



Sea rescue capability not up to mark

Even though the number of deaths caused by shipping accidents fell by 20 percent last year, China still has a long way to go to improve its sea rescue capabilities, a senior transport official said. Xu Zuyuan, vice-minister of communications and director of the China Maritime Search and Rescue Center, said at a press conference yesterday that 376 people died in shipping accidents and 250 ships sank off the coast of China last year, making it the country's best water transport safety record since 2001.



"Achieving this was not easy considering that we were hit by several ferocious typhoons last year and that the water transport industry has been expanding so rapidly," Xu said. According to official statistics, the total throughput of the mainland ports increased by 15.4 percent last year, while the number of vessels calling at mainland ports increased by 34.8 percent. Chinese maritime safety authorities organized 1,620 major rescue operations last year and saved 16,753 people, with a salvage rate of 95.7 percent. Still, Xu admitted, China faced limitations that prevented the authorities from saving more lives and protecting the maritime environment. "As a developing country, China has limited funding to buy equipment and has fallen behind in many aspects compared with developed seafaring countries," Xu said.

Among the shortcomings he listed were outdated rescue ships, a lack of equipment to fight oil slicks and the inability to operate effectively in stormy seas and over long distances. Xu said the authorities had deployed 895 rescue ships and nine rescue helicopters along the coast and major rivers. To strengthen China's rescue capabilities, the ministry will import two powerful EC-225 helicopters from Europe in the fourth quarter of this year. Xu said the country's rapid economic development and the continued growth of foreign trade had resulted in a surge of marine activities. Song Jiahui, the center's vice-director, said the country's sea rescue sector had been working with its foreign counterparts in recent years and had set up cooperation mechanisms with several foreign countries, including the United States. On January 1, the US Coast Guard saved 18 Chinese fishermen near the island of Guam. During Typhoon Chanchu last year, China rescued 330 Vietnamese fishermen in the South China Sea.

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Maritime IPO activity seen thin in 2007

CHICAGO (Reuters) - Initial public offerings from maritime shipping firms may be thin on the ground in 2007, not for a lack of investor interest but because many operators are flush with cash, according to analysts. "Fleet operators have seen unprecedented earnings over the past five years," said David Frischkorn, a managing director at investment bank Dahlman Rose. "Those able to tap the market may not need to (issue IPOs)." Even though some on Wall Street worry that shipping rates on the spot market may turn volatile due to a glut of vessels, analysts said maritime firms can offer the kind of stability that investors crave.

Australia Day - National Maritime Museum vessels

A 'floating lighthouse' that spent many lonely years at sea will perform a central role under spotlights in this year's Australia Day evening spectacular on Darling Harbour.

The steel-hulled lightship Carpentaria, 22 metres long with a 'light tower' amidships, was designed in Scotland and built in Sydney's Cockatoo Island Dockyard in 1917.

For much of its working life it was anchored, unattended, at the remote western entrance to Torres Strait where its flashing light warned shipping of the treacherous Merkara Shoals. After retiring from service in 1985, Carpentaria joined the diverse collection of historic vessels in the Australian National Maritime Museum fleet.

In Friday's Darling Harbour celebrations, Carpentaria's first task will be to act as a floating stage for the NSW Police Marching Band from 6.30 pm to 7.15 pm. During this period the Governor of NSW, Professor Marie Bashir AC, will arrive into Cockle Bay on her official launch, and a host of other vessels will parade around the perimeter of the bay.

At 7.40 pm Carpentaria will perform its second role, this time as the central stage for a spectacular tableau celebrating 100 years of Surf Life Saving in Australia. Finally Carpentaria will make a celebratory circuit of Cockle Bay at around 8.45 pm with a party of new Australian citizens on board. Other National Maritime Museum vessels will take part in the evening's entertainment. The museum's former naval motor launch Epic Lass will provide an escort for the Governor's launch as she proceeds into Darling Harbour. And throughout the evening the museum's 'Little Toot' tugboat Bareki will serve as a moving stage for two entertaining comic characters - an admiral and a deckhand.

Endeavour: The National Maritime Museum's replica of Captain Cook's ship Endeavour will take part in the big Australia Day Parade around the harbour which starts at the Harbour Bridge at 12 noon and proceeds through an eastern loop past Farm Cove, Clark Island, Bradley's Head, Athol Bay, Kirribilli Point and back to the Harbour Bridge. Endeavour will also participate in the Tall Ships Race that starts off Bradley's Head at 3 pm and dashes back to the Harbour Bridge, finishing at about 3.30 pm.

More efficient management of maritime sector urged

New Delhi, Nov 19 (IANS) With a major hike in the number of ships calling on Indian ports, the government needs to



renew focus on the maritime sector to attract more private participation and ensure efficient management, says a new industry study. The Confederation of Indian Industry (CII) study done through global consultants KPMG has "called for evolving a new mechanism for reviving India's maritime sector".

"A renewed focus on India's maritime sector would both increase private sector investments and also enable more efficient management of the maritime sector," states the study 'Indian Maritime Landscape' released here Sunday. Shipping, shipbuilding and repairs, security, ports, hinterland connectivity and development of human resources are some of the critical areas identified by the study for revival of the maritime sector.

"Development and growth of port sector, in particular, is crucial as ports play a vital role in the overall economic development of the country," states the report. It says the total volume of the traffic handled by all Indian ports during 2005-06 was 568.93 million tonnes. Out of this 423.41 million tonnes or around 74 percent was handled by major ports - showing a growth rate of 10.30 percent over the previous year - and the remaining 145.52 million tonnes by the non-major ports. Out of the total traffic handled at major ports, petroleum crude and products maintained the largest share of about 33 percent, followed by iron ore (20 percent), coal (14 percent), container (14 percent) and the rest shared by general cargo. The report stresses the need for providing ship-repairing facilities.

"Not only does ship-repair activity help generate substantial local jobs, it also builds the capacity of the local industry. It is noteworthy that among the 326 yards in China, nearly 160 focus on ship repairs," the report states. Though Indian shipyards enjoy a price advantage over many of their counterparts abroad, the report feels the lack of the capability to build large and modern ships is a major drawback.

Cochin shipyard in Kerala is the only yard that has the capability to repair and develop large ships. While the government has provided subsidy benefits to shipyards developing ocean-going vessels for exports, it needs to ensure that the benefits reach the private operators through development of effective procedures and policies that can help Indian players become competitive vis-à-vis international players, the CII has pointed out.

The report also stresses that multiple taxes, totalling up to 12 types including service tax and the fringe benefit taxes,

(Contd. on page 4)

From the Editor's Desk



Merchant Mariners ashore, need to develop a thought process to interact and enrich their knowledge, utilizing commonly available PC's (computers) at every different level. One needs to tap their inner potential and inter-act, from their long rich sea experience, in building-up/enhance quality-benchmark. Merchant Mariner's experiences are hardly-utilised, the need to arrive at a common platform, for free flow of thoughts of vital information, to speed up forward thinking innovative process and the transformation of advancement in training skills. Knowledge through strong links of thought exchanges and protracted discussions be encouraged, between the enlightened floating staff and the shore-staff to bring about a guiding vision to active floating staff, of varied level of responsibility and accountability.

Floating Staff need to perform group discussions onboard for congenial living and working atmosphere, maintain a high morale, primarily understand their separation from near and dear ones, limitations and constraints out at sea, challenges ahead to face eventualities (natural sea borne and shipboard). Officers need to go beyond their job description, giving no room for blame excuses but for contributing their best foreseeing crisis/risk. Senior officer's control over shipboard machineries, machinery spares, consumables and ensuring quick turnover of "safely delivering the goods", is though their primary responsibility. All events onboard need to be documented for the new comers onboard to familiarize quickly and perform their best. Every individual onboard is to think about, as to how to improve his/her work in quality considering the precious time, giving their best in job performance and cost effectiveness. Practice, the best tools of management to suit the situation, for improved services of productivity onboard. In a shipboard set-up, where there is a process of accountability, idea generation for innovation is more common. Organizations that have broken the barriers of departmental silos can test their ideas on each other, not to focus on finding fault with others, need to encourage constructive criticisms and implement innovative ideas better and faster. Encourage opportunities to open up "thought process". Prove the best; keep physically and mentally fit, at all times, to meet the hard work out at sea with man-power constraints and quality material constraints. "Our vision is to develop an efficient and cost-effective infrastructure, to facilitate growing world trade".

The need for a proper regulatory mechanism to instill fairness in Shipping. System is not sensitive to the plight of seafaring victims; do we need standards of nursery/primary/secondary teachers, to head the faculty of maritime colleges/academies? Universities must be places based on the authority of ideas, rather than the idea of authority. 'Institutions must focus on value based education' such of those old timers, so called Master Mariners (Merchant Marine ship's captain, from seamanship with poor academic background generally matriculates includes non-matriculates as well, by mere virtue of a C O C through set-paper exams., issued for operation and maintenance of vessels (ships), with no further qualifying examination. Those with such poor academic qualification, be only considered at demonstrators level, and not to unimaginable level of "Dean of faculty in Maritime Institutions", which is owing to some ill- conceived mariners in the Office of the Directorate General of Shipping, with limited sea service and qualification, discourages mariners towards higher education, while over one hundred and twenty (120) distance learning universities exist in India.. Why this 'mind-set of the establishment'? This is a matter of serious concern, which any enlightened society would agree, besides UGC and AICTE. The National Assessment and Accreditation Council (NAAC) need to fairly assess teachers, students, infrastructure and academic environment in all maritime colleges, academies and institutions.

One needs to command respect from one's own deeds. Its high time, the nation recognises seamen's, hard work out at sea, of risks and sacrifices, earning foreign-exchange to the country, instead of they continue to be neglected of their basic rights and privileges enjoyed by the shore staff, towards health care and social inequalities, since the seamen are handicapped to unite and voice their legitimate dues. One need to "Think like a man of action and act like a man of thought" - Henri Bergson.

Dr. Chandran Peechulli, Ph.D; FIE
Fellow - Institution of Engineers (India)

(Contd. from page 2)

make the Indian maritime sector very "uncompetitive in comparison to international players". Given the rise of terrorism globally, the report calls for the implementation of global maritime

security initiatives to ensure continued integration of the Indian ports with the world shipping and port trade.

The report stresses that hinterland connectivity remains a major bottleneck in the seamless movement and growth

of multi-modal transportation in the country. This considerably adds to the transportation costs. The report recommends that early completion of various projects in the rail and road sector is crucial to meet the heavy traffic projections for future.

W o r l d I n f o D e s k

World Maritime Day 2007: The theme for World Maritime Day 2007 is "IMO's response to current environmental challenges". The theme was chosen to give IMO the opportunity to focus on its environmental work (both of the past and present) and thus intensify its efforts to add our contribution to that of the international community

to protect and preserve the environment before it is too late. World Maritime Day will be celebrated on Thursday, 27 September 2007.

Total in the dock over Erika oil spill:

PARIS -- The first trial in France over a major environmental disaster opens on Monday to decide whether oil giant Total and other parties bear responsibility for the massive oil spill from the Erika shipwreck in 1999. A 25-year-old rusting tanker, Erika was carrying 30,000 tonnes of heavy fuel oil when it sank off France's Brittany coast on December 12, 1999, polluting vast stretches of the Atlantic coastline and killing thousands of seabirds. Fifteen parties including Total, the tanker owners, a charter company, a vessel classification firm and maritime authorities are in the dock on various charges of endangering lives, causing pollution or failing to respond to a disaster. Total executive Bernard Thouillin and two of the company's affiliates-Total Transport Corporation and Total Petroleum Services-are to answer accusations that they chartered a tanker of dubious seaworthiness in order to meet a tight deadline for delivery of the cargo to Italy. If convicted of causing maritime pollution, Total could be fined up to one million euros (1.3 million dollars) while a conviction on the charge of complicity to endanger lives carries a maximum one-year prison term and a 15,000-euro fine. The French state is seeking 153 million euros in damages to cover the cost of the cleanup and recovery of the wreckage while many of the 70 plaintiffs in the case are demanding hefty compensation. A Total

spokesman however voiced confidence that the oil firm would be cleared and emphasized that 11 other parties are to come under scrutiny during the trial. "We consider the allegations to be groundless," said Total spokesman Charles Edouard Ansray. "We are awaiting the outcome of the trial that is to assign responsibility." The Italian owner of the Erika, Giuseppe Savarese, and his manager Antonio Pollara are to answer charges of negligence and jeopardizing the lives of the 26 Indian crew members of the Erika that broke in two in heavy seas and later sank. The Indian captain of the vessel, Karun Mathur, has also been charged but it is not certain that he will appear before the Paris criminal court. The Italian maritime certification company RINA, a member of its board Gianpiero Ponasso, and the co-owners of the Selmont vessel charter company, Mauro Clemente and Alessandro Ducci are also cited. Finally, four men responsible for maritime safety and rescue -- Eric Geay, Michel de Monval, Jean-Loup Velot and Jean-Luc Lejeune -- are charged with failing to respond to a disaster. It has taken seven years for magistrate Dominique de Talance to investigate the Erika disaster in which 20,000 tonnes of fuel leaked into the ocean, dealing a severe blow to local tourist and fishing industries. The total cost of the damage has been estimated at over one billion euros. Prosecutors intend to argue that the debt-ridden owners of the Erika ignored security problems of the ageing tanker to continue making money off it. Total chartered the tanker, the only one available at the port in Dunkirk at that time, in order to meet its contractual obligation to deliver 19,000 tonnes to the Italian company Enel by December 31, according to the prosecutors. The trial in a Paris criminal court is expected to last four months and rate among the costliest in France, notably due to the hiring of 14 interpreters for the Indian, Italian, Greek and British witnesses. The Maltese-registered Erika left Dunkirk on December 8, 1999, bound for Leghorn,

Italy but ran into bad weather in the Bay of Biscay three days later, hitting waves of up to 14 meters. As the weather worsened, heavy fuel began to leak from the tanker and the captain sent out a Mayday message the following day, reporting that the ship was sinking. The ship broke in two parts on December 12 and the crew was airlifted to safety. Waves of heavy fuel oil began washing ashore on Christmas Eve, triggering a major cleanup operation that would last months. The disaster prompted the European Union to adopt new maritime shipping regulations including banning older tankers and creating a more stringent inspection regime.

