeks after an agreement by NASDAQ-listed Star Bulk, controlled by private-equity company Oaktree, to acquire the fleet of Excel, also majority-owned by Oaktree, for $634.91M, creating a combined public entity with 103 vessels.

The cruise and dry bulk markets could not be more different. Yet the strategies of Apollo and Oaktree are remarkably similar. Both bought majority stakes in multiple companies within a single maritime sector, removed executives who did not fit their models, created and cultivated a publicly traded platform, then used that platform to buy out their other stakes. End game: sell shares, pocket profits.

Oaktree bought a large position in publicly listed Star Bulk via a rights offering while simultaneously sponsoring private entities of Star Bulk founder Petros Pappas. The private fleet was then folded into the public company.

In parallel, Oaktree took majority control of Excel in a bankruptcy process and subsequently pushed out Excel founder Gabriel Panayotides. Star Bulk then opted to purchase Excel's fleet, rolling all three Oaktree interests into one much larger public group.

> Key points

- Private equity groups are consolidating maritime stakes
- Private equity-sponsored entities are challenging established players

The mirror pattern on the cruise side: Apollo acquired cruise brand Regent, a majority stake in Oceania and a 50% initial stake (with board control) in NCL.

NCL's former CEO Colin Veitch was pushed out and replaced by Apollo-appointed fixer Kevin Sheehan.

Oceania and Regent were pieced together into Prestige, with Oceania founder Frank del Rio at the helm. NCL went public last year and has now agreed to acquire Prestige. All three Apollo-linked brands are being placed into one public group.

This private equity model is important to the maritime sector for several reasons. First, some private equity behaviour might drive fragmentation (by spawning newbuilding acquisition vehicles), but the end game often involves creating a single large public umbrella – *à la* Star Bulk and NCL – which drives consolidation.

Second, the piecing together of larger entities by private equity creates formidable competitors that vie with established players for revenues and, perhaps more significantly, for public investor interest. Star Bulk has emerged almost overnight as by far the largest owner in the US-listed dry bulk arena. NCL, albeit much smaller than Carnival or Royal Caribbean in terms of capacity, has emerged as an investor favourite due to higher returns and capacity growth than its larger rivals.

A notable difference between Oaktree's bulker deals and Apollo's cruise push is timing. Oaktree's dry buys took place long after the market collapse, timed to buy low and ride a hypothetical upcycle. Apollo jumped into the cruise sector too soon, at the 2007 peak, just before the global economy imploded. Consequently, Oaktree's puzzle was pieced together much more swiftly than Apollo's.

‘We had our moments in the negotiation process ... but we are shaking hands and best buddies again’

NCL’s Kevin Sheehan (right) on talks with Prestige CEO Frank Del Rio

Step 1

Buy multiple fleets in one sector

Oaktree: Funded private Oceanbulk JV with Star Bulk founder Petros Pappas in late 2012. Purchased large stake in Star Bulk via July 2013 rights offering. Acquired majority stake in Excel via bankruptcy plan confirmed January 2014.
Apollo: Purchased majority stake in Oceania Cruises in February 2007 for $850M. In August 2007, announced $1Bn purchase of 50% stake (since reduced) in NCL and shareholder agreement on effective control. Purchased Regent in December 2007 for about $1Bn.

Step 2

Expel executives if necessary

Oaktree: Removed Excel founder and CEO Gabriel Panayotides in May 2014
Apollo: Removed NCL’s CEO Colin Veitch – who once compared working for Apollo to “a day-and-night colonoscopy without anaesthesia” – in November 2008. Installed Kevin Sheehan as replacement.

Step 3

Create publicly traded platform

Oaktree: Bought into publicly listed Star Bulk in 2013 when that company faced pressing debt issues and low market cap.
Apollo: NCL went public with IPO and NASDAQ listing in January 2013.

Step 4

Consolidate under one public umbrella

Oaktree: Star Bulk closed acquisition of private Oceanbulk fleet in July 2014, agreeing to pay 54.104M shares, $25M cash, plus assumption of debt. On 19 August, Star Bulk announced agreement to purchase Excel fleet for $288.39M in cash plus 29.917M shares, equating to a total consideration of $634.91M.
Apollo: Prestige formed in 2008 to own Oceania and Regent acquisitions. NCL announced agreement on 2 September to acquire Prestige for $3.025Bn via shares, cash, debt assumption.

Regent and Oceania have been kept separate from NCL until now, despite overlapping Apollo ownership, in part because NCL was the only turnaround situation of the three.

“It has been years of heavy lifting,” said Sheehan during last week’s conference call, referring to the pre-Apollo NCL as “a venerable brand that had lost its way”.

Prestige had originally planned to launch its own IPO, filing registration documents in 1Q14. Despite Apollo’s seats on both sides of the table, it was allegedly not a foregone conclusion that NCL and Prestige would reach an agreement.

“We had our moments in the negotiation process,” said Sheehan of his talks with Del Rio. “We thought we weren’t going to get there. But we are shaking hands and best buddies again.”

The deal will transform NCL into a diversified operator featuring multiple brands catering to multiple demographics. This represents a major plus for cross-selling and synergies, yet it changes the proposition for NCL investors, another echo of Star Bulk.

Star Bulk’s stock has been sold to investors as an eco-newbuilding play, but the Excel fleet is the exact opposite: circa-1990s bulkers. Star Bulk clarified on a recent conference call that its eco strategy remained firmly in place, while older Excel tonnage provides “embedded optionality” because it can drive cashflow in an upturn or be sold to help pay for the newbuildings.

Last week, NCL faced the same analyst query on its change of direction. NCL markets itself to investors as the cruise owner with the world’s youngest fleet and heaviest newbuilding emphasis, yet some Regent and Oceania vessels were built in the late 1990s.

Sheehan clarified that NCL operates in a mainstream category where the focus is on the newest ship features, but Regent and Oceania operate in categories where service, cuisine and itineraries prevail. “It’s a completely different proposition,” claimed Sheehan. “These ships age like fine wine.” F

greg.miller@ihs.com

Shutterstock/Lynda Hargreaves/Dietmar Hasenpusch/Regent

Singapore strives to put safety first

> Titus Zheng

Singapore

Maritime authority pushes harder to reduce collisions in ever busier waters

Singapore is the midst of a drive to improve maritime safety culture in the Strait of Singapore, one of the world's busiest shipping lanes.

At the end of July the Maritime and Port Authority of Singapore (MPA) rolled out an industry-wide campaign to promote a safety-first culture at sea.

"Singapore is the world's busiest port in terms of vessel arrival tonnage and is located along a vital shipping lane and one of the world's busiest waterways," noted Andrew Tan, chief executive of MPA.

The port of Singapore sees more than 130,000 vessels call annually, a figure expected to rise in line with growing trade between the Asia Pacific region and the rest of the world.

The port also tranships almost half of the world's supply of crude oil and one-fifth of its shipping containers.

Despite the ceaseless flow of cargoes and busy marine traffic, the number of major incidents over 2011-13 has remained low, with a yearly average of 0.012 incidents per1,000 vessel movements in the port and 0.016 in the strait, respectively.

There were 13 major incidents in 2011, eight in 2012, and six in 2013. Major incidents are those that involve loss of life, injuries, ferry or passenger ship mishaps, disruption to terminal or port operations and oil or chemical spills that require inter-agency co-operation to clean up.

There were three major incidents in the first half of this year involving spillage of bunker fuel into the sea. However, vessel traffic in the Strait of Singapore and port waters was unaffected by the incidents and the clean-up operations were conducted quickly.

Since then, the MPA has been has engaged with various parts of the shipping sector to ensure safety of navigation in Singapore's waters and has worked closely with the Singapore Shipping Association (SSA) to take immediate steps to raise the level of awareness.

Patrick Phoon, president of the association, said: "I have full confidence that my members will heed this urgent call to do their utmost to emphasise to their ships' masters and crew members to exercise vigilance at all times."

He recognised that most incidents could be prevented if navigators adopted safety best practice and said most collisions occurred due to human error.

His views are echoed by Muhammad Segar, assistant chief executive of MPA, who told *IHS Maritime* that seafarer behaviour played a crucial role in marine traffic safety.

"We are open to the industry for suggestions on improvement of the safety culture at sea," he said. "Most accidents [at sea] are human behavioural in nature and we like to look at even near-misses and minor cases of ship contacts to instil a safety mindset in seafarers."

A maritime source told *IHS Maritime* about collisions that have taken place in anchorages off Singapore. Three vessels were said to have made slight contact

> **Key points**

- Major incidents have decreased despite busy marine traffic
- Human error remains the cause of most incidents

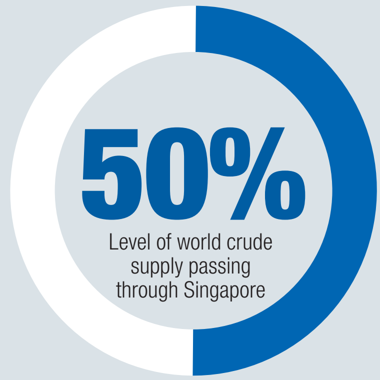
SSA

'I have full confidence that my members will heed this urgent call to do their utmost to emphasise to their ships' masters and crew members to exercise vigilance at all times' Patrick Phoon, Singapore Shipping Association

Standard P&I Club

‘Navigation officers these days have a tendency to negotiate manoeuvres over VHF with other ships, instead of following the rules of the road’

Yves Vandenborn, Standard P&I Club



at anchorage while their situation was aggravated by poor weather conditions and strong water currents.

Segar conceded that nobody can control weather conditions at sea, but seafarers can choose to keep safe distances between ships in anchorages. Thus, inter-ship communications would be vital in such cases.

Yves Vandenborn, director of loss prevention at Standard P&I Club, noted that even where there was communication there could still be problems.

“The shipping community is very international and not all speak English as their native tongue,” said Vandenborn, a master mariner with extensive senior experience on LPG/LNG vessels. “Navigation officers these days have a tendency to negotiate manoeuvres over VHF with other ships, instead of following the rules of the road. Communication barriers and background chatter will cause misunderstandings and increase the risk of collisions.”

By receiving clear messages from ships and vessel traffic control, seafarers can shield themselves from ambiguous instructions and make the right navigation decision.

Another factor was cited by Deepak Mehra, master of *NYK Oceanus*. He said pilots “are often late to guide the vessels in port waters”. If the pilots are not on time to guide the vessels, masters such as Mehra have to rely on vessel traffic control instructions on conditions and ship placement. However, vessel traffic control may be unfamiliar with the situation at the anchorage and unaware of ship types and sizes with regard to manoeuvrability in tight spaces.

“Vessel traffic control needs to have basic navigation knowledge and identify smaller vessels to clear the way for big ships to move and turn,” Mehra said.

His comments drew on a ship contact incident that involved his company, NYK Line, on 30 January this year.

A Panama-flagged container ship, *NYK Themis,* collided with a barge, *AZ Fuzhou,* at East Keppel Fairway, around 4km south of Marina South, while the barge was being towed by the tug *AZ Carnation*.

MPA’s port operations control centre had informed *NYK Themis* of the presence of *AZ Fuzhou* in the fairway.

As a result of this incident, NYK Line has adopted firmer internal controls, including having two duty officers on the bridge for ship navigation near port waters, and has issued constant reminders on safety checks and practices.

Mehra said the MPA could look to other ports and waterways for examples of how to improve marine traffic control.

