

Crew shortage - a distress signal for shipping

Not enough trained crew? The new ships to be delivered could very well lie idle as ship managers may not be able to find enough competent crew-members to man them.

Reports have it that Gateway Terminals India Pvt Ltd (GTI), the APM Terminals-Concor joint venture that owns and operates a modern container terminal at Jawaharlal Nehru port, recently announced the launching of its Talent Development Centre on its campus.

Equipped with state-of-the-art training facility, the training centre, the reports suggest, is to provide hands-on experience of work in the terminal environment for developing world-class maritime professionals.



A sizeable investment must have gone to set up the centre and create the training facilities, and that at a time when the global financial crisis continues to bite and rumours of shipowners and operators in financial trouble are swirling in the market.

The last few years witnessed an unprecedented level of investments in manpower training by many individual owners as well as others in several countries and these investments were made against the backdrop of a boom in shipping, with ship owners having placed huge orders for new buildings with the world's major shipyards, fuelling speculation that the demand for crew will virtually skyrocket when the shipyards start delivering the ships.

Turbulent scene

With the shipping bubble, which saw dry bulk freight rates and asset prices hit record levels a few months ago, now truly burst and reports of cancellation of new building orders pouring in from shipyards, one might wonder if the projected demand for crew will really materialise.

There have been reports of casualties also. A Ukraine-based bulk carrier outfit is the first to go down and reports suggest that the list of potential casualties is not short. Also, as a Korean shipowner has warned, extended charter party trains, with multiple sublets of a single vessel, makes serial defaults a distinct possibility.

The problem is compounded by the fact that the bankers who were friendly to shipowners till recently have now become rather less friendly.

Anyone hoping for leniency in repayment schedules is likely to draw a blank.

There is another problem. There is a lurking fear that if the present situation continues, many shipowners in distress might choose to walk away from their contracts with the crew. Some may even use bankruptcy legislation to avoid paying what they owe to others.

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OUR LEGAL ADVISORS

Surana & Surana — International Attorneys



Head Office: International Law Centre, 224, N.S.C. Bose Road, Chennai - 600 001, India.
Tel : 91-44-25390121, 25381616, 25391931
Fax: 91-44-25383339, E-mail: intellect@lawindia.com

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In case of Emergency seek Help while in Indian waters / Indian EEZ,
Contact: INDIAN COAST GUARD

(Dial City Code)

followed by **155211**



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If past experience is any indication, in a situation like this, even the biggest and best-established businesses may disappear overnight.

Some analysts have expressed apprehension that the weeks ahead might see dozens of crew stranded in various ports around the world, thousands of miles away from home, and without any money to buy a plane ticket.

The question all this throws up is: will it be worthwhile to make investments in training if money is tight and shipping markets continue to be hit by a cyclical downturn? The answer is yes, even as the shipping industry frets over the prospects of large-scale new building cancellations.

Daunting shortage

The reason is simple: there may be fewer newbuildings but there will be even fewer new competent seafarers if training programmes get hit. How the industry is going to man those ships that do actually get delivered remains a major concern.

It is feared that ships could very well be lying idle as ship managers will not be able to find enough competent crew to man them. With an estimated 4,00,000 seafarers and 45,000 new officers required to man 10,000 vessels, crew shortage remains a daunting and worrying prospect.

Philippines initiative

The Philippines is a major supplier of crew to world shipping and the manning industry in the Philippines, according to a report, has urged ship-owners to work with it on a national basis to develop seafarers for the future, the way Japanese ship-owners have done now for many years.

According to a report in Lloyds List, the representative bodies from the manning industry in the Philippines are going out to the villages to explain to teenagers the benefits of a career in the maritime industry.

In Singapore, with much larger focus on shore-based careers, both the authorities and industry are trying to reach out to young people through various programmes.

The International Maritime Organisation Secretary-General, Mr Efthimios Mitropoulos, said recently that his organisation proposed to launch a worldwide campaign to bolster the image of the shipping industry.

Fake CDC Certificate racket busted

Sleuths of Yellowgate Police Station, Mumbai recently busted a racket marketing fake Continuous Discharge Certificate (CDC) and other fake certificates, which are essential to get jobs on ships.

According to a press communiqué by the Police Department and subsequent follow-up by our representative Siddharth B Gangurde, "Nowadays, there is huge attraction to get a job on ship because of the attractive salary packages. Issuing authority of CDC is



the Shipping Master, appointed by Government of India and there are three offices of Shipping Master all over India, i.e. in Mumbai, Kolkata and Chennai. To work on ship, a candidate must possess a valid CDC. Candidates aged between 17 to 19 years undergo six months of trainings at Government recognized institutes. After successful completion of the training they receive CDC. Candidates willing to join shipping companies must apply for CDC to the Shipping Master, along with relevant certificate and fees of Rs 500."

Those candidates, who don't have experience of working on ship and neither they had completed their training they approach an agent to obtain CDC illegally. Agents charge Rs 50,000 to Rs 60,000 to give CDC urgently, which is forged. If such CDC is used by crew and found during immigration check, then crew must face legal action."

Since last five years, this police station has registered many such cases on the report of Immigration Officer, Seaport Branch. In those cases, police could reach only up to mediator or only first agent. Because the mediators use to contact the candidates only on mobile phones or use to meet them on crowded places for delivery of fake CDCs. Mediators and agents always use different names, while meeting the candidates," the probe report stated.

Similarly on July 8, 2008 Yellowgate Police Station has registered offences vide C.R. No. 23/08. During the investigation it was revealed that there must be a racket behind issuing fake CDCs to the candidates."

Police sources said, "Under the guidance of DCP Mr M.T. Kohe Port Zone, ACP Mr S.B. Hazare Yellowgate Division, Sr.P.I. Mr N.M.A. Mulani, P.I. Mr Vijay Pawar, Bharat Bhoite the investigation team of API Mr Sanjeevan Kamble, PSI Mr Sable, and staff ASI Jayawant Shirke, H.C. Sunil Sawant, H.C. Dilip Lole, P.N. Vijay Mahagaonkar, P.C. Vijay Bendale and Arun Sawant was formed to investigate of the case. They collected useful information about the accused and arrested following nine accused from different places. The accused were put under constant interrogation and several articles of printing press which were used for making the CDC and fake certificate were also seized from different places."

Those arrested were: Gavin Sing Chouhan, Gangajal Ramsuroop Gujar, Binod Iswarchand Kumar, Anirudh Pratapsing, Ganesh & Bablu Nitai Patra, Raju Bipin Samanto, Hemant Simadri Rao, Saji Velaudin Kouagal and Sunil Popat Pawar.

The printing presses were operated by: 1) Sunil Popt Pawar, Sunrise Printing Press, Shivranjan Niwas, Opp. Convent School, Behind Barack No. 1258, Ulhasnagar; 2) Saji Velaudin Kouagal, Gala No. 6, Bldg No. 2533, Sec- 22, Near Chirag Hotel Turbhe, Navi Mumbai & 3) House near Mustafa Chawl, OppBakker House, Shreelanka, Mumbra, Dist: Thane.