International Conference on Alternative Dispute Resolution:

The Chief Justice of India, Justice K.G. Balakrishnan today inaugurated the International Conference on 'Alternative Dispute Resolution (ADR)' organized by the International Centre for Alternative Dispute Resolution (ICADR). The conference was attended by the Chairman, ICADR, Union Minister for Law & Justice, Dr. H.R. Bhardwaj, U.K.'s first woman "Lord of Appeal in Ordinary" Baroness Brenda Hale of Richmond and her husband Dr. Julian Farrand, Planning Commission Deputy Chairman, Shri Montek Singh Ahluwalia, MoS for Law & Justice, Shri K. Venkatapathy, the Judges of the Supreme Court, Justice Ashok Bhan, Justice Arijit Pasayat and Justice K. K. Venugopal, Attorney General of India Shri Milion K. Banerjee,

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Jurists, representatives of corporate sector, senior advocates and other professionals.

Justice Balakrishnan said that to get rid of problems like congestion in courts, lack of adequate manpower and resources, cost, rigidity of procedure and lack of participatory roles, there is need to look at better options, approaches and avenues. The globalization of economy and the complexities of modern commercial transactions demand speedy and effective mechanism for resolving domestic and international disputes. This resulted as non-judicial ways of dispute resolution such as arbitration, mediation, conciliation and negotiation. India has a rich judicial system. But the country's social and economic scene has undergone a sea change and the people are now more aware of legal rights. He appealed to the legal fraternity to come forward to meet the new challenges, with stress on ADR.

Law & Justice Minister, Dr. Bhardwaj said that the resolve of the people of India as enshrined in Article 39-A of the Constitution of India is to secure that the operation of the legal system promotes justice on the basis of equal opportunity and that no citizen is denied access to justice on account of financial or other disability. Indian Legal and Judicial System stands on strong edifice and people get their disputes adjudicated in the Courts. However, the problem of delay in disposal of cases poses a challenge to the system.

Experience the world over tells us that adversarial litigation is not only a means of resolving disputes, therefore, an International Centre for Alternative Dispute Resolution has been established at New Delhi to effectively implement the provisions of the Arbitration and Conciliation Act, 1996. For promoting ADR modes of disputes settlement, the Government of India is vigorously pursuing continuation of Fast Track Courts, Computerisation of all Courts, programme of National Legal Literacy and setting up of Gram Nyayalayas. The Ministry for Law & Justice is engaged in drawing up Gram Nyayalayas Bill. The main objective of these local courts will be to secure justice, both civil and criminal, at the grassroot level to citizens.

Baroness Brenda Hale in her keynote address said that the courts are not in a position to bear the entire burden of justice system and a number of disputes lent themselves to resolution by alternative modes. She emphasized on

the desirability of disputants to end disputes taking advantage of Alternative Dispute Resolution which provides procedural flexibility, saves valuable time and money besides help avoid the stress of conventional trial. In the present judicial system the litigating public are compelled to live with delays which lead to frustration, loss of faith among the disputants and gives rise to unethical and unsocial practices in the society. If we seek reasons for these delays we end up blaming one or the other, but on a deeper analysis it is the collective responsibility of all concerned. She cited examples of ADR in U.K. Judicial System and explained its usefulness to the society.

The Judges of the Supreme Court said that litigation does not always lead to a satisfactory result. It is expensive in terms of time and money. A case won or lost in court of law does not change the mindset of the litigants who continue to be adversaries and go on fighting. ADR systems enable the change in mental approach of the parties. The Deputy Chairman, Dr. Montek Singh Ahluwalia pleaded that the ADR should aim at giving speedy and low cost justice to the people. Its usefulness will be effective if they do not lead to any intervening appeal. The Government initiatives to help the people should aim at a permanent solution to the problems.

Conference discussed in detail the alternative dispute resolution system prevailing in the country and world over its pros and cons and how to make it more effective.

European Union: a role model for all developing states: Secretary - Ports, Pakistan:

KARACHI: A high-level meeting of maritime transport experts of the member states of Economic Cooperation Organisation (ECO) started here on Tuesday with the aim of increasing the cooperation among the member states, modernising ports and finding options to increase the share of the ECO members in international shipping. The meeting was inaugurated by Nahid Hayder, Secretary Ports and Shipping, who emphasised the need for maritime cooperation among the ECO countries. In her inaugural session, she said that from the shores of the Mediterranean to the Arabian Sea in our neighborhood, the ECO has enormous unrealised potential for development and cooperation. The secretary noted that without cooperation

in the region, a rapid development would become a dream. "We have witnessed such regional cooperation in the form of European Union, which has now become a role model for all the developing states," she said. "The ports and shipping sector is one of the most vibrant sectors of Pakistan's economy offering numerous avenues of investment and cooperation," she said. The Government of Pakistan is implementing a comprehensive National Trade Corridor Improvement Programme focusing on augmenting transport capacities by developing the land and land-cum-sea transport linkages with all neighbouring countries in the ECO region, she said. "Our vision is to develop an efficient and cost-effective infrastructure to facilitate growing trade. For this purpose, we are implementing landlord concept at all ports," she added. She urged upon the delegates to deliberate on the issues in view of such trends and enhance coordination within the framework of ECO charter for the benefit and common interest of member states.

Director transport and communication of ECO secretariat Mohammad Mizaei Kahagh said that the ECO region has also a great potential for development of maritime transportation. The statistics indicate that total merchant fleets of ECO region has steadily increased since 2002 and reached to about 18 million dwt in 2005. These figures show that the size of merchant fleets of ECO region is about three times bigger than that of the whole African countries and 50 per cent of the developing countries of American continent. In addition, three ECO transit countries (Iran, Pakistan and Turkey) have made huge investments in their infrastructure to develop transit links, especially focusing on ports and transshipment facilities, he said and added that this is encouraging perspective for other seven landlocked member countries to enjoy benefits of the ports of these countries in order to catch the opportunities in the world markets. He said that with active participation of delegates, the ECO Secretariat will meet the expectations of member states in implementing the proposed projects especially drawing up a regional programme for realisation of the maritime related parts of Transit Transport Framework Agreement (TTFA) which envisages the provision of landlocked member states with necessary facilities at the ports open to foreign vessels.

Director General Ports and Shipping in Pakistan Captain Anwer Shah urged upon the member states to emphasize on the increase in the fleet and provide employment within the framework of ECO. He said that Pakistan has a big skilled force in the ports and shipping sector and performing well on the international fleets around the world. He also urged upon the delegates to workout for the increase in the facilities for the bulk cargo and should build new terminals for bulk cargo. Bulk cargo should not be ignored as around three billion tonnes bulk cargo has been handled annually with a growth rate of five percent per annum, he mentioned.

Southern African countries sign maritime rescue agreement:

A new agreement aimed at better coordinating maritime rescues on the high seas off southern Africa was signed into existence in Cape Town, South Africa, on Tuesday. The document established Cape Town as a hub for maritime rescue in the oceans around South Africa, the Comores, Madagascar, Mozambique, Angola and Namibia, the SAPA news agency reported. The last two countries were not present at Tuesday's signing ceremony, but are expected to sign later this month. Speaking at the event, South Africa's Transport Minister Jeff Radebe said the agreement would provide a positive boost for the region's economies, with shippers not being afraid to sail in southern waters. "This is a groundbreaking development within the (Southern African Development Community) region and it's commitment to the New Partnership for Africa's Development in terms of economic growth, trade and development, as well as international trade," he said. Cape Town's existing Maritime Rescue Coordinating Center (MRCC) is to assume responsibility for the southern African region, and has recently been refurbished in anticipation of its new mandate.

Maritime rescue centers have been established by various countries and regions around the world in terms of international agreements monitored by the International Maritime Organization, a United Nations agency concerned with the safety of shipping and cleaner oceans. Radebe said among the challenges facing the new regional MRCC was a shortage of infrastructure, well-trained staff and facilities. These

challenges would have to be addressed "with the participation of all role-players," he said. Source: Xinhua China says shipping accident deaths fell 20% 2007-1-16. DEATH tolls from shipping accidents in China fell by a fifth last year, but the country still lacks equipment to save even more lives, a senior Chinese transport official said today. The drop in deaths to 376 people was achieved, despite China being buffeted by six typhoons in 2006, Vice-Minister of Communications Xu Zuyuan told a news conference. "Last year was the best for safety on the water since the start of the new century," he said. But he later tempered that comment with more downbeat remarks. "Certainly there exist some shortcomings," said Xu, who is also in charge of maritime rescue operations. That included many outdated ships, an inability to operate effectively in stormy seas and a lack of equipment to fight oil slicks, Xu said. "As our rescue equipment is limited, at the moment what we are concentrating on is strengthening accident prevention work," he added.

UK casualty handling gets international support:

The International Chamber of Shipping (ICS) has praised the UK Maritime and Coast Guard Agency's handling of the incident involving the MSC Napoli. ICS has also "reiterated the support it has consistently given to the designation of an independent authority by governments to co-ordinate the immediate response to such maritime casualties".

ICS Secretary General, Tony Mason said: "Although it is still too early to confirm that a serious pollution disaster has been averted, ICS believes that the damage to the environment would certainly have been far greater if the decisive action of the UK authorities in beaching the ship, and the subsequent action to mitigate the pollution, had not been taken. It is also important to remember that there has been no loss of seafarers' lives." He said: "When a ship has suffered an incident, the best way of preventing damage or pollution from the ship's progressive deterioration is to transfer its cargo and bunkers and to repair the casualty. Such an operation is best carried out in a place of refuge. However, such decisions are made in difficult circumstances and, while mitigating what would be even more serious situations, they may introduce, to say the least, some obvious political sensitivities."

The ICS noted: "The European

Commission (in its proposed Directive on Vessel Traffic Monitoring) has proposed that the 'SOSREP' concept, developed by the UK, should be followed by other EU States. To date, however, despite industry support, this proposal, which is consistent with the IMO Guidelines, has regrettably not yet been supported by the EU Council of Transport Ministers." However the MSC Napoli incident and the recent Italian ferry disaster have prompted EC vice-president Jacques Barrot to raise the issue again. In a statement the EC said:

"The Commission welcomes the effectiveness of the action taken by the UK authorities to assist the MSC Napoli, which was based on independent decisions taken following an objective analysis of the situation, making it possible to avoid a major disaster. That is why the Commission considers that it is essential to expedite this proposal, and is counting on the support of the German Presidency and the Member States in the Council to accept the principle of providing a place of refuge and to ensure that independent decisions are taken."

UK flag revival depends on government support:

Guests at the Chamber of Shippings annual dinner were warned that the UK flags continued success story depends on continued government support. Chamber of Shipping president Maurice Storey said: This success story can only be sustained if government continues to recognise the value of our industry and actively ensures that the UK continues to provide a competitive base for shipping companies." He added: "In simple terms, the country through the government either recognises the value of our industry and works to sustain the revival, or it will lose it." Present at the dinner was Transport Secretary Douglas Alexander as well as over 600 guests from across the shipping industry.

Maurice Storey added: "Together, Secretary of State, we must ensure that the government as a whole every one of your colleagues around the cabinet table understands and values the successful shipping industry that it has helped to create," said Mr Storey. We must ensure that all of them are committed to nurture it in the national interest, as we face the many challenges that we undoubtedly will from competitors, from would-be usurpers, from more difficult markets."

FSA crackdown on insurance?