“In Hong Kong, ships will be asked to follow a patrol boat [when] navigating in the port waters,” he said. “In the Suez Canal, queue sequences are given to vessels, and even the speed – one ship will travel at 6kt, another at 8kt and so on, to keep safety distances.” F

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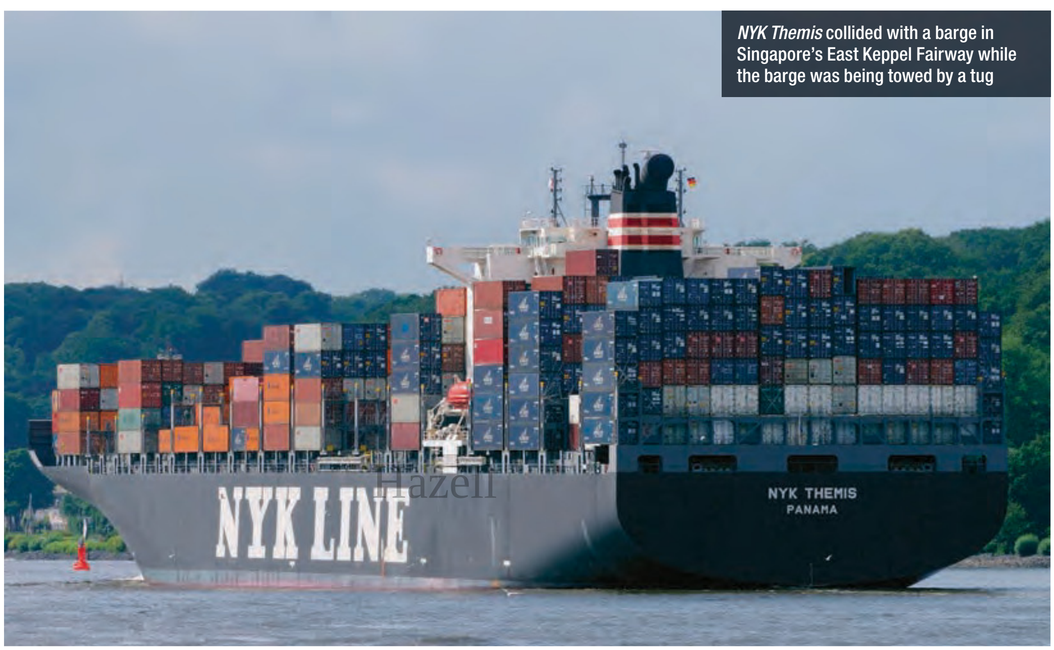

NYK Themis collided with a barge in Singapore’s East Keppel Fairway while the barge was being towed by a tug

Joerg Ziegler

35,000 Global shortage of senior officers

Training aims to tackle officer shortage

themed issue
crew mangement
themed issue

> Ramadas Rao
India

In line with the global trend, local shipping companies and foreign ship managers recruiting seafarers in India face an acute shortage of senior officers, in particular chief engineers. And this is despite an expansion of training capacity.

It is an "absolutely dry market for senior officers", remarked Capt Vinay Singh, managing director of Anglo-Eastern Ship Management (India), to *IHS Maritime*, in relation to dry cargo ships. "We don't really have a shortage of senior officers on tankers," he added.

Anglo-Eastern opened a new pre-sea training institute in Karjat near Mumbai in 2011 while the recession was still biting. The institute turns out 500 trainees a year. That takes care of replenishing the officer pool.

The Hong Kong-headquartered ship manager also runs a post-sea centre in Andheri, a Mumbai suburb. This is equipped with modern training facilities.

Apart from what is being done by foreign ship managers, training initiatives for seafarers in India include joint-efforts by the Directorate-General of Shipping and Indian shipping companies. These efforts have helped create self-sufficiency and even a small surplus in the supply of Indian junior officers.

Rajesh Tandon, managing director of V.Ships India, agreed there was self-sufficiency as far as junior officers were concerned, but he pointed out that this was mostly due to higher costs of hiring Indian officers.

> Key points

- Exodus to foreign lines is hurting Indian companies
- The senior officer shortage is worsening


Anglo-Eastern Ship Management (India)
Cadets from the Anglo-Eastern training institute in Karjat near Mumbai

Taiwan education fails maritime sector

> Angela Yu
Beijing

Taiwan's maritime recruitment is failing to keep pace with the global expansion of its shipping majors such as Evergreen, Yang Ming and Wan Hai.

Taiwan began seafarer training in 1966 with a two-year college course for crew at its National Taiwan Ocean University (NTOU). This was before the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers – the STCW Convention – took effect in 1978.

Looking back, Chiu Chi-shun, honorary president of Taiwan's Society of Marine Engineering, told the Great Chinese Area Maritime Forum 2014 in Taiwan that graduates of this course still hold important positions in Taiwan's maritime sector.

But he acknowledged that seafarer training faced problems.

A booming economy in Taiwan since 1970 has lured a lot of talent away from the shipping industry, he said, and there is no long-term training programme for maritime talent.

Another issue he identified was that officials at the Ministry of Transport and Communication lacked the maritime experience that comes from having been a ship's master or chief engineer.

Yet without such industry-trained people, the ministry is struggling to make rules or regulations in accordance with IMO conventions.

On the positive side, Chiu noted that some universities, in order to equip students with skills of value to the maritime sector, were creating navigation and engineering departments.

The big challenge, though, comes on 1 January, 2017, when the STCW 2010 Manila amendments require all seafarers to hold STCW certificates. That, Chiu said, put Taiwan's maritime education and training sector on notice. "Marine talent had better be educated or trained by professional maritime colleagues and institutes," he warned.

For him, the key is teachers with rich experience on board. Three years' experience as captain or chief engineer should be the minimum requirement for teachers of practical courses at colleges, he said.

He added that high-achieving students should be permitted to take the examination for chief officer or second engineer. This, he said, would attract more junior high school students to serve on board. F

angela.yu@ihs.com

> Key points

- STCW 2010 amendments pose challenges to maritime education in Taiwan
- Taiwan's maritime governance needs fresh, industry-trained policy-makers


National Taiwan Ocean University students
NTOU

‘A lot of shipowners have moved their junior officer positions to Indonesia, the Philippines or Bangladesh’

	2011	2012	2013
Intake for marine engineer courses	3,020	2,491	2,384
Intake for nautical courses	3,661	2,993	2,064

Source: Directorate-General of Shipping

Tandon, who is the new president of International Maritime Employers’ Council, revealed that at any given time V.Ships India provided 2,500 onboard positions.

“A lot of shipowners have moved their junior officer positions to Indonesia, the Philippines or Bangladesh,” he said, adding that this resulted in savings of about $1,000 a month in operating costs.

When extrapolated, that makes a big difference to crewing costs in Asia.

However the shortage of senior officers continues to bite as the wave of newbuildings rolling out of yards in China and South Korea is unabated. Singh noted: “Yards are full until 2017, by which time nearly a thousand ships will be launched.” He added that many of these would come under the wing of ship managers based in India.

While this may be good news, the vessels will still have to be crewed and there are just not enough sufficiently skilled and experienced senior officers.

The global shortage of senior officers, especially for specialised vessels such as chemical and gas carriers, is about 35,000, said Tandon.

For Indian companies the shortage is compounded by the exodus of trained personnel to foreign ships in search of benefits such as tax-free salaries.

The Indian National Shipowners’ Association (INSA) has been campaigning, so far unsuccessfully, to exempt seafarers serving on Indian ships from income tax, in an attempt to stem migration.

Adding to the problem is the long line of potential officers waiting to complete their training on board. The waiting list has swelled to 8,000, according to INSA. This has held up the award of Certificate of Competency that is mandatory to serve on board vessels. F

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Labour convention: so far so good

> Key points

- Even non-signatories to the MLC are expected to strengthen seafarer rights
- The main task ahead is to increase clarity by thrashing out details and definitions

> Richard Clayton

IHS chief maritime analyst

A year after ratification of the shipping labour convention, a maritime lawyer identifies what is proving useful – and what needs more work

The Maritime Labour Convention (MLC) is unlikely to solve all seafaring problems, employment lawyer Andrew Dekany told *IHS Maritime*. But, by consolidating and updating a long list of earlier International Labour Organization conventions, it has achieved a higher level of ratification than took place for any previous ILO convention.

One year on from the MLC's ratification, Dekany summed up the convention's success, or otherwise, for the maritime industry. He spent more than two decades with Holman Fenwick Willan and was head of its employment team before moving to the Things law firm, where he is a partner.

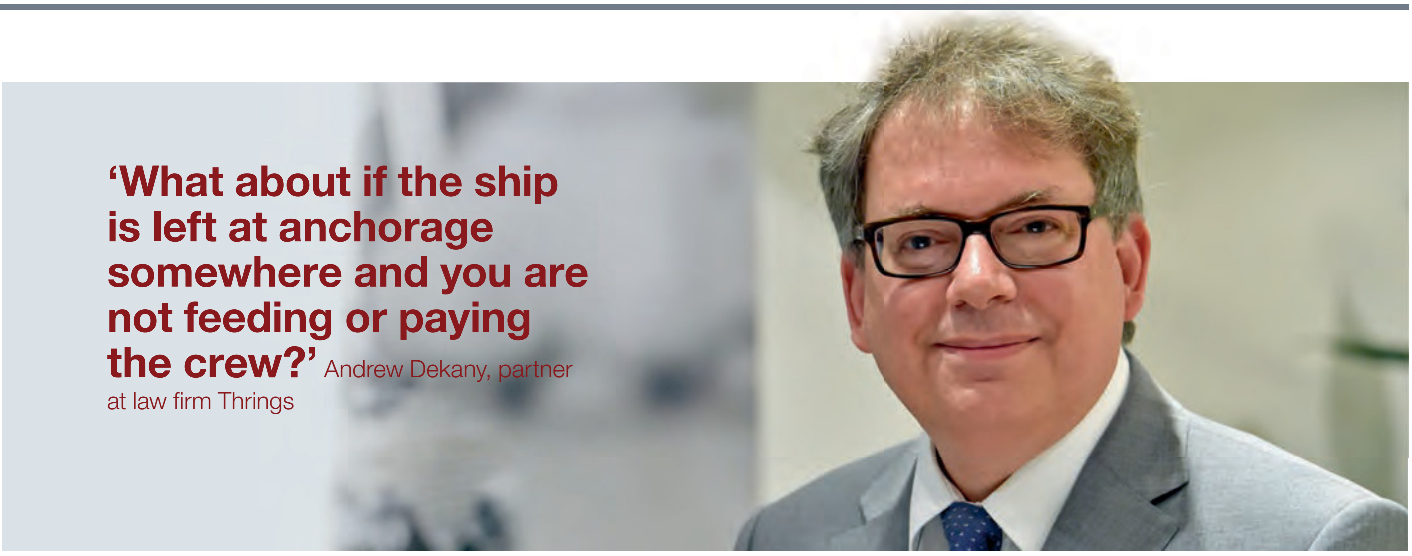
He continues to specialise in employment issues and told *IHS Maritime* that the key to understanding the MLC was an appreciation that Part A, which is mandatory, is acceptable to almost all parties; Part B, which is non-mandatory, covers much of the more contentious detail.

Although several major maritime countries have yet to ratify the convention, they are, nonetheless, expected to raise their game on seafarer rights, Dekany emphasised.

"The high level of ratification, at least in terms of tonnage – coupled with the huge effort that has gone into getting ready

Shipboard fire drill: Maritime Labour Convention shines spotlight on seafarer safety and rights

Odfjell



'What about if the ship is left at anchorage somewhere and you are not feeding or paying the crew?' Andrew Dekany, partner at law firm Thrings

Thrings

for the MLC, the obligation to inform seafarers of their rights and remedies, as well as social media activity – have together raised awareness of seafarer rights," he declared.