Confiscated articles seized from the above accused were: Printing machine (1), press cutting machine (2), computer (2), CPU (2), printer (1), scanner (10), electronic typing machine (3), screen printing block (5), embossing machine (5), numbering machine (29), block (29), Duplicate Indian CDC (145), Panama CDC (28), Bahamas CDC (4), Liberia CDC (43), Marshal CDC (4), certificate of proficiency and license to operate (43), fake rubber stamps & seal (190), different

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From the Editor's Desk



By virtue of my long rich experience in the service and reputed manufacturing industries and associated with long period of membership with various professional institutions. Having been attending many industrial and maritime business related talks. What strikes me over the years is that seafarers are the only professionals who have been left in the lurch without any after service benefits. There are many marine luminaries in many disciplines with their specialized experience i.e. with long rich active sea-experience, ship repair and construction experience, long rich-teaching experience, long rich ship management experience, etc. We need them to share their rich experience, to be passed on to the budding marine engineers and navigating officers, with deliberations as guest lecturers in their good line of experience. All of them are the crucial element in shipping. Slowly the

Shipping industry is beginning to realize the central importance of seafarers. We often refer to "recruitment and retention" of seafarers while there is shortage of qualified mariners to man ships, of global demand. This crunch has arrived with the need for involving more specialized professionals i.e. H.R. Management, Social Scientists, Environmentalists and Maritime Lawyers. The industry is awakening to the fact that it must deal with the human element in its business "recruitment and retention" of quality professionals who are knowledgeable, willing to work hard and sincere and be loyal to their employer for increased productivity making optimum use of men materials and machines, thereby transporting cargo and men onboard safely, timely, efficiently and cost-effectively, with application of the Code of Professional Ethics. Time has therefore come for the stakeholders to share seafarer's real and main needs and how to improve their living and working conditions unlike earlier the control of Safety at Sea, has traditionally been limited to an inspection of the hull, machinery and equipment. Control has been mainly focused on hardware. Legislation in this field has gradually become more and more detailed and comprehensive. Today, it must seem an almost insurmountable task to those onboard, to have a complete overview of all the requirements that are formally to be satisfied at all times. This may be a difficult job even for the qualified surveyors. Reports usually therefore short-sightedly concluded, by the findings of ill-conceived old timer surveyors as " human error " without the requisite detailed investigation or a class of professional touch.

Port Based Welfare Services include, international seafarers calling in ports/ harbours, counseling by Port Chaplain:- Outlining the profound needs of seafarers and the gaps in services which reflects upon the importance they attach to these Services:- Local Guide: Transport to Shopping, International Phone, Transport to City Centers, Cheap Phone Cards, Internet & Email to contact their wards, Counseling etc. Clearly from this survey, Technology has become a major factor with the advent of phone cards, Internet and email - all unheard of or unavailable in 1990's.

What does the maritime industry provide to seafarers as welfare? There is a mud and sky below difference between Port employees & Seafarer's working, and their service conditions. Due thought be given, prior to clubbing them together, for welfare measures.

Why ?

- *Restrict medical attention to the genuinely sick, during the vessel's port stay.*
- *Shipping Companies surveyed have no welfare budget for their ships.*
- *Many (Unions/Associations etc.) debit seafarer's salaries for welfare/ entertainment services - all without their consent/permission.*
- *Very few ships have email services for their crews.*
- *Many owners and captains need a change in their attitude towards seafarers. Live and Let live others. They "ought to know what is best" for their crews. Avoid internal politics within the crew, however they should not be allowed to grow but controlled, for maintaining " high morale of each crew ". Why would anyone, want to serve out at sea but for primarily money, with all the risks and sacrifices and the increasing piracy.*

If at all to improve the productivity of Indian ports, we need to replace the existing bureaucrats holding Chairman / Deputy chairman posts by qualified marine professionals, but not with those with ill-conceived knowledge, by virtue of unregulated old Certificate Of Competency of professional trade, relevant to operation and maintenance of ships, the upgrading examination eligibility was practically then given by govt. clerks of MMD. Hence, the MMD Clerks were the writers of mariner's fate, whether it was for Engineers Exam. or for Navigating Officers Exam. No one could then raise his eye-brows against them; since they were totally backed by Mariners who were inducted into MMD, they have no time to deal with the seafarers but for finding their own ways to fill their own coffers, comparing the earnings of the hard-working seafarers, with risks and sacrifice. Examination & Viva Voce was conducted within the MMD office, question papers were taken back, answer papers could also be manipulated, it was a big racket suiting to the unqualified entries. Viva- Voce never conducted in the scheduled date and time, the candidates had to keep trying their luck, coming and going to the convenience of the surveyors. Only the qualified brave souls could take bold, fair and unbiased decisions. It's high time the Viva Voce be dispensed with and only the best on merit be inducted into the National Shipping Administration. Secondly, the need to corporatise the existing port management structure from the Trust to Corporate structure will do more good. I am of the opinion that the coastal region be safe guarded by the Indian Coastguard, who should be empowered with more responsibilities and rights to protect the nation from external threats through sea, similar to protection of our national border on land.

"Corrupted people have a good network and they are united." pkc.

Dr.Chandran Peechulli, Ph.D. MBA., F.I.E.(India), D.Sc; Pg.DTED, Pg.DIMS(UK), MSNAME(USA). Life Member & Executive Member-Indian Institute of Standards Engineer T N Chapter, Fellow - Institution of Engineers (India), Fellow - Indian Institution of Plant Engineers & Ex. Vice Chairman TN Chapter, Member-Indian Institute of Occupational Health, Ex. Chief Engineer (Marine) & General Manager (Tech), Corporate Member-Chennai Press Club. Mg.Editor & Publisher-"Marine Waves"international maritime newsletter.

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state, university, medical engineering, school Govt. fake certificate & mark-sheets (51,579), trace paper (80), master print (86), etc.

Police officials have appealed saying, "We request the candidates that they should not approach any unknown or any agents. They should follow legal ways and procedures to obtain a CDC from Mumbai. The candidates should approach

Shipping Master, Mumbai to avoid being cheated. If any candidate, came in contact with the above arrested accused for getting CDC, they should contact Yellowgate Police Station Mumbai and cooperate with them."

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

5 dead, 3 missing after container ship sinks off NE China:

DALIAN, Nov. 2 (Xinhua) -- Five seamen are confirmed dead and another three are still missing after a container ship sank off a port in northeast China's Liaoning Province on Saturday.

Rescuers found five bodies at around 9:35 a.m. on Sunday 12 nautical miles from the site where "Xinmingfa 17" went down, according to the Liaoning provincial maritime search and rescue center.

The ship with 146 containers and 14 people aboard sank off Yingkou City around 1:30 p.m. Saturday. Six were saved by passing ships and rescue helicopters.

The vessel, 91.6 meters long and weighing 2,815 gross tonnes, belonged to Fuzhou Mingfa Shipping Co. Ltd. It was on its way from Yingkou to eastern Fujian province when it sank.