UK shipping accountant Moore Stephens has said there are big gaps in the UK insurance industry's application and understanding of FSA (Financial Services Authority) requirements on contract certainty. While acknowledging that a lot of work has been put in by the London Market Reform Group, among others, Moore Stephens said the target of achieving between 75 and 80 per cent compliance looks optimistic, at best. The FSA is to review the industry's performance and it is understood that later this month it may decide to adopt a more rigorous approach to enforcement. Insurance group partner Simon Gallagher says that firms should be monitoring their progress in terms of trying to meet contract certainty targets.

"Firms should have systems in place whereby any failure to achieve contract certainty is reported. They should be confident that they have adequate training procedures to educate their staff in this respect, and to help staff manage the process rather than being exclusively target-driven." "Firms should understand where contract certainty sits within the overall risk management structure, and be aware of associated risks, such as fraud, which might flow from a failure to have the proper procedures and systems."

India unlikely to meet IMO's single hull phase-out deadline:

Indian tanker owners were given hope for an extension on the requirements laid down by the International Maritime Organisation (IMO) for single hull phase-out following an admission by the Shipping Minister, T. R. Baalu, that it will be impossible for India to meet this deadline to replace single hull tankers with double hull tankers by 2010. According to the minister who was speaking at an international ports conference, despite the IMO's ruling that at least 30 per cent of a country's fleet of single hull tankers should be changed to double hull by 2010, this would be impossible.

This admission suggests that the Indian government is non-committal about conversion of single hull tankers into double hull within the time-frame with the consequence that the present tankers will continue to operate, the costs of transportation of oil will continue to be at

the current levels for several more years to come and the consumers will continue to benefit with tanker owners able to further delay the costly process of conversions. He added that shipyards around the world, including India, were running at full capacity, with full order books, mainly for new construction work that was more attractive than conversion work. There was simply "no time" to convert tankers to double hull within the IMO timetable.

At the present time around 40 per cent of India's tanker fleet is of double-hull design compared to the international position of around 70 per cent and the minister conceded that at least 30 per cent of the present single hull tankers needed immediate conversion - an impossible goal to achieve by 2010. According to BusinessLine, the IMO is believed to have indicated that single hull tanker could operate even beyond 2010 provided their age was less than 25 years. However, under no circumstances would these tankers be allowed to operate beyond 2015.

In other words, the deadline is 2015 or 25 years whichever is earlier. According to Intertanko, some of the countries accepting single hull tankers beyond 2010 include Japan, Singapore and Panama. The same is true about the port of Fujairah and Hong Kong, but Hong Kong will accept ships up to 20 years of age. As of July 2006, India's crude tanker fleet comprised 49 vessels totalling 5.497 million dwt, of which 19 vessels totalling 1.175 million dwt were more than 20 years old. There were six tankers (849,289 dwt) between 15 and 19 years, eight tankers (1,376,385 dwt) between 10 and 14 years, three tankers (304,432 dwt) between five and nine years and under five years 13 tankers (1,791,418 dwt).

Suez Canal's 'work to rule' unclear:

Transiting problems through the Suez Canal gave cause for concern last week with reported delays and even unfounded rumours at one stage that the canal had been shut to traffic. The situation remained confused but industry sources say the underlying problem appeared to be that following the recent transit fee increase the pilots were not promised a consequential pay rise and since pay has been static for two years they expressed their grievance by staging a 'work to rule'. The effect has caused a shortage of pilots that has been further exacerbated by the recently

"MARINE WAVES"

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increased convoy sizes.

As a result, convoys last Wednesday and Thursday started off very late due to the delay in getting enough pilots/pilot hours with some pilots conducting an entire transit. In particular, the north-bound convoy was very late sailing and the 'knock on' effect was that south-bound convoys were also affected. It is believed that the Suez Canal Authority is attempting to contain a potentially embarrassing situation and no official statements concerning the situation have been made.

CMA's new service: Global liner shipping major, CMA CGM, has announced the launch of a new service linking South America to the Arabian Gulf, the Red Sea, India and South Africa. Commencing February 13, this new weekly service, named Vasco Express, will deploy 8 vessels of 1,700 TEUs and a reefer capacity of 350 reefer plugs. The vessels will rotate between the ports of Rio de Janeiro, Santos, Paranagua, Itajai, Rio Grande, Salalah, Khor Fakkan, Nhava Sheva, Port Louis, Durban, Rio de Janeiro with highly competitive transit times (20 days between Rio Grande and Khor Fakkan).

According to CMA CGM, this new service will enable the line to meet the growing market demand for refrigerated containers between South America and the Middle East. The service will use the port of Salalah to serve the Red Sea market with CMA CGM dedicated feeders.

Pirate attacks in Malacca Straits down:

THE Malacca Straits saw a slight drop in pirate attacks on ships last year, thanks to increased and constant patrolling by local law enforcement agencies, particularly from Indonesia. In its Piracy and Armed Robbery Against Ships report released on January 22, the International Maritime Bureau (IMB) listed 11 attacks last year, against 12 in 2005.

Worldwide, the number of reported piracy attacks fell for the third year in a row to 239 compared with 276 in 2005 and 329 in 2004, said IMB. IMB's Piracy Reporting Centre (PRC) head for Asia, Noel Choong, told Business Times that the drop in attacks in the Malacca Straits was largely attributed to an increase in patrols by Indonesia on its side of the straits in an operation codenamed "Gurita 2005", which commenced in 2005. The 805km-long Malacca Straits



is a critical shipping lane in the global trading system; used by some 50,000 ships per year, carrying one third of world trade, which is also why the straits remains a target for pirates. In a statement, IMB said more reporting and greater awareness leading to increased government reaction is proving a successful strategy in the battle against piracy.

Welcoming a third consecutive fall in attacks, IMB paid tribute to the work of IMB's PRC in Kuala Lumpur and reiterated the critical role it plays in identifying high risk areas, raising awareness of the issues and forcing governments to react to them. "I cannot emphasise too much on importance that reliable and meaningful statistics have played in recent years in opening up the debate on piracy, in bringing it to the attention of a wider audience, and in getting governments to take action," said IMB director Captain Pottengal Mukundan.

"Before the PRC, most governments did not appreciate the nature or magnitude of the problem. Now they do, as many countries have realised it is something that they cannot ignore. As a result, they have become more willing to take action and this is really starting to pay dividends," he said. Nevertheless, Mukundan said there is still plenty of room for improvement and opportunities for the shipping industry and governments to make a difference. Urging continued action that could preserve the improved piracy situation in the Malacca Straits, he highlighted those areas of the world where a similar approach was needed. They included Indonesia, still the world's hottest piracy hotspot, Nigeria, Somalia, the ports of Chittagong in Bangladesh and Santos in Brazil. In Somalia, Mukundan said its

recent removal of the Islamic militia that had been taking such a hard stance on piracy was of concern. It saw 10 attacks last year.

"Now that a recognised central government has been re-established in the country, it must start to exert control over the militias - something it failed to do previously - or else face the prospect that pirate attacks will resume their previous levels," he said. In Bangladesh, the attacks have more than doubled to 47 last year from 21 in 2005. Although it is currently the number two world piracy hotspot for attacks numerically, they are occurring in a much smaller geographical area than Indonesia. "More has to be done to stop piracy against ships at anchor at the mouth of the river off Chittagong. The coastal region in this area is very poor and anchored ships make for a very tempting target. Attacks may be of a low level, with the pirates only seeking to steal anything they can lay their hands on that can be sold, but they are nevertheless armed and pose a serious danger to seafarers." The Government of Bangladesh said it is taking action, but given that the attackers are concentrated in a very small area there is surely more they could do," said Mukundan.

Are we ready for a global meltdown?

Monstrous storms, ravaging seas and molten heat. The scenario for these climate changes may seem like the plot of a Domsday movie but there are three reasons why they must be taken seriously. IT'S pretty complicated, but here are three reasons why climate change is the hottest topic around: Food, trade and a rising sea. If a warming world brings more droughts to the countries we buy our food from, what will we eat?

If once frozen seas thaw, creating new sea lanes and trade routes, what happens to our ports? And when ice melts, will our thriving coastal communities and sun-kissed beachfront hotels be gobbled up by rising seas?

These are the worries many countries have been wrestling with, says meteorology professor Datuk Dr Azizan Abu Samah. And as science has grown more certain and the ifs of climate change have turned into whens, they have begun strategising and preparing.

"In terms of climate change awareness, we're quite low. If we don't start



strategising now, we'll be left behind," he says of Malaysia. We import most of our food, says Azizan, and that doesn't bode well for food security. This is especially so when the countries we import from could be adversely affected by climate change. Then, there are trade and economic issues to consider.

South Korea and Japan have been closely studying the melting of Arctic ice that could open up the Northwest Passage, says the head of Malaysian Antarctica Research Programme. The Passage is a sea lane across the top of Alaska and Canada that is blocked by sea ice for all but one month a year. It is only passable to hulking icebreaker ships. But as global temperature rises and Arctic ice melts, it could open up the Passage and other routes like the

Northern Sea Route, for commercial shipping.

Recent studies say this could happen anywhere between a few decades and a few years.

If it takes place, it could cut a considerable amount of travel time for trade ships from Japan that are headed to Europe, says Azizan. "For so long, our ports have benefited from their central position. "But if this new route can be used all-year round, would ships still need to pass through our waters? What is our plan then?" But climate change isn't necessarily all bad news, he's quick to add. Malaysia should study and respond to impacts facing other parts of the world that could benefit this country. For instance, how will climate change affect soya bean crops, oil palm's main competitor?

So climate change isn't just for scare-mongering environmentalists or scientists, says Azizan, but also for policy makers. "They need to be interested in this." Making a start on the awareness front is the Maritime Institute of Malaysia. Using the predictions of existing global climate change models, the institute has begun a preliminary assessment of the likely impacts on Malaysia. It hopes to complete this by year-end and carry out a more advanced study in 2008. It will focus specifically on how rising sea levels will affect the country's coasts and marine resources, says senior researcher Tan Kim Hooi.

Working with government, NGOs and universities, the study will look at how many coastal towns and how much infrastructure will be affected by rising seas. Tan, who is with the institute's Centre for Coastal and Marine Environment, will also study how much land and mangrove forests will be lost and how this will impact fisheries. Finally, they will assess steps the country has taken to address issues and what more needs to be done. But Azizan argues that there's very little accurate information on regional impacts to begin with. He says the models being used to predict what happens with climate change on a global scale don't do such a good job when it comes to regional scenarios.

When applied to the region, the location of increased warming and higher rainfall differ significantly from model to model. This creates a lot of uncertainty and the need for a really good regional model. The model must also be tested against historical data, he says. "If the model can

accurately predict what happened with the climate in the past, we can use it to predict the future scenarios with some confidence. "But this means we need historical data that stretches back a few thousand years."

Countries covered in swathes of ice get this information by coring deep down and studying samples of ice frozen ages ago. The layers are like a diary of weather events of past centuries, explains Azizan. In Malaysia, stalagmites and corals store similar information and should be studied. "There's a lot more that needs to be done and we've a long way to go before we can say we are prepared."

Statement of Dr. James Jay Carafano, Senior Research Fellow, The Heritage Foundation, 214 Massachusetts Avenue, Ne Washington, Dc 20002 Before the House Committee on Appropriations. Subcommittee on Homeland Security. Homeland Security Spending for Long War.

Mr. Chairman and other distinguished Members, I am honored to testify before you today. In my testimony, I would like to:

- Argue we are spending the right amount on homeland security, and that over the long-term I think only modest growth in homeland security spending would be appropriate;
- Make the case that Congress should adhere to a set of strategic principles to create a comprehensive approach to homeland security spending, instead of wasting money in a scattershot approach to programming; and
- Suggest that to ensure adequate spending on homeland security over the long term, Congress will have to address entitlement spending. Homeland Security spending prospects a decade from now are bleak due to mandatory federal outlays such as Medicare, Medicaid, and Social Security consuming an increasingly large part of the federal budget.

Spending for What?

The national homeland security strategy offers a sufficient blueprint to guide thinking on long-term security spending. In matters of strategy, thought should always precede action. To its credit, the Bush Administration took on drafting a

homeland security strategy as one of its first tasks in the wake of the September 11 attacks on New York and Washington. The result has been a national effort that has, for the most part, neither veered into indifference nor careened into overreaction. It has also made Americans safer.

The White House released its national strategy in July 2002. Like any good strategy, it included the basics of ends, ways, and means-what's to be done; how will it be done; and, what it will be done with. And like any good strategy, it made some hard choices. For starters, it didn't make comforting, but empty promises, such as guaranteeing to stop every terrorist attack, all the time, every where. The strategy is more modest and realistic.

All it promises is "a concerted national effort to prevent terrorist attacks within the United States, reduce America's vulnerability to terrorism, and minimize the damage and recover from attacks that do occur." [1] The strategy acknowledges that failure is an option.