A single, accessible source now spells out minimum standards for shipping, making the convention a document that can't be ignored, even by countries that have not ratified.

The devil is in the detail, however, and certain elements remain undetermined. One of these is who exactly constitutes a 'seafarer'. In effect, Dekany explained, it is "all persons who are employed or engaged on work in any capacity on board a ship to which the MLC applies".

Clearly, this goes far beyond the ship's crew to others whose normal place of work is aboard a ship. In most cases it will be clear who is protected by the MLC, but there are grey areas. The final decision rests with flag states, which has inevitably led to some confusion.

However, the lawyer warned: "The ITF may flex its muscles if it does not agree with the interpretation by particular flag states."

Nor is there much clarity about the problem of abandoned seafarers. The MLC provides for repatriation but defines the circumstances in which the seafarer is entitled to repatriation with regard to termination or expiry of a contract. "What about if the ship is left at anchorage somewhere and you are not feeding or paying the crew?" Dekany wondered. It is unclear, as yet, whether this is covered.

On that issue, however, amendments in April this year covered a situation where a seafarer was left without the necessary maintenance and support. Furthermore, a seafarer will be considered abandoned for the purposes of the MLC where there has been a failure to pay contractual wages for at least two months.

An agreement by all 13 International Group P&I clubs to extend the scope of standard P&I cover to include crew repatriation costs in cases of insolvency meets an MLC requirement that owners provide financial security for certain liabilities.

Yet the issue of unpaid wages remains unresolved. The MLC does not cover pay and allowances before seafarers leave ship, "which puts pressure on seafarers with accrued wage claims to stay on board", Dekany noted.

Amendments agreed this year will take effect in 2017, unless countries opt out. Liabilities covered in the case of abandonment will include up to four months' outstanding wages.

Complaints procedure

One of the MLC's key elements is its complaints procedure. Any complaints between inspections must be addressed in a way that is 'fair, effective, and expeditious', he said.

Such complaints "cannot just be ignored", emphasised Dekany, who added, however: "MLC doesn't specify which court will hear a dispute. Jurisdiction remains a highly complicated issue so far as employment claims by seafarers are concerned."

2017

Hazell

When amendments agreed this year to MLC will take effect

Nevertheless, the MLC goes a long way in the right direction, he reckons, with flexibility built in to encourage more countries to accept the requirements, even though some key issues remain undetermined.

"MLC was always about more than seafarer protection," he emphasised. It was also about establishing a level playing field for good operators with respect to employment rights "by protecting them from unfair competition from substandard ships".

It does that by applying indirectly to all shipowners. Ships operating under the flag of a country that has not ratified the MLC, which call at a port of a ratifying country, will be subject to port state control – that is the 'no more favourable treatment' rule.

For many shipowners and operators, the convention still is not a game-changer but has clarified certain issues, made provision for complaints procedures, and pulled provisions into a single document.

"It's fair to say that the level of ratification by labour-supplying states is not as high as it could be but, overall," Dekany concludes, "I would say the MLC is a win-win.". F

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Shipowners told to focus on welfare rules' spirit

> Richard Clayton
Senior IHS maritime analyst

Arthur Bowring, managing director of the Hong Kong Shipowners Association, is passionate about Maritime Labour Convention 2006 (MLC). He calls it a "fantastic document".

A close observer of government intentions, Bowring believes it will take time for countries to get its regulations working. While they do, the International Labour Organization (ILO) website carries a reporting form for comments about how the convention is being applied.

> **Key points**
> - Governments are part of the welfare process, not a stumbling block
> - Shipowners want MLC to work as much as seafarer organisations do

The key to MLC is to understand the spirit of the legislation that lies beyond the actual words, Bowring told *IHS Maritime*. "Some governments have changed the way they think about the spirit of MLC," he noted.

"If one government wants to complain that another government's port state control isn't doing what it should, it takes that complaint to the ILO's reporting structure. It then goes back for comment, then up to a committee of experts, and can even go as high as the International Court of Justice."

The industry must make sure the convention is being applied in the way that had been expected, he emphasised.

Shipowners made the initial push for MLC, rather than seafarers. Jerry Smith, who stood down almost a decade ago as maritime adviser to Liberian register LISCR, thought aloud about bringing the many seafarer conventions into a single document, while Dirk Lindemann, representing the German shipowners' organisation, "came up with the first draft in three languages", Bowring recalled.

"Shipowners wanted this because they could see the unfair advantage gained by owners who treated seafarer welfare in a cavalier fashion," he said.

The convention sets out rights and obligations on shipowners, governments, and seafarers. Although it calls for major change within shipping, governments want it because it has been so hard to bring previous legislation into domestic legal codes.

MLC's flexibility is its strength, Bowring explained: "It's flexible but tightly controlled."

Hong Kong did a lot of work on


HKSA

'Shipowners wanted this because they could see the unfair advantage gained by owners who treated seafarer welfare in a cavalier fashion' Arthur Bowring, Hong Kong Shipowners Association managing director

Happy crews are safer crews

> Richard Clayton
Senior IHS maritime analyst

"MLC is the best news ever for good ship managers," declared Ray McNamara, managing director of Wallem's ship management division in Hong Kong. "I don't think we have to do anything more because of MLC."

For managers, crewing is the crucial ingredient that has to be right. McNamara believes the key performance indicators for lost-time injuries reveal much more than mistakes in the workplace: they show "how good your training is, how adequate your protection".

Similarly, employee retention levels should be a valuable pointer to good or bad practice or performance. The real retention rate, McNamara advised, strips away 'fudge factors' such as promotions, retirement or transfer ashore: these are not the losses to the business that managers worry about.

> **Key points**
> - Wallem's work to retain seafarers through good training has proved its worth
> - Good crew management is the basis of good ship management

Accident studies show injuries often happen to young seafarers on their first or second trip, late on a shift when they are tired. So the longer seafarers remain within a pool, the less likely they are to get hurt, and the less time is lost to injuries.

Finding out why seafarers decide to go ashore could also highlight concerns about the business or the wider industry. If


Danny Cornelissen

Fatigue is identified as the enemy of consistent management of bridge resources enforcement of the provisions and supports the document approved by flag states showing determination to meet MLC requirements. Where there are problems to do with intention, governments are encouraged to take time to discuss and resolve the issues.

The convention will have a dramatic effect on some ship managers, especially as regards relations between the crew manager and shipowner. But Bowring is encouraged by progress so far, commenting that most managers are ahead of the game.

There is concern about flag states having different requirements, but these concerns will help focus amendments toward areas where users of MLC remain confused.

For MLC purposes, it is important for the crew to know who takes the role of a vessel's 'owner'. Someone must be named as the shipowner and take responsibility for crew welfare.

Lawyers getting to grips with contractual obligations, said Bowring, "are not coming up with a common interpretation but with a common understanding of how it can be applied".

Ship provisions: many ask why poorly nourished seafarers still fear abandonment

Danny Cornelissen

Reports from welfare organisations suggest that seafarers are still waiting to see what will happen. "For many seafarers, MLC won't change anything; for many shipowners there will be little difference," he predicted.

The legislation talks about repatriation of seafarers but not about abandoned seafarers.

"We felt it was better to push ahead with the resolution even though the abandoned seafarer issue is still unresolved between ILO and IMO, who would draft the document," Bowring explained, noting that an amendment to the document was still being drafted.

MLC ensures financial security to alleviate crew suffering. Operators on the margins of respectability probably do not have insurance cover, so obligations fall back on to the flag state.

Not surprisingly, the flag states are now negotiating insurance policies of their own.

Initial feedback on the convention was divided between the general – why are there still ships sailing with poorly nourished seafarers fearing abandonment? – and the more detailed – there is not enough consideration of cadet agreements.

Nevertheless, Bowring has been encouraged by comments from ILO director-general Guy Ryder suggesting maritime now leads on employee welfare. Good news for seafarers. F

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the pull factor is a higher wage, there is little a ship manager can do. If the factor is dissatisfaction about the length of time serving

in a position before a promotion is awarded, an explanation of the company's policy covering experience at sea might be the best response.

In an earlier life, McNamara was concerned about the rapid rate of officer promotion and accident levels that seemed to be linked with that.

The way forward was through the standardisation of training and an officer/seafarer balance that provided a consistent bridge resource.

This was backed up by training on handing over at sea. Working together, and supported by a strong mentoring culture, these measures reduced the number of accidents and smoothed the pace of promotions.

Wallem has about 7,400 seafarers on its books, evenly split among Indians, Filipinos, and Chinese, with about 10% coming from Indonesia and eastern Europe. The company has links with about 400 ships, on full technical, crewing, or joint venture management.

As a former engineer, McNamara recognises the wider value of the profession: "Seafarers are a civilising influence; a moderating, pragmatic influence on their countries. They have travelled, worked, and relaxed with people of other races and cultures and have developed language skills."

Wallem values seafarer loyalty. McNamara gives out many 20-, 25- and even 35-year awards. The company wins awards for 'most compassionate employer' from Indian seafarers, and that is reward in itself, he concluded. F

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'I don't think we have to do anything more because of MLC'

Ray McNamara, Wallem ship management HK managing director

> **Insight:** Richard Clayton, IHS chief maritime analyst

MatthewsDaniel fits BV's Plan B

In a statement issued with the first-half results of French classification society Bureau Veritas, CEO Didier Michaud-Daniel revealed revisions to the company's plans for 2012–15.

Michaud-Daniel said BV now planned to invest part of its growth in profits "in commercial initiatives to accelerate its future organic growth".

He noted that its target of 9% revenue growth remained achievable, but that Europe – and especially France – had failed to emerge from the economic downturn. So growth will need to come from elsewhere.

By mid-year, BV had acquired seven companies for about €290M ($380M), and there were other targets in the pipeline. The news that it has bought MatthewsDaniel, a London-based offshore loss adjustment and risk assessment specialist, fits in to this acquisition spree.

BV had revenues of €34M in 2013, which was healthy. Further, it has a presence in the strategically important Americas region and is a diverse organisation, deeply involved in the oil and gas, power generation, transport, minerals, and metals businesses.

Unlike marine competitors such as ClassNK of Japan, the French society has allowed maritime to slip down the agenda; unlike several of its rivals, BV still clings to its home economy for much of its business. But this is undoubtedly changing.

MatthewsDaniel is focused on the offshore sector. Last month, its CEO, Kevin Jarman, approved the acquisition of Los

Lloyd's

Lloyd's looks north from London

> Jon Guy

Insurance correspondent

Lloyd's, the international insurance giant, is turning its attention to UK regional markets, aiming to take in business worth an estimated £2Bn ($3.31Bn) per year.

Its targets cover all specialist classes, including brown water marine and cargo risks.

Liverpool, Newcastle, Birmingham, and Manchester already have regional maritime underwriting operations from major UK commercial insurers.

In October, Lloyd's goes to Manchester to host an inaugural roadshow for UK regional brokers.

One underwriter told *IHS Maritime* that Lloyd's remained very cautious about ensuring any new platform did not bring in business simply by churning it away from the existing Lloyd's syndicates.

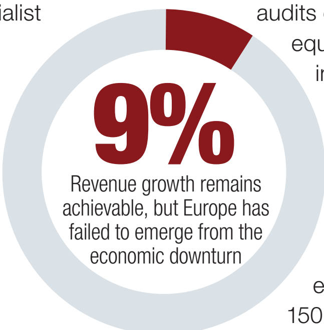
"There has been a real change in approach over recent years," he disclosed. "In the past there was a sense that if the new business did not fit exactly inside the syndicate's business plan or the core classes underwritten at Lloyd's, it was almost certain that it would be refused.

"Now there is much more of an open mind to new risk areas, both classes and geographies."