Two helicopters and 16 ships were still searching for the three missing. Rescuers were also cleaning up an oil slick four meters wide and one nautical mile long.

Maritime piracy round-up:

With nine vessels hijacked and 182 seafarers held by Somalian pirates (source: Lloyd's List), the issue continues to remain in the headlines with debate raging in legal and insurance circles as to the best ways to both deal with and solve the problem.

Nautilus national secretary Allan Graveson believes that the UK government should use the Piracy Act of 1837 to prosecute pirates captured by the Royal Navy. Commenting on reports that the UK is reluctant to instruct the RN to capture pirates in the Gulf of Aden because of potential difficulties in prosecuting them, Allan Graveson told London Matters that there was no reason at all why pirates captured on the high seas should not be prosecuted under sections of the 1837 Act which still remain on the statute book.

Mr Graveson said suggestions that the Human Rights Act would prevent the prosecution of suspected pirates or that they even could claim political asylum were "spurious".

He insisted: "The Human Rights Act doesn't stop us prosecuting for murder or other crimes. Why should it stop prosecutions for piracy?" He said that when the Law Commission looked at whether the Aviation and Maritime Security Act made the Piracy Act redundant, the union successfully argued that certain sections of the 1837 Act should be kept as these ensured that piracy was treated as a specific and exceptionally serious crime. It was a capital offence in the UK until 1997 and now carries a penalty of life imprisonment.

Should crew be armed? Law firm Ince & Co has produced a piracy round-up covering issues such as arming of crew, the legality of ransoms and whether or not a vessel can refuse to transit the Gulf of Aden.

How to make a vessel a more difficult, less attractive target for the pirates? The Standard P&I Club has issued advice to shipowners in its latest Standard Bulletin. Whilst no master can make his ship entirely kidnap-proof, there is much that can be done to reduce the danger. Much of it is about simple practical measures that shipowners can take, including improved communication and awareness. The bulletin stresses the importance of good passage planning and the need for heightened security levels when passing near the country.

Surge in demand for kidnap and ransom insurance: At a recent seminar at Lloyd's Guillaume Bonnisent, K&R underwriter with Lloyd's insurance group Hiscox, says shipowners are also in search of specialist kidnap and ransom cover. "We've had over 50 different broking firms worldwide approach us on behalf of owners and managers seeking protection for vessels," said Mr Bonnisent.

"Without a doubt the surge in piracy activity in the Gulf of Aden has been the



catalyst for this increase.

"Traditional marine cover will meet the cost of the ransom but none of the costs involved in the process. What we've found is the ransom can account for just 25% to 30% of the costs of the incident. Where K&R cover goes above the traditional marine policies is that it will become involved from the moment a vessel is seized. We'll provide a crisis management team and meet the costs of the security team that'll be needed to take the ransom to the Somali pirates."

He added that the security team's fee can be more than the value of the ransom.

At the same seminar Simon Beale of London Stock Exchange-listed specialist insurance and reinsurance underwriting group listed on Amlin Plc advised shipowners to switch piracy from hull cover to war to ensure a greater degree of financial support.

Crew bonuses for transiting Gulf of Aden: Meanwhile the United Kingdom Warlike Operations Area Committee (WOAC) has recommended the payment of bonuses and other benefits to crews on ships operated by Chamber of Shipping members when transiting the Gulf of Aden.

It has been agreed that the following area is regarded as a "high risk" zone: the Gulf of Aden between 45°E and 53°E, being the western and eastern extremities respectively of the Maritime Security Patrol Area, north of a straight line connecting Cape Guardafui and the western tip of the Island of Socotra, all ships transiting the zone should remain within the Maritime Security Patrol Area.

Operators of ships in the "high risk" zone

should make special payments to all crew members of 100% of normal pay, payable in half-day increments, in respect of each day or half-day during which the ship is in the zone, in recognition of higher risks associated with transiting this area.

Such payments to be in addition to all other remuneration earned. However, where operators arrange military escorts for their ships, or on-board security teams to provide continuous monitoring and protection during the transit of the high risk zone, are deemed to have mitigated the risks such that the special payments need not be paid. Operators of any ships not remaining within this area (other than for reasons purely related to safety of life at sea, weather, navigational safety or military instructions) should allow their seafarers not to proceed to the high-risk zone, if that is their choice.

Expansion of Coast Guard pushed to cover vast coastline: Philippines - A senior lawmaker on Saturday pushed for the expansion of the Philippine Coast Guard's (PCG) regular force to cope with the growing demands of maritime operations.

Cebu Rep. Eduardo Gullas noted that the Philippines is one of the world's five largest archipelagos but it has the smallest and most ill-equipped coast guard to watch over the country's vast coastlines.

"The current force and capabilities of the 5,000-strong PCG is grossly inadequate, considering that we have one of the most world's most extensive coastlines spread over 7,107 islands," he said in a statement.

The other countries that have vast seas are Indonesia, Japan, New Zealand and the United Kingdom.

"We are the world's eighth biggest producer of fisheries. Yet, we cannot properly secure our fisherfolk when they are in the high seas," he added.

Gullas proposed that the PCG's regular force be increased to at least 25,000 over the next five years through a multibillion-peso modernization program.

At present, the PCG operates through five area commands, 64 districts and 192 detachments nationwide, tasked with maritime law enforcement and safety, maritime search and rescue, and marine environmental protection.

"We rely mainly on inter-island sea travel to move people and commodities. Yet, we

cannot provide adequate ship and passenger safety," he lamented.

Gullas issued the statement following recent sea accidents, including the capsizing of the inter-island ferry M/B Don Dexter Cathlyn off Masbate province on Nov. 4, killing at least 42 of the boat's 157 passengers.

Last June, the M/V Princess of the Stars, the flagship of Sulpicio Lines, Inc., capsized off Sibuyan Island in Romblon, killing more than 700 passengers and crew.

Critics have blamed the high death toll in the Princess of the Stars tragedy in part on the PCG's failure to promptly send a search and rescue watercraft that could withstand turbulent weather.

The House committees on appropriations and on transportation have earlier endorsed for plenary approval a bill seeking to permanently transfer the PCG to the Department of Transportation and Communications "as a distinct, armed and uniformed agency."

House Bill 5151, or the proposed Philippine Coast Guard Act, also seeks to expand the powers and functions of the PCG and define its organizational structure and personnel administration.

The 107-year-old PCG used to be part of the Armed Forces of the Philippines until it was turned into a civilian agency.

He also cited the need for the government to seek assistance from the United States and Australian governments in procuring new, if not refurbished vessels, to augment the PCG's capabilities.

Government U-turn on emissions: The UK government has changed its policy on the issue of including emissions from aviation and shipping in the Climate Change Bill. Under intense pressure from the green lobby, the energy and climate change secretary Ed Miliband has agreed to accept an amendment in the bill to include these sectors as part of the Climate Change Bill which will commit the UK to cutting greenhouse gases by 80 per cent by 2050.

The government's position had been that it was impractical to include these international industries, partly because of the difficulties of calculating emission volumes from vessels operating only partly within UK jurisdiction.