The strategy was also realistic about what it would take to stop terrorists. It rightly eschews the notion that there is a single, "silver bullet" solution. Security would not be provided by a single initiative like strip-searching shipping containers, building walls, or denying grandmas visas, but by the cumulative effect of all the homeland security programs. For example, a terrorist might be discovered by an overseas intelligence operation while applying for a visa, during screening of an international flight manifest, during inspection at a port of entry, or during a domestic counterterrorism investigation. Likewise, if layers of defense don't stop the terrorists, other initiatives would be undertaken to reduce vulnerabilities (such as beefing up security at nuclear power plants), making key targets less susceptible to attack. Finally, if these measures failed, the strategy wanted to make sure there were resources in place to adequately respond to terrorist incidents. Thus, improving security requires ensuring that each layer of the system is sufficient to do its part of the job and that efforts are complementary. Picking the best tools for each layer would be done by risk-based, cost-benefit analysis-betting on the measures that provided the most security for every dollar spent.

America's homeland security strategy also made a fundamental hard choice

about resources. Homeland security, the strategy argued, had to be a shared responsibility. While the federal government focused on counterterrorism, states and local government were tasked with providing for public safety within their communities. The private sector, which controls over 85 percent of the nation's critical infrastructure (from the electrical power grid to telecommunications), also had significant responsibilities in protecting the nation from the threat of terrorism. [2] Everybody was responsible. Everybody should pay. Washington wouldn't do it all and it wouldn't fund everything.

Sizing-Up Strategy

Making hard choices is not enough. Strategies also have to be appropriate for the task at hand. Long wars, whether against states or terrorists, require a special kind of strategy-one that places as much emphasis on keeping the state competitive as it does on getting the enemy.

Typically, in long wars, as states became desperate to win, they pulled power to the center, centralized decision-making, increased taxation, and limited liberties. Ironically, as they became garrison states, the effort to mobilize power made them less powerful. Less innovative, less productive, and less free, their wars became wars of attrition where the states found themselves prostrate at the end of the struggle-even if they were the winners. One of the notable exceptions to this historical trend was the United States and its allies during the Cold War, where they emerged from the conflict stronger, more independent, and more free than when the contest started. [3] The reason America weathered the Cold War so well was that it followed the tenets of good long war strategy. [4] The Cold War was won by:

- **Providing Security.** It was important to take the initiative away from the enemy and to protect American citizens-therefore, the nation needed a strong mix of both offensive and defensive means. Nothing was to be gained by seeming weak and vulnerable in the eyes of the enemy.
- **Building a Strong Economy.** Americans realized early on that economic power would be the taproot of strength, the source of power that would enable the nation to compete over the long term and would better the lives of its citizens. Maintaining a robust economy was made a priority.

- **Protecting Civil Liberties.** Preserving a vibrant civil society and avoiding "the greatest danger"-the threat of sacrificing civil liberties in the name of security-was critical as well. Only a strong civil society gives the nation the will to persevere during the difficult days of a long war.

- **Winning the Struggle of Ideas.** From the beginning, Americans believed that in the end, victory would be achieved because the enemy would abandon a corrupt, vacuous ideology that was destined to fail its people. In contrast, the West had a legitimate and credible alternative to offer. All America needed to do was face its detractors with courage and self-confidence.

The key to successful strategy was doing all four of these tasks with equal vigor, resisting the temptation to trade freedom for security or truth for prosperity. The United States could do worse than following the principles of good protracted war strategy it practiced in the decades-long stand-off with the Soviet Union. And all the signs suggest that is exactly what is happening.

Follow the Numbers

America's homeland security strategy is not only sound, there is some evidence it is working. The number of terrorist attacks and the time between them do not, of course, tell the whole story. An absence of successful strikes doesn't mean an absence of a threat or that counterterrorism programs are necessarily being implemented efficiently and effectively. Still, the number must be telling us something. Since 9/11, there have been only a handful of deaths in the Western Hemisphere as the result of terrorism, none the product of al-Qaeda and its ilk. In addition, according to the U.S. Justice Department, at least 15 terrorist plots have been thwarted in North America, and many of those were almost "Keystone Kops"-type efforts, not methodically planned operations.

What the numbers suggest is that the West is not an easy target. Instead, transnational groups are turning to what terrorists have historically done: attacked the weak and avoided the strong. And the weak are in the terrorists' own back yard. The Memorial Institute for the Prevention of Terrorism in Oklahoma City estimates that since 9/11 there have been 8,491 terrorist attacks in the Middle East and 16,269 fatalities-numbers that by far exceed the losses in any other part of the planet. In 2005 alone, the government's National Counterterrorism

Center counted 8,223 victims of terrorism, including 2,627 deaths. South Asia, another region with large Islamic populations, runs second on the list with 5,401 total victims. In contrast, Western Europe suffered 339 victims and North America eight.

Turned back by Western security measures, the terrorists have turned on the world of Islam with terrible result. These numbers suggest that the West's defenses are working. They also argue that offense measures need to do much better, not to save the rest of the world from the Islamic world, but to help the Islamic world save itself.

A sincere effort to protect the West against the threat of terrorism has not only been successful, it has hardly been an unbearable burden. In economic terms, the United States spends less than one-half of one percent of GDP on homeland security. That's a pretty reasonable insurance policy. Homeland security spending by Washington represents about one-eighth of what Americans spend on litigation every year. Nor is homeland security a significant drag on the economy. Since 9/11, the United States has weathered a mild recession, recovered from the effects of one of the greatest natural disasters in its history (Hurricane Katrina-which by many estimates resulted in more than double the economic disruption caused by 9/11), watched the price of oil skyrocket, and born a costly war in Iraq. Yet, the U.S. economy is growing, inflation is low, and employment is high.

Nor should homeland security be seen as a completely new burden on the U.S. economy. The U.S. government spent a good deal of money on homeland security before 9/11-we just did not distinguish the effort.[5] Before the September 11 attacks on New York and Washington, the federal government did not distinguish homeland security as a distinct funding category. Thus, there are scant authoritative data on previous domestic security efforts to compare to post-September 11 spending on homeland security. Nevertheless, an assessment of recent federal spending finds that funding for responding to terrorist threats began before 9/11. Between FY 1995 and FY 2001, the federal government increased domestic security spending in the regular annual appropriations bills from \$9 billion to \$16 billion, an increase of 60 percent. Overall, while increased spending reflected a tacit recognition of the growing danger of transnational

terrorism, it was inadequate to creating a national homeland security system capable of effectively integrating federal, state, and local government assets as well as private-sector assets.

In contrast, federal spending on homeland security grew dramatically after 9/11. Congress approved \$64 billion in emergency funding, including \$20 billion for FY 2001 and \$44 billion (in two separate supplemental appropriations) for FY 2002. Perhaps one-third of the \$64 billion was directed to homeland security programs and activities. The Bush Administration spent \$42.4 billion on homeland security in FY 2003. Altogether, between FY 2001 and FY 2003, funding for homeland security was increased by some 240 percent.[6]

In the FY 2004 budget, overall spending on homeland security (\$40.7 billion) actually declined slightly in real terms, largely because of a large supplemental appropriation (over \$6 billion) in FY 2003 that included many one-time costs, such as added security measures in response to national homeland security advisory warnings and Department of Defense force-protection enhancements.[7] Stabilizing funding for two years was prudent. While enormous security challenges remain, allowing the many agencies involved some time to absorb the large increases since 9/11 made sense, particularly since this period saw the creation of DHS and the consolidation of a workforce of over 180,000 personnel spread around the country and the world under its authority. The FY 2004 budget also marked the first complete congressional appropriations cycle for the DHS. For FY 2005, federal homeland security spending was increased to \$46 billion. For the most part, the additional funding reflected the maturing of DHS programs and, equally important, a bolstering of domestic security, counterterrorism, critical infrastructure protection, and preparedness programs in other federal agencies. FY 2006 spending is estimated \$56.6 billion, which contained a significant increase in border security and immigration enforcement, emergency preparedness, and the U.S. Coast Guard, among other programs.[8]

Guidelines for Future Homeland Security Spending

There is an increasing propensity in Congress to move away from spending strategically, and instead shift homeland security dollars into other types of "security." These include:

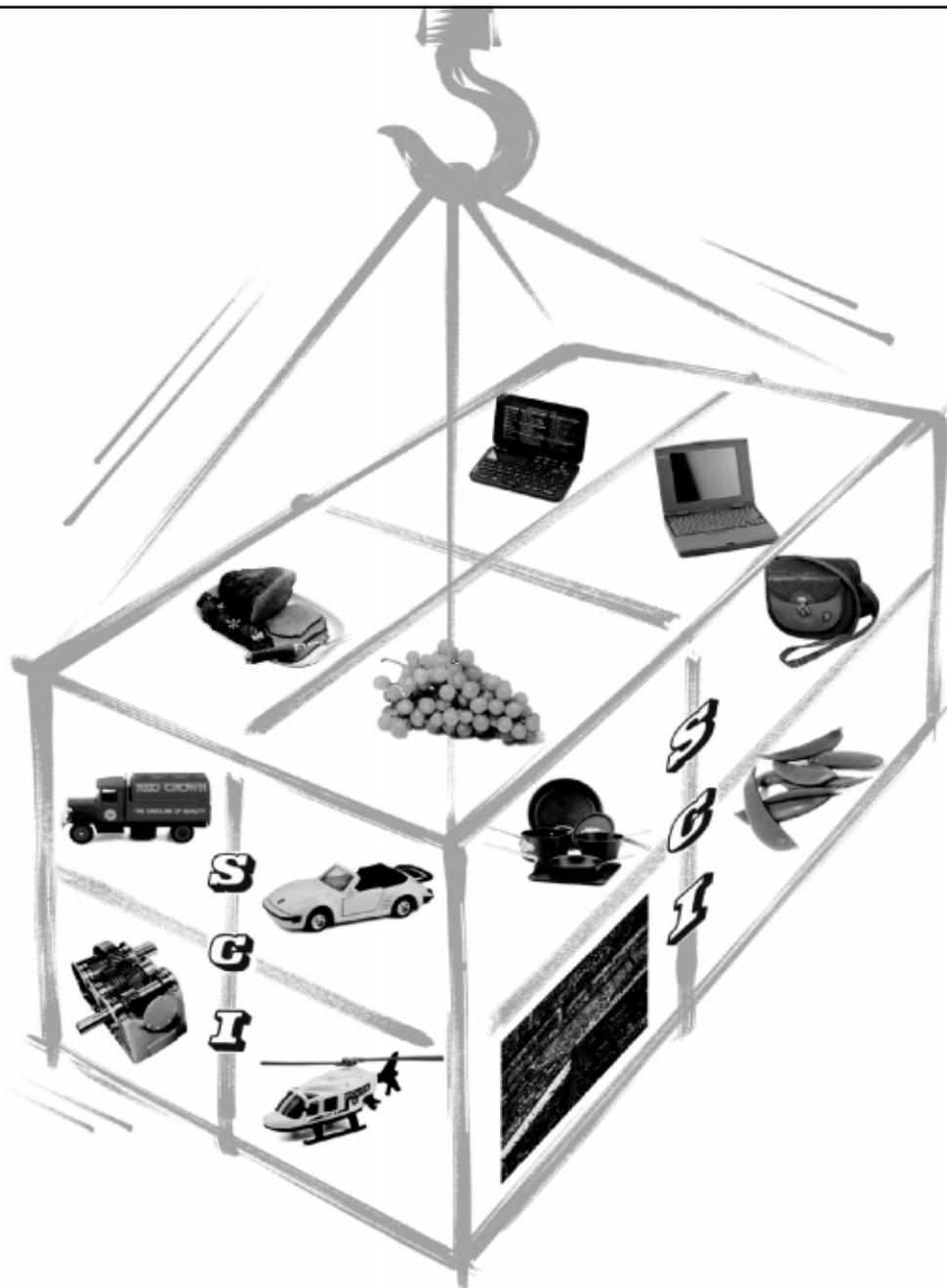
- **Checkbook Security.** Simply authorizing more homeland security spending will not make Americans safer. That is particularly true for measures intended to protect infrastructure such as bridges, trains, and tunnels. Terrorists thrive on attacking vulnerabilities, looking for the weakest link. The United States is a nation of virtually infinite vulnerabilities, from high schools to shopping malls. Pouring billions of federal tax dollars into protecting any of them may please some constituents and vested interests, but it will not do much to stop terrorists who will just move on to another "soft" target. The far better investment of federal dollars is on counterterrorism programs that break up terrorist cells and thwart attacks before they occur.

- **Feel-Good Security.** Some proposals sound compelling, but on closer scrutiny make no sense. Inspecting every container shipped from overseas is a case in point. There is no evidence that this would be a more cost-effective means to deter threats than the current cargo screening system. On the contrary, screening everything would be extremely expensive, and the technology is not very effective. But even if the available screening technologies were cheap, fast, and accurate, they would produce so much data (from peeking into the tens of thousands of containers bound for U.S. ports every day) that the information could not be checked before the containers' contents arrived in stores. Tax dollars should not be spent on what makes for the best election-year bumper sticker, but on initiatives that offer the most security for the dollar spent.