He added: "For all the talk of high-growth economies, [underwriters] seem to have also woken up to the potential business ... on their doorsteps, and we can expect to see some competition in the UK regions for marine and cargo risks that have previously been left to the insurance companies."

'Lloyd's has been at the forefront of market innovation' CEO Inga Beale

Angeles-based oil condition monitoring specialist Analysts Inc. A couple of weeks earlier it was Sistema PRI, a Brazilian company providing project management assistance to, among others, the transport sector. In June it acquired DTI Diversities in Texas, which inspects and audits offshore subsea equipment. Founded in Houston in 1962, MatthewsDaniel now operates in Europe, the Middle East, and Asia as well as the Americas. It employs more than 150 people and reported revenues of about €34M in 2013.



Jarman said: "The extensive geographical platform and resources of Bureau Veritas will allow us to offer our expertise to a more extensive client portfolio worldwide, in particular from the marine industry."

The easy bit is acquisition. The more challenging task thereafter will be to get the diverse parts of the business working together. BV's Michaud-Daniel will be judged on his ability to do that. F

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Rig transported: Bureau Veritas acquired MatthewsDaniel, an offshore loss adjustment and risk assessor

MatthewsDaniel

For Lloyd's CEO Inga Beale, the key to its successes over the 325 years of its existence has been the ability to weather whatever was thrown at it. That includes the restructuring it was forced to undergo two decades ago.

"The one thing you can say about this industry is that it gets through whatever confronts it," she explained.

"Lloyd's has been at the forefront of the market's innovation," she added.

The United Kingdom remains home to many of the world's protection and indemnity clubs, although they have looked to the likes of Singapore and Hong Kong to set up operations to get closer to the major maritime clients. The same can be said for brokers: it speaks volumes that the world's biggest broking group, Aon, plans to re-domicile to London from its Chicago home.

> Key points

- Lloyd's is to host an inaugural roadshow for UK regional brokers
- Gross written premiums aggregated £2.195Bn last year, with underwriting profits of £87M

The Lloyd's low point in the mid-1990s related to being saddled with huge liabilities from asbestos claims that threatened to bankrupt its syndicates. But last year it delivered gross written premiums aggregating £2.195Bn and a combined ratio of 95.8%, which translates to underwriting profits of £87M.

This followed a meagre £2M in 2012.

Where Lloyd's, and with it London, steals a march on its rivals is the ability of the syndicates within it to underwrite business in more than 100 territories around the globe.

But the shift in global economic power has ended the days when a London underwriter or broker simply spent two weeks a year in a particular region and returned with a suitcase full of policies.

Lloyd's now has a Singapore office to replicate the London underwriting room, based on marine and energy business.

It is also planning a similar operation in Dubai by the end of the year. F

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Shutterstock

£2Bn

Value of UK regional business being targeted by Lloyd's

35 years

Duration of agreement signed by Port Canaveral with GT USA, Gulftainer's newly formed US subsidiary

Port Canaveral's direct ocean access lures box ships

Canaveral Port Authority

Canaveral counts down to blast-off for box business

> **Key points**
>
> - UAE-based Gulftainer hopes to make Port Canaveral a US supply chain option
> - The port's CEO thinks the Middle East group can add 1M teu/year

> John Gallagher

Senior Americas reporter

Central Florida port wants to add a box operation but faces security concern

A $100M investment by container terminal operator Gulftainer in Florida could quickly boost regional competition for US box imports – if the White House gives the scheme security clearance.

Port Canaveral, on Florida's central Atlantic coast, announced in June that it had signed a 35-year agreement with GT USA, Gulftainer's newly formed US subsidiary. Under the deal, GT USA will develop and operate container business at the port, which today receives most of its revenue from the cruise industry.

The deal marks Gulftainer's first investment in a North American port. "By bringing Gulftainer's 37 years of experience, expertise and global relationships to Port Canaveral, we aim to create a new efficient gateway for goods entering and leaving Florida," Gulftainer chairman Badr Jafar said.

Canaveral Port Authority CEO John Walsh contends that the agreement with Gulftainer,

Canaveral Port Authority

‘Our goal is to help shippers reduce truck drayage costs by bringing some boxes through our port instead’ John Walsh, Canaveral Port Authority CEO

combined with continuing harbour deepening and plans to expand rail access, will place Port Canaveral on a competitive footing with other southeast US container ports.

At present, Walsh told *IHS Maritime*, the annual demand from Florida is for about 6M containers “but only half of that [number] is coming through Florida ports”.

For example, he noted that many containers destined for central Florida enter the US through Savannah in Georgia or Charleston, South Carolina.

The transport cost for one of these is $2,200, while the same container can be drayed out of Port Canaveral for about $300, according to Walsh – a saving of $1.9M in trucking costs for a shipper moving 1,000 boxes/year. “Our goal is to help shippers reduce their truck drayage costs by bringing some of those boxes through our port instead,” he said.

In addition, because of the port’s proximity to the ocean channel, it can dredge its vessel draught to 15.2m in an easier and less costly operation than at other southeastern ports. Canaveral is now expanding its draught from 13.1m to 14m.

“We’ll never be a port like New York or Los Angeles, but with our rail connections [Norfolk Southern and CSX], we could be a good alternative for shipping goods into the eastern US,” Walsh asserted.

$300

Cost to move a container from Port Canaveral to central Florida. Transporting it from Savannah or Charleston costs $2,200

He predicted that Gulftainer would be able to increase the port’s container business from virtually nothing to 750,000teu/year, or even to 1M teu, over the next 10 years.

However, Gulftainer’s experience at handling 6M teu/year in five continents was not enough to satisfy some politicians in Washington that the United Arab Emirates-based company did not pose a security risk to the United States.

Duncan Hunter, a Republican congressman from southern California, requested in July that the US Treasury Department review the deal before allowing it to go through – presumably because of potential links between elements within the United Arab Emirates and terrorist organisations.

Hunter called for the investigation even though the port had already asked that Gulftainer comply with a federal review of the transaction, which was not legally required, Walsh said.

A spokesman for Congressman Hunter told *IHS Maritime* on 3 September that the review “might be completed within the month”. F

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John Gallagher

Duncan Hunter sought Treasury Department review

⚓ Port profile

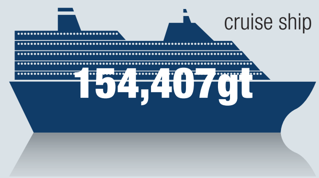
Port Canaveral, Florida

Annual cargo throughput: 2013

3.5M tonnes

Largest vessel in past five years:

Freedom of the Seas cruise ship



Cargoes handled:
cruise passengers, oil, aggregates, cement, salt, sand, slag, lumber, wood pulp, newsprint, perishables, frozen juice concentrate, steel, boats, vehicles, heavy equipment, project cargo

Transport links:
Truck access via Interstate 95 and Florida Route 528. Nearest airports: Space Coast Regional Airport, 21.5km away; Melbourne International (35km) Orlando International (68km); Daytona Beach International (70km); Orlando Sanford (72km)

Developments:
Widening and deepening entrance channel to 14m continues. Deepening to 16.7m planned by 2020. Building continues on $50.5M cruise Terminal 1, with planned bunkering line, as already at Terminal 6. Morton Salt is spending $5M to expand warehouses and other facilities in a 10-year lease extension. Hanson Materials is spending $8M on road and rail scheme tied to slag lead export facilities. Other plans include: cyber-security improvements; recreational facilities; direct rail to Titusville

> For more information:
www.ihs.com/seaweb-ports

‘The companies do not appear to have engaged in detailed discussion’ before deciding to unite
KDB Daewoo Securities analyst Sung Ki-jong

Samsung mystery lingers

> Moyoun Jin

South Korea

Subsidiaries hail synergy in unifying SHI with Samsung Engineering, but it all might have to do with their parent’s succession plans

> **Key points**
> - Samsung is undergoing a chaebol-wide reorganisation
> - Orders for offshore vessels are slowing

Samsung Engineering is to be absorbed by Samsung Heavy Industries (SHI) at a cost of about KRW2.5Trn ($2.5Bn). Both are hailing the plan by their parent, Samsung Group.

But South Korea analysts are looking for the devil in the detail. Among other things, South Korean news reports indicate that the deal constitutes a takeover of the engineering subsidiary by sibling unit SHI.

On 1 September, the two units of South Korea’s biggest conglomerate, or chaebol, made headlines when they unveiled their plans. The union appeared on the surface to be a pre-emptive move, amid a slowing in orders for the specialised offshore vessels SHI produces.

In a Korea Stock Exchange filing, SHI said: “Through leveraging SHI’s expertise in shipbuilding and the fabrication and production of offshore plants, and Samsung Engineering’s skills in plant design, procurement, and project management, and the two organisations’ professional capabilities, the [scheme] will see the two organisations reciprocating each other’s strengths in consolidating both sides’ competitiveness.”

The scheme, it predicted, “would provide a foundation to ensure top-notch competitiveness in the key market for offshore vessels”.

SHI will issue about 94,361,560 new shares valued at KRW27,000 each to the engineering unit’s shareholders, valuing the deal at KRW2.548Trn.

However, a series of reorganisations involving several other entities of the parent group, which also owns the Samsung C&T construction corporation, and little guidance on post-merger plans have led analysts to believe that the union is part of preparations for a new chaebol patriarch.

The combination is the first business reorganisation to be planned since parent group chairman Lee Kun-hee was hospitalised after a heart attack in May 2014.

The conglomerate has been accelerating the transfer of control to Lee’s son, Jae-yong, who is vice-chairman of Samsung Electronics, which will hold the largest stake in the combined entity. Its 12.5% share will be in line with its holding of 40,675,641 shares of SHI.

The parent group had already divided up its fashion and electronics materials unit, Cheil Industries, earlier this year. The materials part of the business went to Samsung SDI and the fashion business with Samsung Everland, which then changed its name to Cheil Industries.

The SHI-Samsung Engineering union looks to be largely a part of the conglomerate’s restructuring, aimed at simplifying non-core businesses, according to CIMB Securities.

Two of its analysts, KJ Hwang and John PK Park, commented: “This merger seems largely part of Samsung Group simplifying non-core businesses and unwinding non-business-related stakes to enhance shareholder returns, [probably] in the form of a holding company in the long term.”

CIMB Securities added: “SHI management noted that the aim ... is to seek new top-line growth drivers and cost reduction potential. However, there was no precise guidance on the post-merger order pipeline, R&D cost savings, or margin trends in FY2015.” It expects these issues to be addressed in future.

KDB Daewoo Securities analyst

$2.5Bn
Value of deal to combine Samsung units

Samsung HI facilities in Geoje, South Korea
Crystal Chan

Sung Ki-jong was equally unconvinced by SHI's talk of the union creating synergies in the offshore space, saying: "During the conference call [for analysts], SHI and Samsung Engineering talked only about potential medium- to long-term synergy, rather than near-term effects.

"In the onshore and offshore plant businesses, the only overlap between the companies is in the procurement of some major parts," he added. "Moreover, their respective project management businesses do not share common ground. In our view, the [union] is unlikely to generate synergy within two years, especially considering that the companies do not appear to have engaged in detailed discussion" before deciding to unite.

Daishin Securities analyst Feynman Jeon was the only optimist about the combination, noting: "In the short term, expected losses from Samsung Engineering's money-losing projects could weigh on Samsung Heavy Industries' bottom line.

"The Takreer Carbon Black project and Yanbu power plant project, the two low-margin projects of Samsung Engineering, are expected to be completed in early 2016 and end-2017, respectively."

Considering the deal's overall benefits, he predicted: "The merger will create Korea's only engineering, procurement, and construction service provider, handling both offshore and ground plants. The merged entity will have easier access to offshore plant design technology, an area of weakness for both companies."