It is being claimed that together aviation

and shipping account for 7.5% of CO2 emissions. This move could be seen as another obstacle placed in the way of reducing CO2 output by switching from other modes of transport to shipping which has by far the lowest CO2 output per tonne mile.

CMI call for places of refuge: A strong recommendation for a convention on places of refuge for serious casualties was one result of last month's 39th meeting of the Comité Maritime International in Athens. After a panel discussion, the CMI approved a resolution for submission to the IMO's legal committee in spring 2009 requesting the UN agency to put the issue back on the legal committee's agenda. Forceful support for the resolution came from panel member Fritz Stabinger, secretary general of the International Union of Marine Insurance. He told delegates that he had heard and continued hearing comments - even after the Erika, Castor, Prestige and other casualties - that a new convention was unnecessary and that, first, the existing liability conventions should be implemented. That was determined by the IMO's legal committee.

He said: "The decision is unfortunate. It is a decision which the public - remember we need their support - will never understand." Mr Stabinger continued: "We simply cannot not do anything, nor can we afford, once again, to look bad in the eyes of the public. We have to go ahead."

However, the IUMI secretary general referred to several liability conventions, such as the HNS and others, which still had not received the required number of ratifications after several years and where it is doubtful whether they will ever be ratified and enter into force. That information dated from 2006. The actual situation might have improved, but had it sufficiently improved? From IUMI's point of view, he made a few comments on some substantive issues concerning the places of refuge draft.

"You will not be surprised to hear I prefer to continue talking about a draft convention and not an anonymous 'instrument'. I do not think playing with words helps the issue." Also, he added, the definition of a ship was too narrow. A floating semi-submersible was still afloat even if it drilled. The term 'seagoing' might also be too narrow. What would happen, he asked, if a non-seagoing vessel found itself on the high seas? It happened all the time, he added.

LEGAL :

1. Agency liability in Malta

SHIP agents continue to present themselves as among the most badly used sectors of the industry. This week, Adrian Mifsud, of Valletta-based shipping agent S Mifsud & Sons Ltd Shipping (SMS), writes, "According to local law, a ship agent remains responsible for any debts of the principal once a vessel enters Valletta Harbour or territorial waters. Although we have made various requests to the authorities, we have not been successful in having this law amended."

Section 38 of Chapter 252 of the Malta Maritime Authority Act stipulates, "A ship agent who has performed any act in respect of the ship required to be performed by any of the provisions of this Act or who has incurred or has made any payment or entered into any liability in respect of a ship in port shall for the purposes of this Act be deemed to be the agent of the ship during the time such ship remains in Malta".

Section 39, meanwhile, notes, "The following persons shall be liable for the payment of any dues, rates, charges and fees levied under this Act: (a) the master or owner of the ship; (b) the agent of the ship who shall have paid or made himself liable to pay any charge on account of such ship".

Ship agents may be excused for thinking that the law is an ass, except in the United States, where spelling dictates otherwise.

2. Genuine and reasonable need

GRAHAM Charnock, a director of Bowman Gilfillan Findlay & Tait in Cape Town, has submitted details of a recent decision of the Supreme Court of Appeal in South Africa involving security arrests and the requirements relative thereto.

"As a result of the decisions in various previous judgments, it has become established practice that a party seeking to justify an arrest for the purpose of obtaining security in South Africa must meet the following requirements:

'The applicant must show (a) that it has a claim enforceable by an action in personam against the owner of the property concerned or an action in rem against such property or against a ship which is an associated ship of the ship concerned; (b) that it has a prima facie case in respect of such claim which is prima facie enforceable in the nominated forum or forums; and (c) that it has a

genuine and reasonable need for security in respect of the claim.'

"Whilst the requirement that the need for security must be 'genuine and reasonable' does not appear in the relevant statute, the Admiralty Jurisdiction Regulation Act 105 of 1983, in a recent judgment handed down by the Supreme Court of Appeal of South Africa, the court specifically considered whether the arrestor had discharged the burden of establishing on a balance of probabilities that it had a genuine and reasonable need for security.

"The court noted that the requirement does not mean that in every case it must be proved that the party whose property is arrested has, or will have, insufficient assets to meet a judgment granted against it in the main proceedings. As the court pointed out, more often than not the asset arrested is a ship which has a value far in excess of the claim. On the other hand, the court held that what must be established is a genuine and reasonable apprehension that the party whose property is arrested would not satisfy a judgment or award made in favour of the arresting party. That apprehension may be founded upon actual knowledge of the extent of the assets of the party whose property has been arrested or, as would more likely be the case, it may be founded on factors giving rise to an inference, either that the party in question will be unable to meet the judgment, or that it will seek to conceal its assets or otherwise prevent the judgment from being satisfied. The court went on to hold that the circumstances may also be such, whether for geographic reasons or otherwise, that it would be extremely difficult for the successful party to enforce the judgment.

"In this particular case the court held that the party seeking to set aside the arrest should have at least given some indication of its assets and the nature and extent thereof and, had it done so, this may well have put paid to the application for security. The fact that it declined to do so and merely gave an evasive response was, in the court's view, sufficient to cause concern to a reasonable person in the position of the applicant, thereby establishing the existence of a reasonable apprehension that the owner of the arrested property would not satisfy an award made against it."

Tensions in Marine Insurance-London-09-10 December 2008: A different sort of Conference with different

sorts of speakers. Many of them are drawn from the ranks of Maritime Advocate Readers. Come and meet our Speakers and hear the latest on the turmoil and tensions of our industry

3. Security for legal fees

IN the latest edition of *The Arbitrator*, the newsletter of the Society of Maritime Arbitrators (SMA) in New York, Terry Stoltz, a partner with Nicoletti Hornig & Sweeney, has emphasised the importance of addressing the issue of security for legal fees.

He says, "Attorneys' fees are regularly awarded to the prevailing party in New York arbitration. The authority of a panel to award fees and expenses is now

indisputable, as SMA Rule 30 provides that 'the panel is empowered to award reasonable attorneys' fees and expenses or costs by a party or parties in the prosecution or defence of the case'. However, an award of fees and expenses would be a pyrrhic victory if it is not collectible.

"In an industry where it is not uncommon to arbitrate with a foreign, single ship-owning company, perhaps even after the single ship has been sold, it is paramount that the issue of security for legal fees should be addressed at an early stage when the adversary still believes it has a reasonable prospect for success. It is often too late to seek security after the panel has rendered an award in your favour.

"SMA panels have certainly come to realise the advisability of obtaining security with respect to their own fees; it is now customary for the panel to require both parties to post security for the panel's anticipated fees before the matter proceeds too far. Similarly, when counsel for a party has reason to believe that an eventual award of fees and expenses against an adversary would be uncollectible, it is appropriate to take guidance from the panel and make an application, at an early stage, to require the adversary to post security for legal fees.

"An arbitration panel is empowered to require a party to post security for fees and expenses. SMA Rule 30 provides that 'the panel...shall grant any remedy or relief which it deems just and equitable....' The courts have confirmed awards requiring that funds be placed in escrow or that a bond be posted. Indeed, the courts acknowledge that arbitrators 'may grant equitable relief that a court

could not'.