- **Checklist Security.** For example, legislation that simply demands more reports, adds more mandates, and sets more unrealistic deadlines might check the box that Congress has considered every 9/11 Commission recommendation, but it would achieve little else. Any proposed new security measures should be backed up by credible analyses of how they would diminish the threat of transnational terrorism, the likely costs of implementing them, and their suitability and feasibility.

- **False Security.** Clothing any political agenda that pleases stakeholders or promotes agendas under the false claim that these measures might advance national security should be rejected outright.

(Contd. on page 14)



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IMO Briefing 6/2007 CO₂ sequestration

New international rules to allow storage of CO₂ under the seabed enter into force on 10 February 2007. Storage of carbon dioxide (CO₂) under the seabed will be allowed from

10 February 2007, under amendments to an international agreement governing the dumping of wastes at sea. The amendments to the 1996 Protocol to the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter, 1972 (London

Protocol) were adopted on 2 November 2006 at the First Meeting of the Contracting Parties to the London Protocol.

The amendments regulate the sequestration of CO₂ streams from CO₂ capture processes in sub-seabed geological formations, for permanent isolation, thereby creating a basis in international environmental law to regulate this practice. It is likely that this option would apply to large point sources of CO₂ emissions, including power plants using fossil fuels, steel works and fuel processing plants. Sequestration of CO₂ streams is intended to be part of a suite of measures to tackle the challenge of climate change and ocean acidification, including, first and foremost, the need to further develop and use low carbon forms of energy and conservation measures to reduce emissions.

Guidelines on how to store CO₂ in sub-seabed geological formations will be developed for adoption by the Parties to the London Protocol when they meet for their second session in November 2007. These guidelines will address how to store CO₂ in a manner that meets all the requirements of the Protocol and is safe for the marine environment,

over both the short- and long-term. The 1996 Protocol, which entered into force on 24 March 2006, takes a precautionary approach and prohibits the dumping of wastes at sea, except

for certain substances, listed in the Annex 1 to the Protocol*. "CO₂ streams from CO₂ capture processes for sequestration" have now been added to this list.

The amendments state that carbon dioxide streams may only be considered for dumping, if: disposal is into a sub-seabed geological formation; they consist overwhelmingly of carbon dioxide (they may contain incidental associated substances derived from the source material and the capture and sequestration processes used); and no wastes or other matter are added for the purpose of disposing of them. The 1996 Protocol has currently been ratified by 30 countries and replaces the London Convention 1972 for those countries. The 1972 Convention has been ratified by 81 countries.

IMO - the International Maritime Organization - is the United Nations specialized agency with responsibility for the safety and security of shipping and the prevention of marine pollution by ships. Web site: www.imo.org London Convention website: <http://www.londonconvention.org/> A FAQ on CO₂ sequestration is attached

* The annex lists the following wastes or other matter which may be considered for dumping: 1 dredged material; 2 sewage sludge; 3 fish waste, or material resulting from industrial fish processing operations; 4 vessels and platforms or other man-made structures at sea; 5 inert, inorganic geological material; 6 organic material of natural origin; 7 bulky items primarily comprising iron, steel, concrete and similarly unarmful materials for which the concern is physical impact, and limited to those circumstances where such wastes are generated at locations, such as small islands with isolated communities, having no practicable access to disposal options other than dumping; and 8 CO₂ streams from CO₂ capture processes for sequestration.

(Contd. from page 11)

Congress can do better than that. Appropriations should only allow for "principled" security.

Principle #1: Fund for the Long Term First. Consistent and sustained funding is the most crucial objective for ensuring homeland security over the long term. Persistence and continuity are more important than short-term spurts in funding. Consistent presence is essential to effective homeland security. After all, it took at least five years to plan the 9/11 attacks, and at least three years to organize the Madrid bombings. The time between attacks alone tells very little about the nature of the threat. It may be another week or another five years before the next major attack. And it may occur with little or no warning. Consistent homeland security, year-in and year-out, and programs built for the long term are more vital than spending splurges for short-term investments.

Thus, if there is room at all for any significant increases in homeland security spending, they should be in maturing programs that will represent long-term instruments for homeland security. In all cases, this does not require substantial, long-term funding streams from the Congress. Border security is a case in point. If Congress does the right thing in terms of implementing comprehensive immigration and border reforms, then over a period of a few years the preponderance of individuals crossing the border will be at established border crossing points. This argues against substantial long-term infrastructure investments in border security. A strategy to gain operational control of the U.S. southern border should focus on building up the means to limit illegal crossings between the land points of entry, interdict smuggling by air and sea, discourage unlawful presence inside the country, and provide adequate legal alternatives to support south-north migration flows. To be effective, the strategy should be implemented within two years and remain in place for at least five years. This could be accomplished with a mixture of federal, state, local, and contractor-provided capabilities.[9]

Principle #2: Build a National Homeland Security System. One of the highest priorities for federal spending over the long-term must be investments that assist in creating a true national preparedness system-not merely

supplementing the needs of state and local governments. Dollars that might be needed to equip every state and U.S. territory with sufficient resources to conduct each critical homeland security task could run into the hundreds of billions. Although the federal government has a responsibility to assist states and cities in providing for homeland security, it cannot service every one of their needs. Indeed, state and local governments are having difficulty absorbing and efficiently using the federal funds that are already available.

Federal funding should focus on programs that will make all Americans safer. That includes providing state and local governments with the capability to integrate their counterterrorism, preparedness, and response efforts into a national system; and expanding their capacity to coordinate support, share resources, and exchange and exploit information. In addition, the federal government must enhance its own capacity to increase situational awareness of national homeland security activities and to shift resources where and when they are needed.

With that in mind, decreasing the number of homeland security grant categories and capping the amount of funds allocated to homeland security grants should be a priority. The recent homeland security bill passed in the house, HR.1, offers an example of a very bad approach to making homeland security grants more effective. Section 201 calls for establishing a new grant category to provide states and communities assistance in building interoperable communications systems. While improving emergency communications is a laudable objective and consistent with the goals of the 9/11 report, the commission also warned that homeland security grants are in danger of becoming "pork-barrel" legislation, viewed by states as a means to supplant their own obligations to provide emergency services or purchase capabilities that are not essential for safety and security. Indeed, arguably significant amounts of homeland security grants have been used ineffectively in the past.[10]

There is nothing wrong with federal assistance emergency management communications initiatives, but they can and should be funded out of existing homeland security grant programs, displacing wasteful and inefficient efforts that have done little to meet national

priorities. Indeed, a recent survey by the Departments of Homeland Security of 75 major cities and urban areas reveals that much progress has been made since 9/11-in some cases with the effective use of federal dollars and in other cases by states and local communities without significant federal assistance.[11]

Similarly wrongheaded is Section 702 of H.R. 1, which calls for establishing a Fusion and Law Enforcement Education and Teaming (FLEET) grant program. State and local law enforcement agencies have a key role to play in preventing terrorist attacks. They represent approximately 95 percent of America's law enforcement counterterrorism capability. However, they have only limited resources and therefore need to target their efforts. The solution, as the 9/11 Commission recommended, calls for establishing the processes, protocols, and systems to facilitate the sharing of intelligence information between those who collect it and those who need it. In response, The Intelligence Reform and Terrorism Protection Act of 2004 mandated that the President establish an "information sharing environment" (ISE) to distribute intelligence regarding terrorism to appropriate federal, state, local, and private entities. Section 1016 of the bill requires designating an organizational and management structure to establish and maintain the ISE. In turn, the ISE recently released a comprehensive plan for improving information sharing in which state and regional intelligence and information sharing fusion centers play a critical role.[12] Federal funding for these efforts is appropriate. However, as with addressing the issues of interoperable communications, federal contributions to state and local governments should be made through existing grant programs.

In the meantime, improving the ability of state and local law enforcement need not wait until the ISE becomes fully operational. Some shortfalls can be addressed right now. Enhanced information analysis capabilities are critical for counterterrorism operations. Often, the challenge in investigations is making sense of the information available and seeing how the pieces fit together. The right data analysis tools can assist an investigator in assembling a complete picture by allowing for more effective and efficient searches of government databases (e.g., a federated search engine or automated search agent); graphically displaying links

among various pieces of information; and applying algorithms to selected data to find patterns. Data analysis capabilities enable investigators to sort through the deluge of information and organize the relevant bits into a coherent mosaic.[13]

Likewise, adding additional significant funding to infrastructure protection grants is a bad idea. The federal government should target resources toward the critical infrastructure in which it has a vested interest. The current list of critical infrastructure is too expansive, including sectors that are not truly vital to the federal government's functioning. The federal government has a vested interest in only the most critical assets in the energy, finance, telecommunications, and transportation sectors. With a more limited list of vital critical infrastructure, the responsibility for protecting that infrastructure should be divided according to vulnerabilities and threats. The private sector should work to achieve reasonable reductions in the vulnerabilities (weaknesses) in its infrastructure; the federal government should address outside threats to the infrastructure. Congress can help foster this process by helping eliminating obstacles to effective information sharing and cooperative action not by throwing money at the problem. Indeed, rather than trying to increase infrastructure protection spending to mirror what is being done in the aviation sector, Congress should be insisting on bringing down the cost of aviation security and make it more effective and affordable.[15]

Principle #3: Prepare for Catastrophic Terrorism. The age when only great powers could bring great powers to their knees is over. Long before 9/11, national security experts argued that modern technology and militant terrorist ideologies are creating conditions that increase the potential for catastrophic attacks-risking tens of thousands of lives and threatening hundreds of billions of dollars in damage. Catastrophic threats will overwhelm the response capacity of any state or local government.

The federal government must be prepared to fund the lion's share of response preparation to these threats. Priorities must be detecting smuggled nuclear, radiological, chemical, and biological weapons; improving decontamination and medical responses to such dangers; ensuring the protection of critical infrastructure whose

destruction might result in catastrophic damage; and harnessing scientific knowledge and tools for counterterrorism efforts.

Assistance on the state and local level should focus on medical surveillance, detection, identification, and communication so that problems can be identified quickly and regional and national resources can be rushed to the scene. Meanwhile, federal programs should be exploring innovative solutions for increasing national surge capacity. Appropriators should support Administration efforts to shift resources from hospital-preparedness grants to more relevant national biomedical-preparedness programs.[16]

Congress, on the other hand, must resist efforts to fund "bumper sticker" programs that exploit fears about catastrophic terrorism, but offer little real prospects for addressing these threats. HR. 1 offers another example of a bad idea. Sections 405 and 501 of the bill require inspection of every package and container shipped to the United States by air or sea. In addition, the bill requires shipping container to be secured with seals that report any breach of the container. These requirements run counter to the current national strategy, which, to deter terrorists from exploiting international trade, relies on counterterrorism and intelligence programs combined with risk assessments, random checks, and the inspection of suspicious high-risk cargo. The House bill would replace that system with one that mandates "strip searching" every package and container coming from overseas. The house proposal is seriously flawed on three accounts.

- It is not appropriate for the threat. While smuggling in a nuke-in-a-box is possible, so are dozens of other much more likely attack scenarios. Many experts, in fact, argue that other threats are far more dangerous. Over-investing in countering one tactic when terrorists could easily employ another is dangerously myopic.[17]

- It does not offer an appropriate solution for screening cargo. It is not clear that technologies for screening and sealing containers are affordable, effective, or efficient. Even if they were, it is not clear that the data could be evaluated in a timely manner.[18] That is why last year Congress passed legislation requiring further tests of screening shipping containers.[19] Notably, the 9/11 Commission recognized this as well. It

did not recommend 100 percent screening of shipping containers.

- It is not cost effective. There is no business case for conducting 100 percent screening of cargo. The bill expects the private sector and foreign countries, as well as the U.S. government, to spend billions of dollars on these inspections, even though they would likely be no more effective than current programs. It might cost over a \$1 billion just to screen the 11 million containers that head to the U.S. every year. That number, however, might represent only a fraction of the cost. There are no firm assessments of all the infrastructure and operating costs that might be incurred.[20] Diverting energy and resources into mass screening is a poor strategy that is likely to make Americans less-not more-safe.

While any one these concerns might be sufficient to scuttle the proposal, taken together they argue the requirement simply makes no sense.

Principle #4: Get the Biggest Bang for the Buck. Congress should also direct funding toward programs that provide the greatest contribution to supporting the critical mission areas established by the homeland security strategy. Getting the "biggest bang for the buck" is a worthwhile criterion for guiding spending decisions.

No area deserves more attention than the challenge of maritime security. Estimates for enhancing support security run into the billions of dollars. Lobbying efforts are underway to demand dramatic increases in federal port grants. On the other hand, the Administration has proposed limiting port grants. The government's restraint is appropriate. The infrastructure at U.S. ports is so vast that providing resources for other than the most critical of needs may not be prudent. On the other hand, grant programs have proven far more effective when federal money has been used to encourage public-private partnerships that adopt sustainable and effective port-security programs.