Hwang and Park maintained a 'hold' rating on SHI shares, citing challenges in clinching new orders and a slowing in order momentum for offshore vessels. F

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Newbuildings

Selected newbuilding orders reported week ending 5 September 2014

Shipbuilder	No	Owner/Operator	Delivery	Type	Price	Capacity
Hakata	1	Nissen Kaiun	2015/7	Limestone carrier		6,300dwt
Hakodate Dock	2	Chowgule Steamships	2016/1	Bulk carrier		34,240dwt
Hakodate Dock	1	Blumenthal	2017/1	Bulk carrier		34,234dwt
Hyundai Ulsan	1	PETRONAS	2017/11	LNG tanker		150,200m^3
Onomichi	1	Inui Steamship	2018/1	Bulk carrier		60,000dwt
Onomichi	1	Samos Steamship	2018/9	Oil products tanker		50,000dwt
Onomichi	1	Triton Navigation	2018/5	Bulk carrier		60,000dwt
Shanghai Waigaoqiao	1	CSSC Leasing	2017/2	Platform		2,888dwt
Shanghai Zhenhua	1	Ultra Deep Solutions	2017/1	Offshore support vessel	$200M	8,000dwt
Shikoku Dockyard	2	Nissen Kaiun	2016/6	Bulk carrier		34,500dwt
Taizhou Sanfu	2	Nova Shipping	2017/3	Chemical tanker		34,500dwt
Zhejiang	1	Van Oord	2016/6	Pipe burying vessel		14,000dwt

Selected deliveries reported week ending 5 September 2014

Vessel	Shipbuilder	Owner/Operator	Delivery	Type	Capacity
African Griffon	Shin Kasado	MUR Shipping Holdings	2014/9	Bulk carrier	61,000dwt
Alkimos Heracles	Tsuneishi Zhoushan	Ariston Navigation	2014/9	Bulk carrier	81,922dwt
Arina Samurai	Timblo Drydocks	Arina Offshore DMCC	2014/8	Offshore tug/supply ship	1,301dwt
Asiatic Summer	Hyundai Samho	Asiatic Lloyd Shipping	2014/9	Container ship	9,000teu
Big Sea 103	Samhoind	Big Sea	2014/9	Oil products tanker	2,384dwt
Carme	Yangfan Group	Navarone	2014/8	Bulk carrier	35,906dwt
Chanya Naree	Shanhaiguan	Precious Shipping	2014/9	Cement carrier	21,114dwt
Clean Planet	Hyundai Ulsan	Dynagas	2014/8	LNG tanker	162,000m^3
Coral Sticho	AVIC Dingheng	Anthony Veder	2014/8	LPG tanker	4,700m^3
CS Salubrity	Shanghai Jiangnan Changxing HI	China Shipping Bulk	2014/9	Bulk carrier	180,300dwt
CSCL East China Sea	Hudong-Zhonghua	China Shipping Group	2014/9	Container ship	10,036teu
Eneos Spirit	JMU	JX Ocean	2014/8	Crude oil tanker	312,247dwt
Eng Hup Valiant	Forward Marine	Eng Hup Shipping	2014/9	Tug	298dwt
Erradale	Chengxi Shipyard	John Swire	2014/9	Bulk carrier	39,100dwt
Ever Bright	Zhejiang Chengzhou	Gewinner Marine	2014/8	Bunkering tanker	800dwt
Gas Ambalat	Taizhou Wuzhou	Persero	2014/8	LPG tanker	4,300m^3
Gas Summit	Hyundai Ulsan	KSS Line	2014/9	LPG tanker	84,000m^3
Golden Glory	Iwagi	Sato Steamship	2014/9	Bulk carrier	61,000dwt
Grande Lagos	Hyundai Mipo	Grimaldi	2014/9	Ro-ro cargo ship	31,340dwt
Guo Li	Yamen	Chimbusco Pan Nation	2014/8	Bunkering tanker	1,321dwt
Hai Chang	Oshima	Ocean Longevity	2014/9	Bulk carrier	37,595dwt
Hayabusa Maru	Imura	Shiba Kaiun	2014/8	General cargo ship	1,650dwt
Matapat	Herma Shipyard	Herma Shipping	2014/8	Oil products tanker	2,804dwt
NBA Van Dyck	Imabari	NYK Line	2014/9	Bulk carrier	95,200dwt
Nord Gardenia	Guangzhou Shipyard Int'l	Norden	2014/9	Chemical/oil products tanker	39,999dwt
San Cristobal	Hyundai Ulsan	Hamburg Süd	2014/9	Container ship	9,000teu
Sapura Topazio	IHC Offshore & Marine	Sapura Topazio	2014/9	Pipe layer	8,350dwt
Sea Swan	Zhejiang	PSV Holding	2014/9	Offshore supply ship	4,700dwt
Shanghai Express	Nantong Mingde	Nova Shipping	2014/9	Wood chips carrier	69,300dwt
Shovket Alekperova	Besiktas Gemi	Palmali	2014/8	Chemical/oil products tanker	7,100dwt
SK Line 601	Xiamen	Nam Cheong Dockyard	2014/9	Offshore supply ship	3,500dwt
STI Acton	Hyundai Mipo	Scorpio	2014/9	Chemical/oil products tanker	38,734dwt
STI Benicia	SPP	Scorpio	2014/9	Chemical/oil products tanker	50,300dwt
STI Madison	Hyundai Samho	Scorpio	2014/9	Crude oil tanker	109,999dwt
STI Regina	SPP	Scorpio	2014/9	Chemical/oil products tanker	52,000dwt
Taiyo	Namura	Seno Kisen	2014/9	Bulk carrier	92,307dwt
Volpe	Guangzhou Southern	CPT Empresas Maritimas	2014/9	Tug	138dwt
Waimata	Ben Kien Industry	Eastland Port	2014/8	Tug	150dwt
Yutaka Maru No 10	Yamanaka	Shinomiya Tanker	2014/8	Cement carrier	1,946dwt

It's a family matter

Greek shipping's heritage animates Irene Daifas. However, running the family businesses is far from her only passion, **Savahna Nightingale** reports

> **Now at the helm of two Greek shipping companies** after her father's death, Irene Daifas has big shoes to fill.

The only child of Greek shipowner Stavros Daifas, who died in March, she is now CEO of Stavros Marine Enterprises (SME) and Silver Lake Shipping Co (SLS) and has tough decisions to make amid today's changes and challenges.

"My life was always very much together with father," she tells *IHS Maritime*. Full of charm and striking elegance, Daifas shows avid interest in people and clearly wants to be more than a shipping magnate: after months of campaigning, she became a vice-mayor of Piraeus at the beginning of September.

"A lot of people said I should do it. I decided to do it for my father," says Daifas, who acknowledges that her father had been elected mayor on several occasions but declined for personal reasons.

Looking ahead with great enthusiasm, she comments: "I think I will be very good at it. I want to have an impact on this very important port city."

Born in Athens, Daifas went to a private Greek school and stayed on in Greece to attain a sociology and psychology degree, before earning an MBA from London School of Economics.

She then spent years as a social worker, before moving to work at Greece's high-security Korydallos prison, known for housing members of the country's infamous, and now-defunct, 17 November terrorist group.

> Irene Daifas

Key decision: Downsizing the fleet to release cashflow for future investment

Born: Athens

Current position: CEO of Stavros Marine Enterprises and Silver Lake Shipping

Career: Social worker and public relations

Education: BA in sociology and psychology; MBA, London School of Economics

Inspiration: Her father, truthfulness and honesty in people

Hobbies: Greek modern art, painting, collecting art, skiing, reading poetry, music, playing piano

"Working with female inmates was really hard for me," she recalls. "I was going through the pain of every woman's disaster, seeing them struggling to deal with life. At a point my parents said enough is enough, and I entered my father's shipping business."

SME was set up in the 1950s, operating multipurpose, Panamax and dry cargo vessels. When expansion looked promising in the 1970s, SLS was set up. But shipping has been in the family for years longer.

"My grandfather used to be an owner of very small boats, known as *kaikia,* that traded around Greece. But everything was lost during the Second World War when my grandfather died."

Then Stravros Daifas took up the dream. "My father always loved the sea and was very hard working," she reflects. "When you love what you do you are going to be successful."

He acquired a US liberty ship after the war and used it to start his business from a home office.

"I began working for him in the late 1980s, helping out during the summer holidays, answering phones and making coffee before progressing within the business," she says. He was also vice-president of the Union of Greek Shipowners and president of Olympiacos football club.

Always in his shadow was the young Daifas, whom he primed for the future: "My father inspired me in every way. Honesty, in friendship, and he was a truthful gentleman."

Recalling a Greek saying, she tells *IHS Maritime*: "My father would always say: 'Irene, it is nice to fly high, but as you grow older, try to land as early as possible because as time goes by if you stay up the fall will be devastating'."

With this in mind, he began shrinking SME and SLS operations in early 2000. "We had 35 vessels in the 1980s and the market was very good. The office was huge and we had 50 people working out of Piraeus," she recalls. "Now we have 25 people and 12 vessels."

She sees continuing on this path as a key decision: "We decided to downsize because we wanted cashflow for more targeted expansion plans.

"We have several [vessels] under long-term contracts, which will end in December. But we are slowly downsizing further and sold some vessels this summer."

Even so, the new CEO has big plans to reinvest and increase her business: "We will be buying more vessels but it will be more towards 2015."

Daifas also suggests that the companies will change direction. "We will purchase new vessels under [SME]," she reveals. "Still the same types of vessel, but our role will start to move in a new direction, particularly with Silver Lake and possible partnerships."

As for her work style, she notes: "You will always need supporters who recognise the need and expect change. I am a total control freak, but you can't be a control freak in everything. If you spend too many hours working, you will be dead, and even when you sleep you won't be sleeping!"

She also sees opportunities across her maritime region: "The future for Greek shipping is glorious and totally bright. But you also need a strong team that is flexible."

That applies to women today as well as men. "Shipping has changed. Women have fantastic positions within the industry today."

She voices belief in her staff, has strong co-workers who support the Daifas vision, and has great faith in Greek shipping's future. "In business, honesty and loyalty is what matters, not money. And the way you earn your money is very important."

She adds: "There is far more honesty in shipping than in any other business in Greece. I am always inspired by hardworking people with a vision and truthful people. When I feel truth I feel I have found a friend."

Still, Daifas acknowledges that her sensitive side can add vulnerability: "This is why I live in a conflict. When you are honest, you get very upset at times."

Daifas also has passionate views about staying independent. "We never wanted to get on the stock exchange," she says. "Having 50 vessels and none of them being yours is bad news. Better to have 10 and know they are yours."

Yet Daifas knows it's increasingly difficult to remain competitive without being listed. "It's hard but we're not considering it for the time being," she says. "Things we lose being independent are great but the things we gain are great too."

Away from her office, Daifas stresses her charity work. "I am a member of 28 different institutes and charities, from organisations for children to the London Greek Orthodox charity to saving the environment," says Daifas, who is a director of the Hellenic Marine Environment Protection Association. "Helping others remains close to my heart."

Ties to family and friends remain strong. Daifas has always been close to the family of Capt Panagiotis N Tsakos, founder of Tsakos Shipping, "a very close friend to my father". She grew up with his children Maria and Nikos, who is now president and CEO of giant Tsakos Energy Navigation.