However, even if an application for security for legal fees is made, granted by the panel, and the security actually put in place, counsel should not assume that is the end of the matter. It remains important to monitor the fees and expenses incurred as the arbitration proceeds and to revisit the amount of the security to ensure that the amount eventually awarded can actually be collected. If necessary, a second application should be made to ensure that the security remains adequate." <http://www.smany.org>

There are still a significant number of sponsorship opportunities for firms wishing to provide case notes and/or a country summary from their jurisdiction on our Maritime Advocate Archive site. The firm of Snyder Mcgovern LLC in Palos Heights, IL has agreed to supply case notes of the US 7th Circuit and in Spain the firm of Blaz de Lezo Abogados in Vigo will be supplying case notes from the Spanish jurisdiction.

The latest case to be reported comes from the Australian firm of Blackstone Waterhouse which addresses the issue whether under maritime law in Australia a tort can give rise to a maritime lien.

4. Unascertained goods

THE English Court of Appeal, in dismissing an appeal in CTI Group Inc v Transclear SA (The "Mary Nour"), has held that a contract for the sale of unascertained goods would not be frustrated if, although delivery remains physically and legally possible, the seller's supplier chooses (for whatever reason) not to make the goods available for shipment.

The dispute came before the Court of Appeal after the English High Court, Commercial Division, had allowed an appeal from an arbitration award, on the grounds that the risk of failing to provide the contracted cargo under the sale contract fell upon the seller and that no term could be implied into the contract whereby 'all bets were off' if a third party intervened (as happened here) to prevent the loading of the contracted cargo.

Commenting on the Court of Appeal's decision in David Martin-Clark's Shipping and Transport CaseNotes, Jim Leighton says, "The doctrine of frustration is notoriously limited in its availability as a defence to failure to perform a contract. The present decision is fair because it is the seller who is in a position to guard

against the risk of its supplier failing to supply the goods. The seller can guard against the risk (1) by making a binding and enforceable contract with his supplier or (2) by making the promise to the buyer conditional on the goods being available for delivery."

5. HK civil justice reform

DETAILS have recently been announced of the civil justice reforms to be implemented in Hong Kong in April 2009. The changes are very detailed and lengthy. Those relating to the conduct of litigation in the high court include the new underlying objectives of litigation and the court's use of active case management; the way in which court cases are commenced; case management and interlocutory procedures; some new methods by which settlement of a case may be encouraged; the conduct of trials and appeals; and the costs of an action.

As a direct response to the turbulent financial market conditions and events over recent weeks, Mayer Brown JSM has formed a dedicated Special Situations Group for Asia which includes selected partners and consultants who are experienced practitioners in restructuring and insolvency, distressed assets, structured finance, securitisation, private investment funds, regulatory, enforcement and litigation, M&As and employment.

The Asian team forms part of the Global Special Situations taskforce which was set up in late 2007 to respond to the changing market conditions at that time. For more details contact Steven Miller in Bangkok: steven.miller@mayerbro

6. Anti-piracy mandate extended:

UN Secretary General Ban Ki-moon has pledged his support for an extension of a mandate enabling states co-operating with the transitional government of Somalia to enter the country's territorial waters and to use all necessary means in order to repress acts of piracy and armed robbery at sea, consistent with relevant international law. The mandate was due to expire on December 1, 2008.

In a letter to IMO Secretary-General Efthimos Mitropoulos, Mr Ban said he remained "seriously concerned" about the dangers posed by piracy in the Gulf of Aden and was "acutely aware" of its impact on the ability of the UN to deliver humanitarian assistance to Somalia.

Previously, shipping's so-called 'Round Table' (BIMCO, the ICS/ISF, Intertanko

and Intercargo), together with the International Transport Workers' Federation, had expressed their support for an extension of the mandate at a meeting at IMO. <http://www.imo.org>

7. Containership refloated

NETHERLANDS-based towage and salvage specialist Multraship and Belgian salvage operator URS Salvage & Maritime Contracting have refloated the 39,900 gt, Singapore-flag containership "Kota Lagu", which grounded in the River Scheldt with hazardous cargo on board on October 25.

The 2006-built vessel grounded after suffering rudder failure near Ossensisse on the River Scheldt, between Hansweert and Antwerp, during ebb tide. Working under a Lloyd's Open Form agreement, Multraship and URS immediately mobilised an experienced salvage team and six tugs. The salvors tried to refloat the vessel on the same tide, but the water level had fallen too far and the operation had to wait for the next tide, at around midnight.

Because the vessel had hazardous cargo on board, local authorities declared a 'High Alert' situation, and the salvors accordingly made provision for a potential major incident by mobilising further tugs, salvage professionals, booms, pumps, and lighters for bunker discharge. In the event, eight tugs were able to refloat the vessel on the next tide and subsequently towed it to the Scheldepoort yard at Flushing, where it was redelivered to its owners.

Leendert Muller, managing director of Multraship, says, "This was another incident which served to illustrate the essential nature of the professional salvage industry, and the importance of having immediate access to its resources and expertise. Working closely with the local authorities, we were able to avert a potentially catastrophic outcome, given the presence on board the vessel of hazardous cargo."

Peter Vierstraete, general manager of URS, adds, "The fact that we were able to refloat the vessel on this occasion without major incident should not disguise the continuing need to ensure that the resources are available, and in position, to deal with such emergencies." <http://www.multraship.nl>

8. Beating the crunch

READERS of the irreverent weekly legal newsletter RollOnFriday have been sending in their suggestions on how to

beat the credit crunch. The best of these suggests, helpfully, "Only take on new employees who have the surname 'Toblerone', thus saving the money usually required to be spent on expensive name plaques for their desk by simply using an empty Toblerone chocolate box instead."

Indian maritime industry is poised for a sea change!

Indian maritime industry is poised for a sea change...TERI organises 'Health Mela' for 54 schools in Gur...HCC PAT up 71% in Q2 2008-09Dell unveils first ever brand campaign

The first edition of PORT & SHIP INTERNATIONAL INDIA exhibition, a premier exhibition on the maritime industry was inaugurated at Mumbai Exhibition Centre. An International Exhibition showcased the Shipbuilding, Marine Equipment, Dredging, Ports & Port Technology, Ocean Engineering and Marine Offshore Technology. PORT & SHIP INTERNATIONAL INDIA has proved to be the most comprehensive exhibition on the Indian Maritime Industry that has brought all industry professionals on a common platform to meet and do business in India. This major event was visited by Shri Pritam Kumar Shegaonkar, Hon'ble Minister of State for Housing Social Justice and Ports, Govt. of Maharashtra. Apart from him other big personalities like Mr. Arun K. Mago, Chairman - Advisory Council, Port & Ship International India, Dr. Stephen Hesselmann, Head, Maritime Department, Federal Ministry of Economics and Technology, Govt. of Germany, visited the show and shared that "India is becoming economic ware house. It has many business opportunities as the maritime industry is booming at a very fast pace. The number of containers has increased by 44% from last year."