To address the considerable vulnerabilities of maritime infrastructure, the greater share of federal dollars might be more effectively used by investments in effective intelligence and early warning, domestic counterterrorism, and border and transportation security programs. These could help to reduce risks by limiting the opportunities for terrorists to reach U.S. ports. The most

important and valuable of these investments is modernizing and expanding the capabilities of the U.S. Coast Guard.

Even before September 11, the Coast Guard fleet was widely regarded as too old and too expensive to operate and maintain, and poorly suited to 21st century homeland security threats. In addition, since the service never had a systematic program for buying and replacing its ships and planes, virtually the entire fleet (most of it fielded in the 1960s) was in danger of becoming obsolete and unusable.

The service's modernization budget has been increased in recent years, and this year it is over \$1 billion. However, increased funding has not sufficiently accelerated the program to meet post-9/11 demands. Congress has been reluctant to fund the program more aggressively. A series of Government Accountability Office (GAO) reports have examined Coast Guard oversight and the service's implementation of GAO recommendations. A 2004 GAO report detailed concerns over management practices for contractors that ranged from human capital shortfalls to a lack of performance measures for contract evaluation, but a 2005 report noted progress in improving program management.[21]

The Coast Guard has continued to strengthen oversight of the program. In February 2006, it announced revised plans for the Deepwater Program that reflected a better mix of assets for its homeland security missions, established models to control contracting costs, and included a timeline for rollout of various program components.[22] Despite concerns over funding and management, Deepwater has already begun to demonstrate its merit. During the Katrina response, Deepwater assets made a noteworthy difference in how the service responded. Admiral Thad Allen concluded that Deepwater's "operational benefits were apparent during the Coast Guard's response to Hurricane Katrina." For example, the three upgraded HH-65C helicopters can hoist 280 more pounds and stay on scene longer than their predecessors. This enhanced capability allowed them to fly 85 sorties and save 305 lives. In addition, the Coast Guard cutters with upgraded communication equipment were able to provide effective on-scene coordination of rescue operations with other military units, federal agencies, and local first

responders. If a greater number of modernized HH-65C helicopters had been available and deployed, the Coast Guard's ability to respond to calls after the storm would have been greater. However, the cutters deployed for Katrina also limited the deployment of additional modernized aircraft. The cutters had upgraded communications systems, but each cutter could support only one helicopter. The planned Maritime Security Cutter (medium), also known as Offshore Patrol Cutter, could have supported one helicopter and two unmanned air vehicles (UAVs). UAVs could have helped in a myriad of ways, from monitoring the New Orleans levees for breaks and traffic during the evacuation to helping law enforcement control crime to assessing damage after the storm had passed.

Deepwater assets deployed during Hurricane Katrina demonstrated the merit of replacing and upgrading the Coast Guard's older assets. The new capabilities that would have been available from an accelerated program suggest the potential to improve significantly the service's capacity to respond to natural disasters and perform its other missions.

A 2003 Coast Guard study comparing the costs of implementing the program over 20 years versus the costs over 10 years shows that the accelerated 10-year program would save \$4 billion. The longer the program implementation is extended, the more money it will cost. After the 10-year plan is complete, costs drop off dramatically. A 10-year plan is not the silver bullet for every asset, but a close look at which parts of the program could be implemented more quickly and efficiently is warranted. A 2004 RAND study concluded that accelerating Deepwater is not only feasible, but would achieve cost savings by retiring equipment that is more expensive to operate. The study further found that the implementation costs are manageable, and recommended fully implementing Deepwater. Optimal funding for the Deepwater program (i.e., the level that would provide the most assets the most quickly and at the least cost) will require sustained annual investments of about \$1.5 billion.[23]

Principle #5: Watch Information Technology (IT) Spending. Congress needs to pay particular attention to homeland security programs with significant IT components. The federal government's track record in developing

IT networks is checkered at best. Programs that lack senior leader involvement, well-developed enterprise architectures, appropriate management and contractual oversight, and effective risk-mitigation strategies often find that results fail to meet expectations or that IT costs balloon out of control-crowding out funding for other critical operational needs.

The Department of Homeland Security (DHS) is no exception. The DHS Inspector General has already warned that IT management represents a major challenge for the department. Congress must watch these efforts closely.

There are a number of vital programs that must grow, but they must responsibly, programs that must driven by realistic goals and not capricious Congressional mandates. Programs that fit into this category are US-VISIT (United States Visitor and Immigrant Status Indicator Technology program), Secure Flight, and the Secure Border Initiative. These programs should be fully implemented as soon as practical. The government should also develop new technologies such as data mining, link analysis, and other data analysis tools, and the government should create policies and programs that allow law enforcement resources to better target legitimate threats, while limiting intrusion into the lives of citizens.[24] However, investments should only be made after pilot programs and demonstration projects have validated operational concepts and capabilities and after economic competitiveness, effectiveness, and privacy issues have been adequately addressed. Appropriators must be confident that these programs have sound management practices in place. There should be an expectation not only that the programs will perform as expected, but adequate provisions should also be made for operational security, integrating systems, and ensuring effective information sharing.

Principle #6: Fund Human Capital Programs. Human capital programs, training, professional development, and career management initiatives often receive far less attention than big-dollar acquisition programs that buy expensive, high-tech equipment. Yet human resources are often far more critical to the long-term development and success of an organization. This dynamic is particularly true for the Department of Homeland Security, which has to wed the

culture and skills of over 180,000 personnel from 22 different agencies, activities, and programs into one cohesive, versatile, and effective workforce.

There are several issues that are worthy of Congress's attention. One includes creating an Undersecretary for Policy in DHS and fully funding the policy office. For the department, to more effectively integrate its activities in support of PSI and other counterterrorism programs, it requires a central senior policy office within the department.[25] Secretary of Homeland Security Michael Chertoff rightly sought to establish an Undersecretary for Policy within DHS to conduct program analysis, perform long-range strategic planning, and undertake net assessments. He has already established a Directorate of Policy under an Assistant Secretary for Policy. Now Congress must elevate the position to the undersecretary level and ensure that his office is fully manned and funded.

Education, assignment, and accreditation are tools that can be applied to developing professionals for homeland security and other critical interagency national security activities must also be a priority. A program of education, assignment, and accreditation that cuts across all levels of government and the private sector with national and homeland security responsibilities has to start with professional schools specifically designed to teach interagency skills. No suitable institutions exist in Washington, academia, or elsewhere. The government will have to establish them. They should include:

- A government "brick and mortar" national homeland security university co-located with existing facilities at the National Defense University in Washington, D.C.;
- A U.S. Coast Guard senior service college established as part of the university and equivalent to the other service war colleges;
- A short-term elite interagency "planning" school; and
- A year-long continuing education initiative similar to the Defense Department's Seminar XXI program.

While the resident and non-resident programs of many university and government schools and training centers can and should play a part in homeland security and interagency education, these institutions should form the taproot

of a national effort with national standards.[26]

The Elephant in the Room

The last recommendation I would make is that sustained, adequate homeland security funding for the long-term cannot be addressed by the appropriations process alone. Congress must address the issue of entitlement spending, the budget deficit, and tax policy, which, year by year, are consuming an ever larger portion of the federal budget. This must be done in order to ensure there is adequate discretionary spending to fund homeland security year-in and year-out.

Lawmakers typically blame war and homeland security costs for the barrage of new spending since 2001. That explanation is incomplete. In the two years following the terrorist attacks, federal spending jumped by \$296 billion. Of this, \$100 billion (34 percent) went for defense and \$32 billion (11 percent) went for other 9/11-related costs such as homeland security, international assistance, rebuilding New York City, and compensating terrorism victims. This leaves \$164 billion in new spending-which represents 55 percent of the total increase-unrelated to defense and the terrorist attacks.[27]

These spending practices are unsustainable over the long term, particularly if Congress continues to not address spiraling increases in mandatory spending on federal entitlement programs such as Social Security, Medicare, and Medicaid-fundamental reforms that will lower taxes and stimulate economic growth, and fiscal discipline that will rein in budget deficits. Without sound fiscal policies sustaining an adequate level of homeland security funding over the long term, even if Congress investments more wisely in homeland security programs, will be problematic at best.

Mr. Chairman, thank you for the opportunity to testify before you today and I look forward the committee's questions.

Two Vessel Corporations Plead Guilty, are Sentenced for Illegal Dumping:

WASHINGTON - Greek-based shipping companies Chian Spirit Maritime Enterprises, Inc. and Venetico Marine each pleaded guilty today in District court in Delaware to a felony violation related to the operation of the M/V Irene E.M.,

a large bulk carrier. Chian Spirit, the carrier owner, and Venetico, the carrier operator, admitted to violating the Act to Prevent Pollution from Ships (APPS) by misleading U.S. Coast Guard investigators during the vessel's port call to the United States in December 2005. The companies were sentenced by the Court to pay a total criminal penalty of \$1.25 million dollars and to implement a detailed, court-monitored Environmental Compliance Plan.

According to the plea agreement, on December 5, 2005, the Irene requested entry into the Delaware Bay, en route to Newark, N.J. During the Coast Guard's routine boarding, officers aboard the Irene provided Coast Guard investigators with a false log book that omitted required entries of overboard oily waste discharges made during the recent voyages. Further investigation revealed that the vessel's oil water separator had been inoperable for several months during the previous year. A vessel crew member testified that the ship illegally discharged waste oil into the ocean approximately four times per week into the open ocean. Most of these discharges took place at night or far from shore during trips to various ports, from Africa to Brazil, and from Brazil to the United States, so as to avoid detection. These illegal discharges were either recorded in the ship's log inaccurately as having been "discharged through the oil water separator" or were not recorded at all. The Irene's engineers also constructed a bypass pipe, often referred to as the "magic pipe," which was also hidden from investigators during Coast Guard boardings.

"Companies that illegally and intentionally pollute our oceans violate the law and harm one of our most precious and vulnerable natural resources," said David M. Uhlmann, Chief of the Environmental Crimes Section of the Justice Department's Environment and Natural Resources Division. "The Justice Department will continue to prosecute companies who fail to comply with the laws that protect our environment from illegal pollution."

Engine room operations on board large oceangoing vessels such as the Irene generate large amounts of waste oil. International and U.S. law prohibit the discharge of waste oil without treatment by an oil water separator. The law also requires that all overboard discharges be recorded in an oil record book, a required log which is regularly inspected by the

Coast Guard. As part of the plea agreement, the corporations will pay a combined penalty of \$1.25 million, \$250,000 of which will be dedicated to a marine-based environmental enhancement community service project on the Delaware Bay.

In a related case, the Chief Engineer of the Irene, Adrien Dragomir, pleaded guilty in August 2006 to one APPS violation for falsifying the Irene's oil record book. He was sentenced to serve a one-year term of unsupervised probation. Grigore Manolache, the ship's master, pleaded guilty in July 2006 to a one-count information charging him with presenting false information to the U.S. Coast Guard regarding the vessel's illegal dumping. This case was investigated by the U.S. Coast Guard and the U.S. Environmental Protection Agency Criminal Investigation Division. This case was prosecuted by the Environmental Crimes Section of the Justice Department's Environment and Natural Resources Division.

Climate change may kill Great Barrier Reef by 2050:

Authorities in some Asian countries have also been stepping up anti-piracy cooperation in recent years due to fears of possible maritime terror strikes in the strait, through which 65,000 vessels pass each year, carrying half the world's oil and more than a third of its commerce. Japan's interest is obvious. Much of its oil from the Middle East, and its exports to Southeast Asian and Arab markets, pass through the strait.

"Fortunately, around Japan there is no piracy," said Capt. Nobuharu Kagami, director of the Japanese coast guard's Piracy Countermeasures Office. "But the safety of Malacca Straits is very important to Japan. For this reason, cooperation with countries (in the region) is very important to us," said Kagami, speaking aboard the Japan coast guard ship Yashima, which played the part of the hijacked vessel during Friday's three-hour exercise.

There were a few glitches. A Thai marine police boat, meant to chase the "pirates," had an engine problem. But a swift exchange of messages allowed a substitute Malaysian speedboat to be dispatched. "The problems were cleared. No problem. We joined together very well," said Thai police Col. Lerdchai Thinrat, who led his country's team. Language barriers were minimal, with

ships' and helicopters' radio operators using English. "It is true that for the Japanese people, English language is a headache," said Kagami. "But we will try to use English more effectively." Since 2000, Japan has been holding bilateral exercises with Southeast Asian nations as it seeks to raise its non-trade profile in the region.

Tokyo has provided logistical and technical support to some regional maritime security agencies. In August, it hosted a discussion on terrorism at sea with officials from Indonesia, Malaysia, the Philippines, Singapore and Thailand. Increased enforcement and vigilance in the Malacca Strait is already showing signs of success: Attacks there have declined since July 2005, with 11 cases reported last year.