When Maria died in 2010, the Tsakos family's ties to Daifas grew even stronger, given her own father's nearly concurrent death. "'Captain' [Tsakos] is like the father I no longer have." F

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'When you love what you do, you are going to be successful'

Savahna Nightingale/IHS/Shutterstock

Irene Daifas with Panagiotis N Tsakos, founder of Tsakos Shipping

$130/tonne

Gas freight rates on the Gulf-Far East route have topped this figure

markets

> The stories behind the numbers > For more visit **www.sea-web.com/insight**

VLGC charterers see the benefits of period hires

> Crystal Chan

Singapore

With spot rates exceeding $100/tonne, charterers look to hedge their costs

The firming freight market in the very large gas carrier (VLGC) sector has led to interest in timecharter arrangements for such vessels. In the past two months, several ships have been timechartered for periods ranging from three to five years. Freight rates on the benchmark Gulf-Far East route now exceed $130/tonne and could stay that way until 2016. The situation has also lifted rates for the Algeria-Far East and US Gulf-Far East routes, to $211/tonne and $314/tonne. IHS Waterborne Energy, which tracks liquefied petroleum gas (LPG) shipments, said: "Chartering out vessels at this point may be more profitable than trading product."

On 27 June, Chinese LPG company Oriental Energy time-chartered a VLGC newbuilding from Japanese owner Kumiai Senpaku. This will start from the time the ship is delivered by Hyundai Heavy Industries in late 2016. The agreement is for seven years, with an option to extend the arrangement by up to three years, with annual charter rates as high as $13M.

Oriental Energy said securing tonnage would ensure steady imports of LPG from the United States. The company is using LPG as feedstock at its propane dehydrogenation plants in eastern China. Oriental Energy signed the charter contract two months after

> Key points

- **Firming spot rates make period hires attractive**
- ***Karoline N* fetched a record high TC rate**

> Comment: Zoe Reynolds, Australia

Australian nickel ready to boom

Fortescue's Andrew Forrest, long the barometer of the next big boom, may not always get it right. After investing in Poseidon Nickel, the man who made his billions out of iron ore pulled out in November, only months before the metal bounced back.

In January the world's biggest nickel producer, Indonesia, made good on its promise to ban unprocessed mineral exports. Now the Philippines is set to follow. Coupled with the Ukrainian crisis and embargoes on Russia, the world's biggest nickel exporter, analysts are predicting a world shortage as early as 2015.

Deutsche Bank strategists were quoted in *The Australian* predicting that nickel would not move into surplus again until 2018. Both nickel prices and Australian nickel are heading north. Nickel prices have surged by 50% since the start of the year to reach $19,498/tonne in September.

While the World Bank has predicted that Jakarta will suffer a $6Bn drop in revenue in its effort to stimulate foreign investment in smelters, Australia stands to reap the benefits.

The country holds the world's biggest nickel reserves – an estimated 17.7M tonnes according to Geoscience Australia – and they are largely untapped. It has 22 mines, 21 of which are in Western Australia, with the region generating 96% of the country's nickel exports.

Exports rose by 9.5% in 2013 – all to China – after a 14.4% fall in 2012. This year has yet to deliver the promised windfall. If anything, nickel exports have dropped as China's stockpiles hold out, according to Esperance, Australia's largest nickel export port.

Poseidon is one company betting that this will change in 2015. "We are doing everything we can to do get all our projects up and running," chief financial officer Gareth Jones told *IHS Maritime*. "The Indonesian export ban has had a huge impact. It's absolutely the root cause of it. It certainly changes things for nickel companies here."

In its June 2014 quarterly report, the miner estimated that the ban was behind a 40% spike in prices. "The likely outcome of the continuing ban is that nickel supply deficits may be a feature of the next few years, driving robust nickel prices," it said.

Poseidon's acquisition of Russia's Norilsk assets doubles its reserves. The plant is well maintained and ready for a restart. It is also dusting off the cobwebs from its Windarra mine, near Kalgoorlie, which has been dormant since 2007.

chartering in four VLGCs that Chinese shipowner Shandong Shipping is building at Daewoo Shipbuilding & Marine Engineering. These will run for 10 years each, with combined annual charter rates of up to $60M.

But the most eye-catching arrangement was that for Neu Gas vessel *Karoline N*, which Texas Gas & Oil booked for $2.8M/month. The agreement is said to be a historic high and was attained because of the premium commanded by the ship. It is one of just four VLGCs that can transit the Panama Canal at its current dimensions.

South Korean LPG and chemical carrier owner KSS Line chartered two VLGCs to Singapore-based LPG trader Petredec in June. The *Gas Power* was fixed to Petredec for three years for an aggregate of KRW34.8Bn ($34.17M) – a monthly charter rate of $949,167. Petredec took *Gas Friend* for five years for an aggregate of KRW54.07Bn ($53M), with an average monthly rate of $883,333.

Karoline N was booked by Texas Gas & Oil for $2.8M/month

Fotoflite

Petredec has also reportedly booked Celeste Holding VLGC *Ayame* for three years at an undisclosed rate. Brokers told *IHS Maritime* that *Ayame* is to replace *Al Wukir* in Petredec's chartered-in fleet, as the latter ship is due to come off charter.

In August, KSS Line ordered a VLGC at Hyundai Heavy Industries to service a long-term charter with an unidentified party. "We have yet to finalise the details. We expect to reveal more in October," a KSS Line official told *IHS Maritime*. Despite growing concerns at the expanding VLGC orderbook, with more than 80 ships on order, KSS Line is optimistic: "We don't operate our vessels on the spot market so that minimises our risk. We're cautious so we always seek long-term charters."

BW Group has chartered a VLGC to a subsidiary of Mexican oil company Pemex, brokers told *IHS Maritime*. Brokers said *BW Borg* was taken by MGI Enterprises for $1.2M per month for three years. The $43.2M that MGI would pay would mean a profit for BW Group. The company bought the ship for $42.5M in March 2007. When contacted by *IHS Maritime*, BW said it did not comment on specific business transactions.

An Oslo-based LPG broker told *IHS Maritime*: "We predicted that the VLGC market would be very tight this year, due to a lack of newbuilding deliveries and growing LPG exports from the US Gulf. So charterers are acting to secure tonnage as a hedge against rising spot rates. There are also companies that have relet owned and chartered-in tonnage to profit from the firm spot market. However, we expect a softening of spot rates from 2016 onwards, by which the majority of newbuildings ordered in 2013/14 will be delivered." F

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Jones said his company could pump out 8,000 tonnes of nickel concentrate within six months, climbing to a 15,000-tonne capacity in coming years. There are already well-established logistics connecting the mines by road and rail to the ports of Fremantle, Esperance, and Geraldton.

Poseidon is also in joint venture exploration projects with Magma Metals (Panoramic Resources) and Focus Minerals, Laverton.

At the same time, surging nickel prices are allowing miners to exit the market. BHP Billiton could not sell off its Australian nickel assets last year. Now several buyers are rumoured to be interested in its Nickel West plant. Once valued at $500M, it could go for $2Bn.

Glencore Xstrata, one of the world's biggest nickel producers, is among the prospective buyers, but BHP is tight-lipped. "We are still considering," a BHP spokesperson told *IHS Maritime*.

'The Indonesian export ban has had a huge impact'

Esperance, the only port south of Port Hedland licensed for bulk ore, is shipping out about 200,000 tonnes of nickel a year, but has yet to record a spike. Export volumes from western areas and First Quantum Minerals mines are slightly down on 2013, Esperance general manager of operations Neil Pearson told *IHS Maritime*.

"[We have] been discussing future trade opportunities with potential miners/producers," he said. "The port's expectation is that new customers will export mineral concentrates through Esperance. Volumes are not certain at this stage but the port has the operational experience to cater for this trade." Nickel concentrate products are exported in containers out of Esperance, generally on Handy- to Panamax-sized vessels, he added.

Farther north in Kimberley, Panoramic owns and operates the Savannah and Lanfranchi underground nickel sulphide mines. Its target is 21,500–22,000 tonnes/year of nickel, copper, and cobalt credits.

Panoramic's FY14 report showed production was up by 14% – a record – with sales up by 31%.

For now nickel does not even get a mention on Port Hedland trade statistics. One broker predicted that vessels carrying in mining equipment could well take out small parcels on the return journey.

Meanwhile, investment in Indonesian nickel processing is well under way. "Nickel is very much a boom or bust commodity," said Jones, only too aware that demand for Australian mineral may be short-lived. F

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shipping markets

Weekly summary of all the key industry indices and data

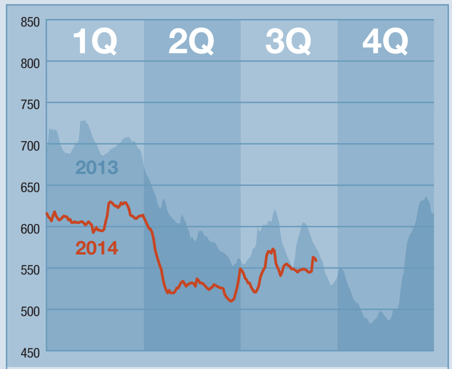
Baltic indices

Current close date: 5 Sep 14

Source: Baltic Exchange

BDI 1,155 +8

BDTI 674 -25



BCTI 559 +14

Baltic dry indices

	5 Sep 14		Averages	
	Index value	Change	YTD	2013
Capesize (BCI 2014)	2,483	-144	1,904	2,110
Panamax (BPI)	931	+60	949	1,187
Supramax (BSI)	997	+27	931	983
Handysize (BHSI)	469	+27	539	562

Baltic timecharter averages

	5 Sep 14		Averages	
	$/day	Change	YTD Ave	2013
Capesize (2014)	$17,113	-$867	$13,808	$2,110
Panamax	$7,431	+$490	$7,602	$1,187
Supramax	$10,425	+$285	$9,739	$983
Handysize	$6,916	+$395	$7,918	$562

Baltic tanker timecharter equivalents

	5 Sep 14		Averages	
	$/day	Change	YTD	2013
VLCC TCE	$428	+$968	$5,132	-$1,430
Suezmax TCE	$11,431	-$1,400	$22,133	$11,507

	5 Sep 14		Averages	
	TCE ($/day)	Change	YTD	2013
Aframax TCE	$11,268	-$1,835	$20,405	$9,953
MR TCE	$8,958	+$1,817	$8,106	$12,477

New ConTex indices

Source: VHSS

Outlook: It was another week in which the anticipated post-summer surge of fixtures bringing higher rates failed to materialise.

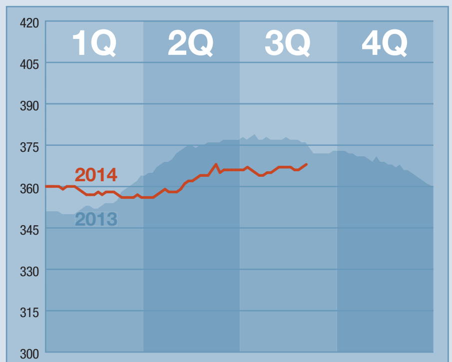
However, it is noticeable from the ConTex that larger ships, especially 4,250teu, did better. Even 3,500teu and 2,700teu saw an improvement, although smaller (1,700teu) vessels in the index's portfolio continued their slide.

That increase in demand for post-Panamax ships may prove to be a leading indicator, suggesting some positive news as the month progresses.

Vessels in prompt positions take what they are given, but it appears that good things will come to those who wait. Don't bet on a feeder ship upturn any time soon.