IGR Singh, PTM, TM Commander, Indian Coast Guard in his speech said that "Shipping is a global industry and its prospects are associated with the level of global economic and industrial activity time infrastructure for economic development of a country. India has committed to spend (U.S.) \$100 billion over the next ten years on infrastructure projects, with (U.S.) \$10 billion to be spent just on the shipbuilding and port sectors within the next five years. A turnaround has been observed in Indian ship building industry, which was totally domestic and defense oriented have become export oriented. Today out of around 190 ships on the order book 125

are for the exports. Another important development being witnessed is the involvement of the State maritime Board, who are now competing with the major ports by following land lord port model and corporatization. He finally said that in another 5-10 years, India is going to become the global refinery hub wherein the refinery capacity will be increased to 100 million tones per annum.

Apart from the Indian maritime industry many countries from Europe, North America and Asia are pouring technology, investment and manpower into India. Japan alone has committed 30 billion dollars to India's infrastructure. Norway and South Korea are also heavily involved in shipbuilding, ship repair and other sectors.

'Foreign Seafarers Earn \$2bn Annually in Nigeria'

Director General, Nigerian Maritime Administration and Safety Agency (NIMASA), Dr Shamsudeen Dosumu, has said foreign seafarers engaging in Nigerian coastal trade earn between \$1 billion and \$2 billion annually.

Dosumu said in Bauchi yesterday, at the commencement of a three-day North-east sensitisation workshop on the Nigerian Seafarers development programme.

He said the maritime sector had the potential to earn foreign exchange for the Nigerian economy and create employment for youths and that an estimated 120, 000 jobs existed for both onshore and off-shore personnel in the industry in Nigeria.

"There is no doubt that the maritime sector has a significant role to play in the realisation of the Vision 2020 through the facilitation of inter-regional trade," he said, adding that oil and gas, agricultural products and other exports could earn the nation income if transported to the areas of need.

He said the country should build the necessary human capital in the sector, to significantly play its role positively and earn foreign exchange from it, adding that Nigeria could emulate the Philippines which has a population of about 80 million and yet was supplying more than 30 per cent of the world's Seafarers to the global shipping sector and earning more than \$4.5 billion in the process.

"The Nigerian Seafarers development programme is, therefore, a strategic response to the call by President Umaru

Yar'Adua, on the need to generate employment and create wealth for Nigerians," he said.

Responding, Bauchi State Governor, Isa Yuguda, said the workshop was timely and urged the Federal Government to fast track on development of rivers in the country.

Commercial Yacht Code update comes to completion:

For the past 18 months, International Registries, the maritime administrator for the Republic of the Marshall Islands, has been conducting an in-depth review and revision of its safety codes of practice for yachts.

With more than 460 yachts now registered in the Marshall Islands, the timing was right. The end result was October's release of the new consolidated Commercial Yacht Code (CYC).

This code affects all commercial yachts within the Marshall Islands registry. It also provides guidance to privately registered yachts in general, and to those private yachts using the flag's 84-days-per-calendar-year chartering privilege.

Some highlights of the new CYC are:

- Yachts below 500 gross tons and not in class may pursue commercial certification.
- Provisions have been made to accept an MCA LY2-certified yacht for transfer to the Marshall Islands flag.
- Practical consideration will be given on the lifesaving equipment requirements, including rescue boats, for yachts below 500 gross tons on a case-by-case basis.
- There will be a sensible approach regarding equivalencies, based upon sound technical arguments, for compliance with various international regulations, including load line, MARPOL, and SOLAS.
- There are new requirements for minimum safe manning with special consideration to smaller yachts having high horsepower.
- There are revised manning requirements, including a new Master of Yachts 350 gross tons license.
- Private yachts greater than 18m in length meeting certain requirements of the CYC may charter for 84 days per calendar year without having to be fully commercially certified.

(Contd. on page 14)

- There is a delegation of certification requirements to major classification societies and two appointed representative organizations. In contrast to other yachting flags, all surveys can be harmonized by a single entity using their global coverage. The code is fully supported by a dedicated technical group (YACHTTEC) and reinforced by the yacht registry team based in Ft. Lauderdale.

Through the Yacht Appointed Representative Consultative Committee (YARCC), senior members of the Marshall Islands, Appointed Representatives, and industry met in working groups to modify code. Emphasis was placed on a realistic approach to regulatory matters versus the traditional "one size fits all" style.

"There was a need to make the code more user-friendly and updated for the industry's continually changing needs," said Peter Brock, Marshall Islands' marine technical adviser and recently retired president of Lloyds Register North America. "The code takes a common sense approach to technical issues."

Said Jack Enright, executive vice president for International Registries: "We have also separated the technical functions for yachts from our bluewater fleet. The new YACHTTEC group is specifically dedicated to the needs of the yachting industry. We recognize that big ship rules cannot be evenly applied across the yachting spectrum. Particular emphasis must be placed on the needs of yachts."

Capt. Gene Sweeney, vice president for yacht operations, is optimistic on the continued growth of the yachting division of the Marshall Islands registry and acceptance of the new CYC.

"Of the 1,848 vessels registered in the Marshall Islands, 460 are yachts," he said. "The number of commercial yachts in the registry has tripled in the past year. We are the world's fourth largest shipping registry and the only open registry to maintain the U.S. Coast Guard's Qualship 21 designation. You can't get better approval."

A full version of the Commercial Yacht Code will be available on the Marshall Islands' Web site (www.register-iri.com) beginning with the opening of the Fort Lauderdale International Boat Show.

Somali pirate kingpins going unpunished:

NAIROBI (Reuters) - New international navy patrols may deter piracy off Somalia, but the



kingpins remain untroubled enjoying the fruits of this year's rash of hijackings in cities around the world, a regional maritime official said.

"There really isn't a military solution. The boys on the boats are just the foot-soldiers," said Andrew Mwangura, whose East African Seafarers' Association monitors piracy.

"The commanders and generals -- the financiers and the organisers behind it all -- are in Dubai, Nairobi, Mombasa, and even Canada and London, sitting in their hotels, communicating via laptops, and making big money."

Scores of attacks in the busy Gulf of Aden and Indian Ocean shipping lanes off Somalia this year have shocked the industry, causing higher insurance costs, bringing millions of dollars of ransom payments, and stirring a belated international response.

The European Union and NATO alliance are sending ships to the area, while the U.S. and French navies are patrolling, and a Russian warship has also been ordered in.

While some advocate a hard strike on the pirates, there are complicating factors: risks to hostages, different locations of the various gangs, problems identifying who pirates are before they have taken a boat, and international legal complications once suspects are captured.

"The foreign patrols should calm the situation. But they cannot just attack a ship, it's not that simple," Mwangura said in an interview on Sunday. "We need to go to the roots."

"Powerful People" Annoyed: Mwangura, who goes to court in Mombasa on Thursday charged by the Kenyan government with "alarmist" information about one ship's capture, believes a network of Somali businessmen abroad and corrupt accomplices are the driving force for piracy.