Friday's exercise, which provided all the drama of a Hollywood thriller, began with two "crew members" of the "hijacked" ship drifting in a lifeboat in choppy seas. A Thai Marine Department ship rescued the men and a search began for the ship, which had been "taken over" by five pirates. Malaysian police boats and the Japanese coast guard ship Yashima - playing a double role as itself and the hijacked ship - joined the search, along with a helicopter from the 130-meter-long (425-foot-long) Yashima. The action came to a head with the Malaysian commandos dropping from the sky.

MERRY TIME FOR MARITIME SECTOR?

Mrs. Mfom Ekong Usoro, director general of the National Maritime Administration and Safety Agency, NAMASA, has no doubts that the bill seeking to formally establish the organisation will be passed by the National Assembly early this year.

Indeed, her optimism tallies with that of Senator Ugochukwu Uba, chairman, Senate Committee on Marine Transport, who does not see any reason why the bill cannot go through during the final session of the present National Assembly.

On both fronts, this optimism is evidently well placed as the bill has passed the second reading in both houses of the National Assembly. And according to the director general, the bill enjoys the support of most stakeholders in the nation's fast growing maritime industry. The bill, when signed into law by President Olusegun Obasanjo expectedly before the end of his tenure in May, will conclusively place NAMASA

in an unimpeachable position to face the multiple challenges of repositioning Nigeria in the comity of the world's leading maritime nations.

NAMASA was created in August 2006 by the merger of the National Maritime Authority, NMA. And the Joint Maritime Labour Industrial Council, JOMALIC.

According to 46-year-old Mrs. Usoro, a sociologist and maritime lawyer, the NAMASA bill provides appropriate institutional framework for the administration, management and regulation of specified maritime services by the establishment of homogenous maritime administration for the nation. The bill also makes the organisation the designated agency for implementation of international conventions on maritime, labour and related safety administration as well as gives legislative power to the expanded role of the defunct NMA. When the law comes into effect, NAMASA will also become the designated agency for implementation of the Merchant Shipping and Cabotage Acts. In addition, it will create a technical regulator for the services categorised under maritime safety administration. This, she said, means that the agency will provide services and make regulations on maritime safety, maritime labour, ship security, search and rescue, marine pollution, shipping registration, cabotage, training and certification of seafarers, technical and safety matters, as well as commercial shipping term, and shipping development.

The agency, she further explained, will have regulatory and enforcement powers on technical, safety and labour matters. These include powers to board, search, obtain information and detain unsafe ships, as well as impose varying categories of penalties for contraventions, all designed to serve as both deterrent and punishment for contravention of the law. According to Mrs. Usoro, NAMASA is structured to operate at no cost to the federation account since it will be funded by the regulated industry fees for registrations, approvals and permits.

NAMASA, she said, is therefore designed to operate without drawback which attended NAMA and JOMALIC. Therefore, its creation has solved problems of multiplicity of maritime agencies, duplicity of each other's functions, inter-agency conflicts leading to paralysis of work as well as expensive waste of resources. The creation of a

single maritime administration is, thus, expected to ensure speedy, efficient and effective regulatory intervention that meets the needs of operators, as well as requirements of international conventions. The director general pointed out that it is also expected to give further support to the ongoing reforms in the maritime sector by promoting efficiency in maritime service delivery and reducing cost to government for provision of maritime service.

Simply put, the NAMASA law is expected to establish a one-stop centre for all matters connected with maritime safety, security, labour, pollution and commercial shipping development to facilitate smooth policy coordination and efficient implementation.

Until the creation of NAMASA, industry watchers had often complained that most functions of the defunct NMA had become irrelevant in current economic dispensation. They particularly singled out cargo allocation as well as the Ship Acquisition and Ship Building Fund as being in dire need of fine-tuning. These challenges, she said, are now taken care of. Similarly, other functions of the former NMA, like the Government Inspectorate of Shipping, GIS, implementation of maritime safety administration, carbottage and marine pollution control have received incremental expansion.

According to Mrs. Usoro, the wide and deep scope of the functions prescribed in the expected law cannot but confer greater confidence on stakeholders who have widely endorsed the bill. Such endorsement cuts across even usually hostile power blocs like labour. This has seen the president general of the Maritime Workers Union of Nigeria, Comrade Onikolease Irabor, not only endorsing the bill but also demanding that it be strengthened to ensure success and smooth operation of the agency. This wide endorsement apart, one area which has generated heated debate is the provision for a 2.5 per cent cargo and shore handling charge to be paid to NAMASA by terminal operators and other employers of maritime labour. This, some industry operators insist, will be an additional burden which will definitely be passed on to Nigerians in the market.

But Mrs. Usoro points out that the levy is not on total income of the terminal operators and other employers of labour but only on the aspect concerning labour. This makes the charge quite small and thus incapable of significantly impacting

on cost of operation.

Besides, she pointed out that the defunct JOMALIC was collecting 10 per cent of this as levy, yet it did not add to cost. "Is it now that it has been reduced that it will significantly contribute to inflation?" she queried. All in all, industry watchers accept that this is one legislation which has attracted wide acceptance in the industry.

LEGAL: Adding Insult to Injustice:

Almost the entire maritime industry has united in support of the Captain of the "ZIM Mexico III", who according to the US Courts didn't just make "an honest mistake", but was "criminally responsible" for the collision that killed an electrician at the Alabama state docks. "The overriding concern is that it's unjust, unfair and stupid," said Tom Bradley, president of the Council of American Master Mariners. "It is just so ludicrous that we are afraid it will become precedent and it might happen to one of us."

Bradley said he has been overwhelmed with e-mails and letters of support in advance of the captain's upcoming sentencing hearing before Chief U.S. District Judge Ginny Granade. As many Shiptalk readers may be aware, Schroder, was in command of the container ship in March 2006 as it left port after having been delayed a day by heavy fog. At the recommendation of the bar pilot, Schroder decided not to order a tugboat and instead turned the vessel around in the Mobile River, and the bow thruster failed. Schroder and the bar pilot tried to take corrective action but were unable to stop the ship before it knocked a 196-foot-tall crane over, killing Shawn Jacobs, a 46-year-old contract electrician who was inside the crane's cab.

Following the accident, a federal grand jury indicted Schroder on a charge of neglect or misconduct of a ship officer. A jury found him guilty after hearing evidence that the bow thruster had failed on two previous occasions and that he failed to tell the bar pilot about those incidents. Can you be truly negligent if a piece of equipment fails? Jonas Lyborg, a US maritime surveyor, took issue with testimony that Schroder did not disclose to the bar pilot the previous problems with the bow thruster. He noted that it had worked 50 times with no problems under Schroder's command; he said the captain should not be persecuted for failing to mention failures that had occurred three months prior to the

accident.

Lyborg, former department head at the Swedish Shipping Administration, said ship captains are easy scapegoats whenever something bad happens. "But sooner or later, it will happen again. There will always be technical failures in any industry," he said. "It is so easy to blame the captain immediately when something happens. ... That is not justice." Schroder was hailed as a hero in 1987 incident when his vessel rescued numerous survivors from the "Herald of Free Enterprise". Then-Prime Minister Margaret Thatcher gave him a letter of commendation, and the king of Belgium gave him a medal.

Hanging Schroder out-to-dry will not bring Shawn Jacobs back, nor will it stop other pieces of equipment breaking down. This is a criminal action based on misunderstanding, outdated laws, and driven by misplaced local indignation...our industry can be rightly proud of professionals such as Captain Schroder, and indeed of the way so many mariners have come together to voice concern and anger...let's hope that Judge Granade is listening.

INSURANCE: Rollercoaster Ride for Bunker Suppliers.

The last 18 months has been a wild ride for the bunker market, with prices trending steadily higher whilst punctuated by volatile peaks and troughs. Record price highs were seen against a backdrop of declining shipowner margins and growing concern over freight rates and excess tonnage. Seacurus has recently stepped into this milieu with an insurance package for bunker suppliers to help mitigate the risk of an increasingly uncertain market.

"Bunker suppliers can hedge against price fluctuations in the futures market, but this does not adequately protect them against the risk of non-payment by their customers," Seacurus managing director Thomas Brown told Bunkerworld. There has been much talk recently in shipping circles over downward pressure on freight rates and Brown sees this pressure, combined with high bunker prices, as a major risk. "Rising fuel prices and a crash in freight rates is the nightmare scenario for many bunker suppliers," he said.

"History shows that periods of high bunker prices are always followed by a rash of disputes between charterers and owners and between bunker suppliers

and charterers followed by an upsurge in arrests as all parties try to collect debts," Brown explained to Bunkerworld. "When charterers get caught out by high bunker prices and are unable to pay for the bunkers, or the hire, owners will be faced with unpaid hire and/or the arrest of the bunkers or ship for fuel which has not been paid for."

Bunker

SEACURE is Seacurus' answer to such a scenario. It is a risk management tool that can provide effective balance sheet protection by covering the non-payment of bunkers supplied on credit terms. By insuring its receivables, a bunker suppliers can substitute an unknown and perhaps unbudgeted level of bad debt with a pre-determined and budgeted premium cost, minimising the impact of bad debts on the company's profitability. Seacurus explained to Bunkerworld that BunkerSEACURE was initially designed to cover a company's entire debtor ledger, covering all possible bad debts, which would be better suited to a smaller bunker company. "It's now possible to purchase coverage on an excess-of-loss or catastrophe basis," Brown told Bunkerworld. "Rather than covering small incidental losses, which can perhaps be easily absorbed by a company's allowance for bad debts, or conversely, covering the high-end exposures which may be to oil majors for whom the risk of non-payment is minimal, one can structure the policy to cover a 'layer' of bad debt." Brown expected that coverage for a catastrophic loss would be a useful tool for larger suppliers, even those with their own in-house credit control procedures. For bunker suppliers, BunkerSEACURE was a means to protect against the non-payment of often significantly-sized bunker purchases in dollar terms. "Given the thin margins that currently exist in the industry, a delinquent debt can seriously impact upon a supplier's bottom line," Brown said.

Seacurus was incorporated in 2004 as a specialist marine and marine credit insurance intermediary regulated by the UK Financial Services Authority. The company offers a range of maritime packages such as its pioneering Charter Party default and cancellation insurance.

SECURITY: The Niger Crisis Not Easy To MEND:

In Nigeria, there has been a growing spate of attacks and kidnappings of foreign oil workers. Captain Mukundan of the International Maritime Bureau (IMB) argues that this must be tackled by, "a more vigorous response to the attacks on oil vessels from the Navy, a greater willingness of local police to arrest the gangs known to be perpetrating these crimes, and more support from national government". In this epidemic of attacks, one of the largest raids saw The Movement for Emancipation of the Niger-Delta (MEND) kidnap 24 hostages and seize a cargo ship.

Representatives of MEND stated that their actions were an attempt to force the Federal Government to release a former regional governor and other "freedom fighters". The group stated that the government must comply with the demands "or else, the cargo ship and the crew will be sunk and MEND will move to the Chevron facility in Escravos River. The taking of this many hostages has caused uproar in their home nation, and the Philippines government have fiercely condemned the attacks - and have even called for all Filipino nationals to keep away from Nigeria.

Philippine President Gloria Arroyo has barred Philippine workers from going to Nigeria until the seafarers are released. There are almost 4,000 Filipinos in Nigeria, most of them working in the oil industry. "The president has ordered a temporary halt to deployments to Nigeria until the security of our nationals is guaranteed," presidential spokesman Ignacio Bunye said in Manila. The instability in the region has cut Nigeria's oil production by at least 20%, costing the country some \$4.4bn (£2.2bn) last year, according to the government.

This is a dreadful and dangerous situation - and as is so often the case it is the innocents trying to make a living that are caught up in these political battles. We hope that all are released safely, and that this sorry mess can be sorted out as quickly and peacefully as possible. Workers, whatever their nation, and whoever their employer, are not the enemy of MEND, or of whichever group pops onto the scene. The struggle and

fight lies internally within a country wracked by accusations of corruption and greed. It is, however, a sad and tragic fact that oil workers are now being seen as legitimate currency in this ugly struggle.

Piracy on the Slide...or is it?

Last month saw a hatrick for the International Maritime Bureau (IMB)! As worldwide piracy attacks have fallen for the third year in a row, according to their latest annual report. In 2006, there were 239 attacks on ships, compared to 276 in 2005 and 329 in 2004 says the annual report. "More reporting and greater awareness leading to increased government reaction is proving a successful strategy in the battle against piracy", commented the IMB.

The IMB commented that the figures demonstrated a decline in attacks not witnessed at any time since 1991, something that should be seen as a cautious sign for optimism and a signal that continued action can go a long way towards solving the problem of piracy and armed robbery at sea. Some credit for this continuing slide in attacks must surely go to the Lloyd's Joint War Committee. As they gleefully developed and expanded their list of "areas of perceived enhanced risks", over past 18 months, the prospect of massive insurance surcharges on ports deemed a security risk caused many a nation to grudgingly enhance their protection of shipping.