ConTex size types

	28 Aug 2014	4 Sep 2014
1,100teu	6,517	6,527
1,700teu	7,545	7,540
2,500teu	8,361	8,352
2,700teu	8,673	8,761
3,500teu	8,975	9,052
4,250teu	10,382	10,520



ConTex 368 +2

Sale & purchase

All details given in good faith but without guarantee

CONTAINER & MULTIPURPOSE

Augusta Kontor and ***Pinehurst Kontor*** sold *en bloc* by Rickmers Reederei, Germany, to undisclosed interests, $28.50M. *Augusta Kontor* (container ship) ex-*Charlotte*: 2004. 68,150dwt, 54,214gt, 5,060teu. Built Hanjin HI , B&W/23kt. *Pinehurst Kontor* (container ship) ex-*Jennifer Rickmers*: 2004. 68,187dwt, 54,214gt, 5,060teu. Built Hanjin HI, B&W/23kt.

BULKERS

CHC No. 3 (bulk carrier) ex-*Griffon*: sold by Winmax Maritime, Taiwan, to undisclosed interests, South Korea, $7.20M. Last sale: $21.50M (2010), 1995. 46,635dwt, 27,011gt. Built Mitsui, MAN-B&W, 8,881bhp/14kt.

Golden Kiji (bulk carrier): sold by Nissen Kaiun, Japan, to undisclosed interests, Greece, $19.50M. 2007. 76,596dwt, 39,737gt. Built Imabari, MAN-B&W/14kt.

Island Ranger (bulk carrier) ex-*Bunga Melor Satu*: sold by Enterprises Shipping & Trading, Greece, to undisclosed interests, $8.00M. 1994. 43,108dwt, 24,550gt. Built Oshima, Sulzer/14kt.

Jindal Varad (bulk carrier) ex-*Petka*: sold by JITF Waterways, India, to undisclosed interests, United Arab Emirates, $5.80M. Last sale: $9.50M (2012), 1994. 75,460dwt, 39,422gt. Built B&W, Sulzer, 12,502bhp/14kt.

Silver Surfer (bulk carrier): sold by Marina Leasing, Hong Kong, to CarVal Investors, USA, $53.50M. Last sale: $39.00M (2012), 2013. 180,000dwt, 92,921gt. Built Sungdong & Marine Engineering, MAN-B&W/14kt.

Theomitor (bulk carrier) ex-*Dion*: sold by Anbros Maritime, Greece, to undisclosed interests, $6.80M. Last sale: $15.00M (2010), 1994. 28,510dwt, 17,428gt. Built Kandasho. Mitsubishi/14kt.

Zhushui 5 (bulk carrier): sold by Seroja Marine, Singapore, to undisclosed interests, Greece, $20.90M. Last sale: $24.50M (2014), 2012. 79,501dwt, 43,472gt. Built Jinhai Heavy Industry, MAN-B&W, 13,059bhp/14kt.

TANKERS

DS Victory (crude oil tanker) ex-*Pluto Glory*: sold by Dr Peters, Germany, to undisclosed interests, Greece, $33.60M. Last sale: $105.00M (2005), 2001. 298,911dwt, 157,831gt. Built Daewoo Shipbuilding, Sulzer, 31,422bhp/15kt.

Nord Fast (chemical/oil tanker) ex-*FD Nord Fast*: sold by Dampskibsselskabet Norden, Denmark, to undisclosed interests, $20.40M. Last sale: $29.00M (2010), 2008. 40,083dwt, 25,382gt. Built SLS, MAN-B&W, 10,956bhp/15kt.

Verige (chemical/oil tanker): sold by Uljanik Plovidba, Croatia, to undisclosed interests, $25.00M. 2010. 52,606dwt, 30,638gt. Built '3 Maj' Brodogradiliste, Wärtsilä/14kt.

NEWBUILDING RESALES

Luo Jia Shan (bulk carrier): sold by clients of shipyard, to undisclosed, Italy, $44.50M. 2014. 176,000dwt, 90,900gt. Built Jinhai Heavy Industry, MAN-B&W, 19,484bhp/14kt.

Zhoushan Changhong CHB001 and ***Zhoushan Changhong CHB002*** sold *en bloc* by clients of shipyard, to undisclosed interests, Hong Kong, $41.00M. *Zhoushan Changhong CHB001* (bulk carrier): 2014. 39,000dwt, 21,000gt. Built Zhoushan Changhong International Shipyard, MAN-B&W *Zhoushan Changhong CHB002* (bulk carrier): 2015. 39,000dwt, 21,000gt. Built Zhoushan Changhong International Shipyard, MAN-B&W.

Bunkerworld Indices

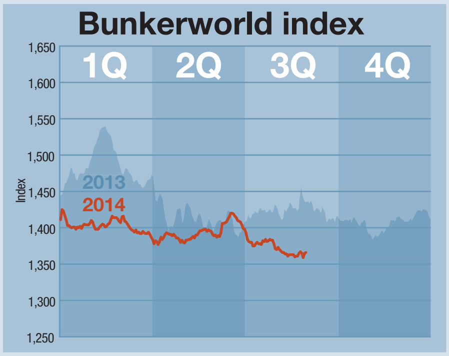
BW380: $594.00 ↑ +$1.00 **BW180:** $630.50 ↑ +$1.50 **BWDI:** $913.50 ↓ -$1.50

Average prices for the week ending 5 September 2014
*= ex-wharf. Ports listed alphabetically by region.

Northern Europe	IFO 380	IFO 180	MDO	MGO
Antwerp	$563.50	$587.50	n/a	$833.50
Falmouth	$616.50	$669.50	n/a	$923.50
Great Belt	$594.00	$624.00	$873.00	$913.00
Hamburg	$573.50	$603.00	n/a	$871.50
Rotterdam	$563.00	$585.50	n/a	$834.00
St Petersburg	$378.00	$406.50	$700.00	$764.00

Mediterranean	IFO 380	IFO 180	MDO	MGO
Augusta*	$595.50	$626.00	n/a	$920.00
Fos	$596.50	n/a	n/a	$905.00
Gibraltar	$582.00	$615.00	n/a	$902.50
Istanbul	$597.00	$623.00	n/a	n/a
Off-Malta*	$575.00	$598.00	n/a	$881.50
Piraeus	$583.50	$612.50	n/a	$886.50

Africa	IFO 380	IFO 180	MDO	MGO
Arzew	$650.00	$676.00	n/a	$924.00
Canary Islands	$592.50	$613.00	$894.50	$904.00
Durban*	n/a	$628.00	n/a	$1,001.50
Off-Nigeria	$666.50	$675.00	n/a	$965.50
Dakar	n/a	n/a	n/a	$956.50



Americas	IFO 380	IFO 180	MDO	MGO
Buenos Aires	$594.00	$813.50	n/a	$1,163.00
Houston	$578.50	$653.00	n/a	$961.00
Los Angeles*	$614.50	$717.00	n/a	$963.00
New York*	$586.50	$647.50	n/a	$944.00
Panama Canal*	$587.00	$679.00	n/a	$1,008.00
Santos	$586.50	$607.50	n/a	$981.50
Seattle*	$657.50	$738.00	n/a	$1,036.00
Valparaiso	$656.50	$734.00	n/a	n/a
Vancouver BC*	$604.50	$662.50	n/a	$1,091.00
Venezuelan Ports*	$588.00	$683.00	n/a	$998.00

BWI: 1,366 ↑ +2

bunkerworld

BW380, BW180 for IFO fuels BWDI for distillate fuels

> For online bunker information:
www.fairplay.co.uk/markets or
www.bunkerworld.com/prices

Middle East	IFO 380	IFO 180	MDO	MGO
Dammam	$599.00	$602.00	n/a	$981.00
Fujairah	$603.00	$630.50	n/a	$976.00
Jeddah	$665.00	$721.00	n/a	$1,096.00
Suez	$671.00	$719.00	n/a	$1,092.50

Asia	IFO 380	IFO 180	MDO	MGO
Chennai	$650.00	$735.50	n/a	$1,101.00
Colombo	$655.50	$691.00	n/a	$1,021.00
Hong Kong	$594.50	$603.50	$874.50	$884.50
Kaohsiung	$640.00	$650.00	$974.00	$989.00
Singapore	$587.00	$599.50	$858.00	$868.00
South Korea	$609.00	$633.50	$898.50	$908.50
Sydney	$718.00	n/a	n/a	$1,054.00
Tokyo	$622.00	$631.00	$899.00	n/a

$6.5/M Btu

Likely price of Indian gas from 30 September

India poised for rise in gas price

> Ramadas Rao

India

Gas producers in India are awaiting a final decision by the new government on higher prices. Until then supplies from both offshore and onshore fields in India will continue to be curtailed, increasing the country's dependency on imports of LNG.

Production declined by 9% in July to 2.739Bn m^3, primarily as a result of lower output from offshore fields, according to the ministry of petroleum and natural gas.

Successive governments in India have regulated gas prices in the interests of users – mainly households using piped gas for cooking and the agricultural fertiliser sector. Natural gas is a fuel for electricity generation, but coal remains the cheaper and dominant option for thermal power plants.

Amid a severe gas shortage in the country, most gas-fired power plants are either shut or performing well below capacity. Use of imported LNG is deemed too expensive an option.

While it is certain that gas prices will go up, there is much speculation about how much. That is expected to be announced on 30 September.

Major gas producers, including Reliance Petroleum, which has teamed up with BP and Canada's Niko Resources to extract gas from the rich KG-D6 block on the east coast, are hoping for a 'viable' rate that would justify heavy investment in exploration and production (E&P).

The previous Congress Party-led government was preparing to double prices to just over $8 per million Btu ($8/M Btu) from $4.20/M Btu to stimulate investment in E&P, but had to hold back due to the election. The prime minister at the time, Manmohan Singh, was in favour of a "market-discovered pricing mechanism" that would help attain parity between domestic gas prices and the price of imported LNG.

"Imported LNG costs three or four times more than natural gas extracted in India," a market source told *IHS Maritime*. "There has to be some parity."

The new government of Prime Minster Narendra Modi has been consulting stakeholders before its price announcement at the end of this month. Although decidedly pro-business, the government is believed to be in favour of capping a price rise at $6.50/M Btu.

> Key points

- LNG imports are set to rise as output from domestic fields declines
- There is speculation about the new gas prices that are due to be announced this month

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> Gas pricing

Indian natural gas price: $4.2 per M Btu
Previous government committee proposal: $8.4 per M Btu
Likely increase by 30 September: $6.5 per M Btu

> Gas demand/supply (M m^3/day

2012/13: 227/101.1
2013/14: 248/102.5
2014/15: 272/111.26
2019/20: 442/172.2

> Imports

India's LNG import capacity is about 23.0 M tonnes/year through four terminals. This meets more than 35% of total gas supply of the country.

source: www.petronetlng.com

Reaction to increase

While this could come as a disappointment to oil and gas companies, gas-fired power-generation plants may still find the price too high. At present, substantial capacity – nearly 7,000MW – depends on gas produced from the D6 block. But this block is now idle, which could continue.

With uncertainty looming over the availability of cheap gas, the previous government had put in limbo further expansion of gas-based electricity generation, allotting available gas at subsidised prices to fertiliser plants and domestic households for cooking.

With domestic production declining, India has been setting up LNG import terminals through Petronet LNG, working with oil and gas companies GAIL, ONGC, Indian Oil Corp and Bharat Petroleum. Current capacity is 23M tonnes/year according to Petronet LNG, which opened a 5M tonne-capacity terminal in the southwest port city of Kochi in January this year.