"Many people are making good money from instability in Somalia," he said.

Mwangura irked the Kenyan government by saying tanks and other military equipment on a Ukrainian ship captured last month off Somalia were bound for South Sudan and not Kenya.

Embarrassed by the accusation, given that it sponsored a 2005 north-south peace deal in Sudan, Kenya has accused Mwangura of being a "spokesman" for the pirates and accused him of spreading false information and possessing \$2 of marijuana.

Nairobi says the tanks were for its military, though Western diplomats in the region back Mwangura's version.

"They want to silence me, it is obvious," said Mwangura. He was in Nairobi over the weekend to meet Ukrainian officials about the plight of the hijacked MV Faina boat, with its controversial military cargo and 20 crew members.

Mwangura said authorities in the region were turning a blind eye to illegal fishing, toxic dumping, drug- and gun-running, illegal charcoal shipments, and human trafficking in Somali waters that were all indirectly fuelling piracy.

"All these businesses inter-link. A foreign ship pays a warlord to be allowed to fish illegally off Somalia, and that money then funds the piracy," he said.

"But when you start denouncing these things, powerful people get upset because you are spoiling their game."

Mwangura said Somali pirates were still holding about eight ships, with more than 200 hostages aboard.

About 30 ships have been hijacked this year out of 87 attacks, according to his organisation which collects information from relatives, crews and other maritime groups.

The situation is so bad, some ships are considering going round the Cape of Good Hope off South Africa. "This would add several weeks to the duration of many ships' voyages and would have severe consequences for international trade," he said.

The union veteran may just get his way. Envoy hopes for Somalia peace progress at summit: NAIROBI (Reuters) - Somali politicians attending a summit in Kenya next week have a great chance to push forward a peace process intended to stem 18 years

of conflict but which is so far having little impact on the ground, a U.N. envoy said. Ministers and heads of state from east African bloc the Intergovernmental Authority on Development (IGAD) are meeting in Nairobi on Tuesday and Wednesday. They have invited Somali legislators and others to attend for consultations.

That has prompted talk in diplomatic circles that the Somali government may be persuaded to invite moderate opposition members into its administration. There has also been speculation the government may move to Nairobi, where it was first formed, due to insurgent attacks in Mogadishu and Baidoa, the seat of parliament.

U.N. envoy to Somalia, Ahmedou Ould-Abdallah, who has been brokering talks between the government and the moderate wing of the opposition Alliance for Re-liberation of Somalia (ARS), said any moves towards reconciliation would be welcome. "I would be very happy at any progress," he said in an interview late on Thursday. "If there is a government of national unity, whether here or anywhere else, Somalis first will be very happy with it, and we will also be very happy." Ould-Abdallah was flying on Friday to Djibouti to meet representatives of the government and ARS who signed a tentative peace plan there earlier this year. "We will do the best we can in Djibouti to encourage the success of peace in Somalia and support the summit," he said. Hardline opponents of the Western-backed government that is defended in Somalia by Ethiopian troops, have vowed never to countenance a deal until Addis Ababa withdraws its soldiers. Islamist insurgents have stepped up their attacks on government and Ethiopian targets in recent months. "I am not surprised by this violence. I think it will go on for a while. But those who have signed are determined to go ahead, and they have the strong backing of the international community," Ould-Abdallah said.

"Whether former Yugoslavia, whether Liberia or others, every agreement is followed by waves of violence because the spoilers, and their sponsors, political and financial, are telling them, go ahead and everything will collapse." He said the limited progress so far was a "miracle" in the context of one of the world's most intractable conflicts. "We have them signing together, travelling together to Stockholm. They have been meeting the Security Council together, they were in



South Africa together. To me this is a miracle.

"Everyone would like to load the boat, bring in more people. No, we are going at our own pace, taking into account 18 years of violence and destruction." The envoy welcomed recent international action to stem a wave of piracy off Somalia, including sending more ships into the region to patrol waters and possibly strike at gangs holding about a dozen ships and 200 hostages. "I am very happy that Somalis now are taking it seriously, and also the international community ... The decision by the European Union and NATO to send in navy ships is welcomed. "It will take time. But it is not free piracy anymore ... It is not impunity on the sea."

India to send emissary to Japan for missing ship MT Stolt Valor: MUMBAI: The Centre has decided to send an emissary to Japan to have a liaison with shipping company Stolt Tankers whose ship with Indian crew has been hijacked.

Stolt Tankers ship Stolt Valor with 18 Indian crew members on board was hijacked in Somalian waters on September 15.

The decision to send National Shipping Board chairman as emissary was taken after a meeting between External Affairs Minister Pranab Mukherjee and Forward Seamen's Union of India.

Mukherjee will be leaving for Japan in a couple of days. "The Minister of External Affairs has assured that all steps will be initiated to get the crew members released," Forward Seamen's Union of India said in a release.

The External Affairs ministry has assured to formulate a long-term policy for the protection of merchant ships sailing through Somalian waters, it said.

Many ships have been hijacked in Somalian waters by pirates.

Stolt Valor was hijacked on September 15. The ship is registered in Hong Kong

and is managed by Fleet Marine, a Mumbai-based Company. After its hijack, its Japanese owners, assisted by International Maritime bodies, have been negotiating with pirates for its release.

After initial negotiations, pirates had agreed to bring down their ransom demand from 6 million to 2.5 million US dollars but since then there has been no development in talks.

Other than the 18 Indians, the crew comprises two Filipinos, one Bangladeshi and one Russian.

India to have first Maritime University in Chennai: New Delhi (PTI): India will have its first Maritime University in Chennai, aimed at promoting maritime studies, research and achieving excellence in areas of marine science and technology.

A bill to this effect was passed by the Rajya Sabha on Friday.

"This is just a beginning, more such institutions need to be set up," Union Minister for Shipping T R Baalu told the Upper House on the passage of the Indian Maritime University Bill. It was passed by the Lok Sabha on October 21.

Two more bills for declaring water stretches in southern and eastern parts of the country as national waterways were also passed by Rajya Sabha. "This is one of the achievements of the UPA government that neglected areas like that of the waterways have been attended to," Baalu said.

He also said "the setting up of the university in Chennai has only to do with the availability of land which we could not find elsewhere. This is only the nucleus which is sure to spread," Baalu said.

"There is a need to set up at least five more such universities in the country. We request setting up of such a university in Kolkata," CPI(M) member Matilal Sarkar said.

Taking part in the discussion, BJP leader Rudranarayan Pany asked government to give special attention to the state of Orissa regarding development of roads along with waterways. Bal Apte of his party also took part in the discussion.

T Siva (DMK), Ram Chandra Khuntia (Cong), E M Sudarsana Natchiappan (Cong) hailed the government for moving the legislation to establish two National Waterways and a National Maritime University.

France 'captures Somali pirates':

MOGADISHU (AFP) - The French navy has arrested nine suspected pirates and handed them over to authorities in the breakaway Somali region of Puntland, French officials said.