One London insurer, reportedly commented: "that a large container ship worth \$75 million would pay about 0.02 per cent of its worth, or \$15,000, for an annual insurance policy, which would cover the vessel to make unlimited visits to the world's safe ports for 12 months. However, the ship would have to pay the same amount for every single visit that it made to a port on the "enhanced risks" list. However, no time for popping of champagne corks just yet, as in a parallel story, Lloyd's List somewhat dashed these pleasing figures by announcing that now the Islamists have lost control of Somalia, then the pirates will be getting back to work...

Captain Mukundan backed this up by adding, "Within days of their influence being removed, there was an attempted

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attack on an American bulk carrier in Somali waters, the first for a number of months". He went on to call for the new Somali government, "to exert control over the militias - something it failed to do previously - or else face the prospect that pirate attacks will resume their previous levels". Looks like 2007's figures may not be quite as cheery - so it is certainly not a time for dropping our guard, or cutting back on our ability to police piracy worldwide.

Which brings us nicely to... Royal Navy Cuts: According to UK newspaper reports, "the Royal Navy is finished". As Admiral Sir Alan West, the recently retired First Sea Lord, revealed that he believes the Government was turning the Armed Services into a 'tin-pot' gendarmerie, good only for scuffling with terrorists. In particular, he feared that the Navy's new aircraft carriers might be cancelled, and, there are firm suggestions that all remaining Type 22 frigates and a further two Type 42 destroyers are to be permanently mothballed. If the warship cuts go ahead, 1,500 sailors will probably lose their jobs in a service that has already been reduced to 36,000 personnel in recent years.

It has also been proposed that the 2,900 sailors of the Royal Navy Reserve, which provides a backbone in many specialist areas, will be cut by as much as 20 per cent. There are going to be reductions too in the 1,000 sailors in the Full Time Reserve Service who are asked back to do specific jobs to fill gaps. The leaked memo, from Vice-Admiral Adrian Johns, the Second Sea Lord, said: "In order to rebalance in favour of the front line we are focusing on officers of Lieutenant Commander and above. I anticipate a temporary reduction in promotion numbers primarily in the officer cadre for the period 2008 to 2010 and recovering to present levels in 2012."

An official RN response commented on these reported leaks, "It has also been widely reported that the Royal Navy may suffer heavy cuts and lose a number of warships (ranging from six to half the fleet, depending on which newspaper you read) as a result of a spending review. The MOD routinely reviews all Defence capabilities to ensure resources are directed where our front line Armed Forces need them most. This may mean increases for some areas and decreases for others". So that's all sorted then...let's hope pirates don't read newspapers.

SAFETY / WELFARE

House Proud Captain Runs

Aground: Oh there really is no pleasing people...you spend all your time, using your slim resources to keep your ship, erm, shipshape and then just because you have a small bump the world condemns you, and you end up in Court. Typical! This is exactly what happened to Captain Pawlus of the Norwegian flag cargo ship "Sunna", which grounded in the Pentland Firth on the 2 January. In Court, Sheriff Napier said, "the Captain's priority, to keep the ship looking good, was his down fall". He added, "It is a basic but critical role for seamen to be employed as look out especially in such dangerous waters as the Pentland Firth. Had the Captain used the crew in this role, this unfortunate grounding would not have occurred". Sheriff Napier continued, and told Captain Pawlus that he was foolishly misguided to try and impress his owner at the expense of the safety of the ship, and fined him £2500.

The Chief Officer on watch at the time admitted that he had fallen asleep shortly after altering course to transit the Pentland Firth on route to Iceland from the Humber.

An investigation by the Maritime and Coastguard Agency (MCA) revealed that although the ship only had a crew of seven, the Captain had instructed that the seaman were to be used as day workers and not stand a watch. So ends the tale of the Master whose unique brand of bridge resource management extended to keeping the windows shiny and clean, but whose attention to detail didn't apply to actually having someone looking out of them.

So the moral of the story is, if you see a lovely little bulker with gleaming decks, plush velour drapes and throw cushions on the bridge wings... keep your distance.

Return of the Drunken Sailors

Now while it might be easy to perhaps say that the "ship-proud" Captain Pawlus' priorities were slightly skewed...the same charge could definitely be levelled the Master of the small cargo vessel "Nijord", whose crew seemingly resembled the punters in a local pub. The vessel ran aground off Latvia, and after a brief visit by the local coastguard it was found that five of the crew were drunk! FIVE!!!!

Latvia's naval coast guard service head, Hermanis Cernovs told local reporters that five of the nine crewmembers of the Malta-registered ship were under the influence, including the Captain. "The weather conditions were good at the time, therefore the main reason of the accident is negligence of the crew," said Cernovs. The small cargo ship ran aground at about 11 pm on Jan 21. The ship was carrying no cargo and had a small amount of fuel, which did not leak. Nobody was injured in the accident.

Before the accident the crew of the ship had been warned to change course, but did not react to warnings and radio messages. Latvian Interior Minister Ivars Godmanis voiced his indignation, he said in an interview "it is dangerous to let these seamen out of the country". Godmanis underscored that sailing the ship under the influence of alcohol must be criminally punished. In minister's words, if a person had been caught driving a car under such an influence, he would be arrested for 10 days and deprived of the driver's license for two

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years. Now one tipsy watchkeeper would be bad enough...but why the need for over half of the entire crew to go on the lash at the same time? Yet another blow for our image conscious industry so, cheers...and will the last one standing please alter course!

One Big Sucker

It was as a sad day at Shiptalk Towers when Lloyd's List creaked into the twentieth century and desisted from calling ships "she"...especially as it makes bawdy, maritime based comedy ever more difficult to produce. One incident last month in the Gulf is a case in point...as one maritime blog pointed out, "she seemingly sucked the bulbous form, forcing it and all its seaman to make contact with her stern"...wow, tell us more.

The incident they were so childishly referring to was the case of the US Navy submarine, "Newport News" which was allegedly dragged up to the surface by an unwitting Japanese VLCC, the "Mogamigawa". The US Navy reported, "As the ship passed over the sub, it ended up sucking the submarine into it," said Lt. Cmdr. Chris Loundermon, a spokesman for Submarine Force in Norfolk, USA. "This was a very, very large ship moving at higher speed," Loundermon said.

No one was injured aboard either ship, the Navy said, and damage to both vessels was said to be relatively minor. It seems that such an interaction is not without precedent. The collision was the fifth involving a U.S. submarine in the past six years, according to news records.

Suction generated between surface vessels in close proximity is a more common experience; in fact someone once told us that Carl F. Peter's "Willy" was very nearly sucked off its moorings by the large and fast moving "Queen of Scandinavia". No, really...

ENVIRONMENTAL: Bag News

for Polluters: "What should I do with this large plastic bag?" mused one of the crew of the container vessel "Khudozhnik Zhukov" as the vessel sailed on up Australia's Sunshine Coast. "Should I put it in the garbage, or shall I just toss it over the side so that the local beach becomes littered or so a baby dolphin can choke on it"...hmm decisions, decisions...We can only speculate on the litterbugs' full decision process, but this "unique, single piece of rubbish" was

eventually found floating off a Queensland beach and led to a \$23,000 littering fine for the owners and master the Russian ship. The vessel owners, Far Eastern Shipping Company and Master, Alexey Gubar last month pleaded guilty in Brisbane Magistrates Court to polluting a beach with a large plastic bag on Queensland's Sunshine Coast in February 2005.

They were charged with illegally disposing of garbage (plastic) in the sea under commonwealth legislation. The Far Eastern Shipping Company was fined \$20,000, while Captain Gubar was fined \$3000. A fisherman had found the bag floating in the ocean just off the beach, and an Australian Quarantine and Inspection Service numbered seal allowed it to be traced to the Russian vessel, where it had been used to seal meat products. Australian Maritime Safety Authority chief executive Clive Davidson said the case sent a clear message that no amount of ocean pollution could be tolerated. "This is a significant fine for a single plastic bag and emphasises the importance placed on protection of the environment," he said.

IMO finally wakes up to fatigue problems:

EFFORTS to secure a more robust international response to fatigue and improperly manned vessels gets under way at the International Maritime Organization today.

Centre of growth is moving to the east:

A paradigm shift is underway. While the ports of northern continental Europe - principally Rotterdam, Hamburg and Antwerp - continue to lead the region in terms of container throughput, the fastest growing terminals are to be found in the east.

India Global Trade Historical Find - Ancient Vishnu Idol in

Russia: The Prime Minister started his New Year with a healthy break off politics for a much needed consensus building with the opposition BJP inviting Vajpayee and Advani over for Lunch. Offstumped is also taking a detour from the politics of the day to focus a news item that was a mere blip in the mainstream media. An ancient Vishnu idol has been found during excavation in an old village in Russia's Volga Region. Staraya Maina village in Ulyanovsk region was a highly populated city 1700 years ago, much

older than Kiev, so far believed to be the mother of all Russian cities. The find has triggered speculation in Russia on whether the prevalent view of the origin of ancient Russia still holds. But that is not what got Offstumped interested in the story. The interesting aspect of the story is in the dating of the find. The idol found in Staraya Maina village dates back to VII-X century AD. So what is interesting about the period from 7th to 10th century AD. According to the prevalent view of Ancient Russian History, it was really in the late 800s that the contours of the Russian civilization the way we know it started to first take shape. In fact it was not until 988 AD that Russia embraced Christianity under the reign of Prince Vladimir in Kiev. So if the dating of the Vishnu Idol is accurate this means that the idol had some significance, we don't know what, in pre-Christian Russia. It is generally assumed that everything pre-Christian in Europe is swept under a sweeping blanket of Paganism. Perhaps it was convenient for the Church for political reasons to blaspheme all pre-Christian influences and the blanket description of the everything pre-Christian as Pagan served that purpose quite well. Perhaps this find should be a good reason for a more reasoned revision of Pre-Christian History of Europe to more accurately record the history of the region and specifically the Indo-Iranian Vedic/Avestan influences on Europe.

What would be more important to present day India is the origin of the Idol and if it can be traced to a specific period or region in India. The period of 7th to 10th century AD in Indian History maps to the period when the Gupta reign had ended and the Pala Empire was in control of most of present day Bengal and Bihar, the Pala empire interestingly had its roots in a democratic election of its first ruler. A lesser known anecdote of Indian History. The more interesting aspect of the Palas is their origins in trade, a kshatriya community that engaged in shipping and trade. Down south you had the Cholas in power around the same time who's reign extended all the way to Maldives, Lanka and Malaya.

But more than their naval prowess it is their International Trade that held the Cholas in distinction. The Cholas excelled in foreign trade and maritime activity, extending their influence overseas to China and Southeast Asia. Unlike the other religions the spread of Hinduism to Southeast Asia was not on account of missionaries or proselytization

but on account of the trade. Many of the surviving examples of the Hindu Cultural influence found today throughout the Southeast Asia owe much to the legacy of the Cholas. The 12th century Angkor Wat Vishnu Temple in Cambodia was modelled and architected based on that of the Cholas, especially after Raja Raja Chola and his son Rajendra Cholan.

Recent debates in India against globalization and the spread of economic freedom, open markets have been marked by ignorance of Indian History and Indian Culture. What you have here by the Cholas and the Palas is global trade spreading culture, not by force not by deiciet, but by the free movement of people and ideas that comes with global trade. One can see a resurgent China today doing exactly this with Chinese CCTV beaming free content in multiple international languages on satellite networks across the world.

Strong Rates: Maritime shippers are split into three main categories: Product tankers haul oil and related products; dry bulk ships haul commodities such as grain, coal or iron ore; and container ships haul containers full of consumer goods. To varying degrees all three types have

seen their normal shipping rate cycles turned upside down because of higher demand from China that reflects its rise to prominence as an importer of raw materials and an exporter of finished goods."We have seen rates

remain strong for far longer than anyone expected," said one analyst, who declined to be identified. "China has been a significant factor in that phenomenon." Rising Chinese demand for oil and related products, commodities like iron ore, plus the shifting trade balance between China and the United States, was matched by a jump in maritime IPOs. While globally, there were just four maritime IPOs totaling \$393 million in 2001, the number jumped to 27, worth \$6.07 billion in 2005, with \$3.05 billion in U.S. listings. The total slid to 14 IPOs worth \$2.8 billion in 2006, with \$1.4 billion in U.S. listings, as uncertainty over shipping rates on the spot market rose.

Another factor adding to the uncertainty:



Shipyard order books around the world have a backlog of up to three years, which could lead to the market being flooded with vessels and with rates falling. "Some of those vessels will go to replace ones that will be retired from service," said Citigroup's Wu, "but additional capacity could heighten uncertainty in the volatile spot market."

Brussels under fire over flag state control:

THE proposed European Union directive on flag state control is too cumbersome, too costly, unnecessarily repetitive and an infringement on the rights of member states, according to a document made public by the European parliament.

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