In addition, a memorandum of understanding has been signed with Gangavaram port in the southeastern state of Andhra Pradesh to set up a 5M tonne facility. That should be ready by 2016. F

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Fixtures

Source: Maritime Research Inc / www.maritime-research.com

Dry fixtures

Cargo	Vessel	From	To	Tonnes	Date	$/tonne	Chart.	Terms
Coal	Steamer, (Ns United)	Hay Point	Kwangyang	165,000-10%	Sep 15/30	8.36	Posco	FIO;ScLd/60,000tShinc
Coal	*Doric Champion*, 11	EC US	Yuzhny	80,000-10%	Sep 15/25	15.00	Fayette	FIO;25,000tShinc/22,000tShinc
Coal	*De Xin Hai*, 08	Mobile	Redcar	70,000-10%	Sep 15/21	15.65	SVS	FIO;25,000tShinc/25,000tShinc
Hvy grain	Steamer, (Cargill)	US Gulf	China	60,000-5%	Oct 1/10	45.50	HyundaiGlo	FIO;10,000t/8,000t
Iron ore	*Annou Max*, 11	Pt Hedland	Dangjin	170,000-10%	Sep 16/23	9.00	HMM	FIO;ScLd/55,000t;Relet
Iron ore	Steamer	Pt Dampier	Qingdao	170,000-10%	Sep 13/16	9.00	Sinochart	FIO;ScLd/30,000t
Iron ore	*Red Rose*, 03	Seven Islands	Kaohsiung	70,000-10%	Sep 10/20	30.00	CSE Trans	FIO;60,000t/38,000t

Timecharters

Consumption	Vessel	From	To	DWT	Date	$/day	Chart.	Terms
14.5k/62t	*Solar Ember*, 97	Del Haili	Redel China	171,081	Sep 4/6	17,250	JiangsuSS	EAusRd,Relet
14k/42t	*Bulk Indonesia*, 11	Del Hong Kong	Redel India Via Indo	95,740	Sep 4/7	8,000	Oldendorff	Trip out
14.9k	*Alkimos*, 13	Del Lianyungang	Redel India Via E Aus	95,308	Sep 5/8	8,500	Oldendorff	Trip out
14.1k	*Chariklia Junior*, 11	Del OffIndonesia	Redel India	92,932	Sep 3/6	9,000	Oldendorff	TripOut+$100,000Bonus
14k/36t	*Nozomi*, 06	Del Shimotsu	Redel Sing/Japan	87,114	Sep 5/10	7,000	CNR	NewcastleRd
14k/39t	*Sea Hermes*, 13	Del CJK	Redel Malaysia	81,708	Sep 6/10	5,400	YangtzeNav	AusRd
14k/36t	*Maverick Genesis*, 10	Del Indonesia	Redel India	80,705	Sep 5/10	7,000	Oldendorff	TripOut+$110,000Bonus
14k/35t	*Pantera Rosa*, 09	Del US Gulf	Redel Japan	78,844	Sep 11/18	14,800	'K' Line	TripOut+$480,000Bonus
14k/36t	*Lake Dahlia*, 09	Del Indonesia	Redel Taiwan	78,802	Sep 12/18	6,000	PacificBlk	TripOut+$80,000Bonus
14k/35t	*Lowlands Maine*, 05	Del OffNoPacific	Redel China	76,784	Sep 15/20	6,250	CNR	TripOut+$360,000Bonus
14k/31t	*Miden Max*, 93	Del Paranagua	Redel Montoir	74,696	Sep 2/7	10,000	Dreyfus	TO+$125,000BB,HvyGrain
14.5k/37t	*Alpha Harmony*, 01	Del Indonesia	Redel Sing/Japan	74,492	Sep 1/10	8,500	Navig8	2LadenLegsViaIndo/India
14.2k	*Shandong Hai Da*, 13	Del Singapore	Redel India Via Indo	56,734	Sep 5/10	10,000	Oldendorff	Trip out

Wet fixtures

Cargo	Vessel	From	To	Tonnes	Date	Rate	Chart.	Terms
Oil dirty	*Habrut*, 12	ME Gulf	WC US	280,000	Sep 24	W39.75	Valero	
Oil dirty	*DHT Ann*, 01	ME Gulf	UK/ContViaCapeOpViaSuez	280,000	Sep 19	W24.5opW23.5	Shell	OpFarEastD W42
Oil dirty	*Noble*, 08	Caribbean	Singapore	270,000	Sep 28	6,100,000	Glasford	Lump Sum
Oil dirty	*Orthis*, 11	Rotterdam	Singapore	270,000	Sep 5	4,600,000	CSSA	PtC;Lump Sum
Oil dirty	*Desh Ujaala*, 05	ME Gulf	Yosu	270,000	Sep 12	W39.5	Caltex	Part Cargo
Oil dirty	*Voss Spirit*, 10	ME Gulf	China	270,000	Sep 16	W43	Unipec	Part Cargo
Oil dirty	*Ruby IV*, 00	Mina Al Ahmadi	Mailiao	267,000	Sep 13	W39.5	Formosa	
Oil dirty	*Marina*, 09 Or *Eliza*, 08	Qua Iboe	Vizagapatnam	260,000	Sep 23	3,900,000	HPCL	PtC;Lump Sum
Oil dirty	*Kapsali*, 11	Basrah	Spain	140,000	Sep 16	W31.5	Cepsa	
Oil dirty	*Pecos*, 12	CPC	UK/Continent Med	135,000	Sep 17	W65	Chevron	
Oil dirty	*Cape Baxley*, 03	Bullen Bay	China	130,000	Sep 11	3,900,000	Glasford	Lump Sum
Oil dirty	*SCF Altai*, 01	Jubilee	Sines	130,000	Sep 22	W62.5	Petrogal	
Oil clean	*Torm Mathilde*, 08	Vysotsk	Japan	80,000	Sep 9	3,425,000	Litasco	Lump Sum
Oil clean	*Dubai Beauty*, 11	ME Gulf	UK/Continent	80,000	Sep 15	2,875,000	CSS	PtC;Lump Sum
Oil clean	*SKS Driva*, 10	Sikka	Brazil	80,000	Sep 20	3,200,000	Petrobras	PtC;Lump Sum
Oil clean	*Siena*, 02	Sikka	E Africa op W Africa	80,000	Sep 19	W135	Trafigura	OpLS$2,800,000
Oil clean	*New Confidence*, 05	Ust-Luga	Japan	60,000	Sep 10	2,380,000	Vitol	Lump Sum
Oil clean	*Po Yang Hu*, 07	Sikka	Aden op Jeddah	60,000	Sep 16	875,000	ATC	LS;Op$975,000;OpMEGulfD-$600,000
Oil clean	*Merkur O*, 04	Tuapse	Japan	55,000	Sep 18	2,100,000	Socar	PtC;Lump Sum
Oil clean	*Torm Emilie*, 04	Lome	Japan	55,000	Aug 28	1,900,000	Talaveras	PtC;Lump Sum
Fuel oil	*Phoenix Beta*, 03	Kuwait	Far East	80,000	Sep 6	W110	Chevron	
Fuel oil	*Azov Sea*, 98	Chennai	Singapore	30,000	Sep 9	425,000	Petrosummi	Lump Sum

Savahna Nightingale: *Fairplay* movers & shakers

> About Movers & Shakers
IHS Maritime profiles the latest movements by the movers and shakers: the people who make shipping happen. Please send your suggested movers and shakers to

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Ex-JP Morgan director joins African fund

Romain Py has joined African Infrastructure Investment Managers (AIIM) in South Africa. "I decided to get more active within the African infrastructure space," he told *IHS Maritime*, following a busy year running his own consultancy.

He will become AIIM's executive head of transactions, based in Cape Town.

Py, most recently a senior investment officer at JP Morgan asset management prior to running his own practice, will be originate and execute investments in infrastructure projects across Africa at AIIM.

Py, one of the founding members of the JP Morgan Infrastructure Investments Group in Europe, led the acquisitions of Electricity North West in October 2007, North Queensland Airports in January 2009, and Noatum Ports in December 2010. Before joining JP Morgan in 2007 he held infrastructure-related roles at HSBC and SocGen.

AIIM, established in 2000 as a joint venture of the Macquarie Group and Old Mutual Investment Group, has managed African infrastructure funds since 2000 and has more than $1Bn in five funds.

Between leaving JP Morgan and joining AIIM, Py ran his own consultancy, Baobab Capital, during which time he carried out a strategic review of Glasgow Prestwick Airport for the Scottish government. Py also serves on the board of Global Ports Holding.

Romain Py

Romain Py

GCG chooses market strategy leader

Maritime law specialist the Garden City Group (GCG) has appointed **Christi Cannon** to lead its marketing strategy.

A former litigator and client relations specialist, Cannon is to become the vice-president of marketing and client relations.

Cannon has spent 20 years within the legal field and was appointed director of client relations at GCG in 2011 and subsequently vice-president of client relations in 2013.

During this period she focused on identifying client needs and translating them to deliverables for GCG operations teams. This was coupled with developing client relationships and expanding the company's market presence.

David Isaac, chief executive officer of GCG said: "Christi brings a real resonance to this role. With experience as a litigator and GCG client, and then in business development for the company, later evaluating and managing its strategic client relationships, and all the while engaging in pivotal operations roles, she has a demonstrated understanding of the demands in our industry."

A native of Scottsboro, Alabama, Cannon is a graduate of Auburn University and Emory University School of Law. She lives in Atlanta, Georgia.

Christi Cannon

GCG

ITF re-elects president

One of the key architects of the Maritime Labour Convention, **Paddy Crumlin**, is remaining at the helm of International Transport Workers' Federation (ITF).

Crumlin was re-elected president at the ITF Congress held in Sofia, Bulgaria. "We work well together," Crumlin told *IHS Maritime*. "The ITF will be a more activist organisation on all fronts."

Meanwhile, **Steve Cotton**, veteran ITF maritime co-ordinator, was elected to the full-time job of general secretary.

Cotton has worked with the ITF since 1997, starting out in the special seafarers' department as assistant secretary before progressing to maritime co-ordinator, overseeing the inspectorate checking on crew conditions in ports worldwide. He has been acting general secretary since 2012.

Seattle Port appoints supply chain veteran as chief executive

A former truck manufacturing and supply chain executive has been chosen to take the helm at the Port of Seattle.

Ted Fick, who was selected by the Port of Seattle Commission to become the port's next chief executive officer, will take over from **Tay Yoshitani**, who plans to retire on 30 September.

Fick has more than 25 years of experience leading major manufacturing and transport organisations, including overseeing international operations.

His career in the Puget Sound region's industrial community began at his family's Tacoma-based company, Fick Foundry. He then held management positions at truck manufacturer PACCAR, one of the largest manufacturers in the Pacific Northwest. Since 2000 he has since held leadership positions in transport and manufacturing companies, most recently as CEO of Polar Corporation of St Cloud, Minnesota, which makes trailers for tank trucks.

"Ted's experience across multiple facets of the supply chain, coupled with an ability to manage organisations through growth and change, make him the right leader at the right time," commented Seattle Port Commission co-president Stephanie Bowman.

www.sea-web.com/insight

www.ihs.com/maritimelinkedin

½

Fraction of world crude transhipped in Singapore

$2.8M

Historic high charter hire for *Karoline N* of Neu Gas, one of just four VLGCs that can transit the present Panama Canal

This week's market feature: page 26

96%

Western Australia's 21 mines contribution to national nickel exports

Market report: page 26

325

Years Lloyd's has been in the maritime insurance business

Regulation & risk: page 18

GBP87M

Underwriting profits for Lloyds last year, from just GBP2M ($3.2M) in 2012

13

The entire baker's dozen of International Group P&I clubs worldwide have agreed to extend standard cover to include crew repatriation costs in insolvencies

Coming soon:

Powerhouse Denmark

18 September issue

Shipping is Denmark's most important export industry, reflected in good dialogue between shipowners and politicians. Owners have revised strategies, restructured business and seized growth opportunities in tough economic times. Danish shipping also favours green legislation.

IHS™ Maritime Fairplay

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