French marines in the Gulf of Aden arrested the men when their patrol intercepted two boats on Wednesday in international waters about 100 nautical miles (185 kilometres) off the Somali coast, Paris and local Puntland officials each said.

They found small arms and anti-tank weapons and equipment used to board ships on the vessels, said a statement from the French military in Paris.

Puntland's deputy fisheries minister Abdukadir Muse Yusuf said that "the pirates... dropped all their weapons in the water before they were caught."

The French statement said nine suspects had been arrested, while Somali officials gave the number as eight.

Ths suspects were handed over to Somali authorities who said they would be prosecuted and would be treated according to international conventions, French officials said.

France launched a rescue operation to free a French luxury yacht, *Le Ponant*, and its 30 crew on April 11, and in September dispatched commandos to release a a French couple seized by pirates aboard their yacht.

Twelve suspected pirates are currently being held in custody by French authorities, although lawyers have argued that Paris has no jurisdiction to try their cases.

France's latest military intervention -- implicitly authorised by a UN Security Council resolution earlier this month -- was welcomed by the authorities in Puntland, where in April a court sentenced 11 people to life imprisonment for piracy.

In a report released Thursday, the International Maritime Bureau said 63 of the 199 piracy incidents recorded worldwide in the first nine months of this year occurred in the waters off war-ravaged Somalia.

IMB director Pottengal Mukundan said piracy in the Gulf of Aden -- an important sea route for oil exports -- was of particular concern.

"It is clear that pirates in the Gulf of Aden

believe that they can operate with impunity in attacking vessels -- some of which have included tankers and large bulk carriers," Mukundan said.

Seven NATO ships including several frigates are set to start patrols off the coast of Somalia in the next few days to combat piracy and escort aid ships to the nation, an alliance spokesman said Wednesday.

Aid agencies say at least 2.6 million people in Somalia are facing acute food shortages and warn that the figure could climb to 3.2 million by year-end.

The European Union has also announced plans to send a dozen ships to the maritime region, which are intended to relieve the NATO contingent in December.

The UN Security Council on October 7 urged states to commit naval and air assets to the fight against rampant piracy off lawless Somalia.

The 15-member Council unanimously adopted the French-drafted resolution under Chapter Seven of the UN Charter, which is invoked in cases of threats to international peace and security.

NUSI members call for the release of the *Stolt Valor* crew:

INDIAN seafarer unions plan to boycott a meeting with India's shipping secretary that was due to be held today over the government's apparent inaction over the detention of the *Stolt Valor* by Somalia pirates.

This came as the unions said they would go-ahead with a worldwide demonstration by Indian mariners tomorrow to put pressure on the Indian government and the *Stolt Valor*'s Japanese owners to accelerate efforts to get the ship released.

The National Union of Seafarers and the Maritime Union of India are due to meet A P V N Sarma today. He was appointed head of the shipping department at the Ministry of Shipping, Road Transport and Highways in February.

Commenting on the boycott, seafarers union general secretary Abdulgani Serang, said the meeting would not serve any purpose. "While it appears that the Indian Navy will patrol the Gulf of Aden, the key issue of *Stolt Valor* seafarers has still not been addressed," he said.

In their call for action, the two unions said: "We regret to note that there has been no positive response from the government of India and the situation is

going from bad to worse. The government of India should ensure: That the seafarers onboard the ship *Stolt Valor* are released and brought back to India immediately; safe passage for other Indian seafarers by providing escort ships by Indian Navy in the pirate infested areas of Somalia."

The unions warned that if the situation was not resolved by tomorrow then: "Indian seafarers will refrain from trading in the pirate-infested areas of Somalia. Indian seafarers will start a worldwide agitation for their own safety and for the release of the seafarers on board the ship *Stolt Valor*".

No details were given about what type of action would be taken, while shipowner and shipmanagement sources questioned what action could be taken if Indian seafarers were onboard vessels.

The 25,269 dwt chemical tanker *Stolt Valor*, with 22 crew on board, was hijacked on September 15. The Hong Kong-flagged vessel, with 18 Indians, two Filipinos, one Russian and one Bangladeshi seafarer onboard, is owned by Japan's Central Marine and managed by Fleet Management.

Neither the owner or the shipmanager was willing to comment on the latest action by the Indian unions which follows a peace march in Mumbai and 12 other cities including Chennai, Kochi, Tuticorin and Kolkatta.

In a joint statement the unions said: "A month has already passed and the seafarers have still not been released. The seafarers are undergoing mental and physical torture and are also facing health problems on board."

Speaking last week, Seema Goyal, wife of the *Stolt Valor*'s master Captain Prabhat Kumar Goyal, said the Somalia captors claimed they would start killing the crew if no ransom was paid although the deadline passed without the pirates taking any action.

After speaking to the crew from Fleet Management's office in Delhi on Friday, she said: "Everyone is okay, they are safe but they are under a lot of stress because they are living at gunpoint and under very unhygienic conditions. There is hardly any food left. Even the fresh water is over, so they're drinking water meant for washing. Some of them were at the brink of breaking down."

But shipping insiders have questioned the wisdom of Ms Goyal's actions. They have suggested that while Ms Goyal might be

well intentioned, the publicity and union action are drawing undue attention to the crew onboard Stolt Valor which might not be desirable when there are also Indian seafarers on board other ships held by pirates.

Can Blackwater save Christmas from the Somali pirates?

Just as the editors here at Posted were joking that shipping companies should consider hiring pirates of their own to fend off Somali hijackers in the Gulf of Aden, commenter iamtom points out below that controversial U.S. private military contractor Blackwater has a helicopter-laden warship patrolling the gulf as we speak, offering their services to beleaguered shipowners.

The vessel, McArthur, is described as a multipurpose unit designed to support military and law-enforcement training, peace-keeping and stability operations.

The ship and its helicopters have the ability to patrol a commercial vessel's route, thereby avoiding the need to hire security contractors to ride on board.

Blackwater justifies its presence in the area commercially by pointing to the increased bills for shipowners operating in the region, including massive insurance hikes, double-pay danger money for seafarers, and ransom payments where ships are captured.

Blackwater Worldwide executive vice-president Bill Matthews said: "We have been contacted by ship-owners who say they need our help in making sure goods get to their destination. The McArthur can help us accomplish that."

Pirate hijackings of cargo ships off the coast of Somalia are getting so out of control that British officials are warning residents that they could face shortages on everything from clothing to cars this Christmas season unless action is taken, BBC News reports.

So far this year, more than 30 ships have been hijacked and their cargo and crews held for ransom by Somali pirates in the Gulf of Aden. The rate at which ships are being taken has led the British Chamber of Shipping to warn consumers that all goods coming to the U.K. from Asia could be put at risk, and the impact especially felt in the run-up to Christmas as more and more shipping companies opt to take a longer and safer alternative route around the horn of Africa.

Gavin Simmonds, head of international policy at the chamber, says: "Car carriers



with vehicles for the UK, foodstuffs from Asia, textiles and clothing, dare I say it in time for the Christmas market, will not be arriving on time if they have to [go round South Africa]. We could begin to see shortages within the next few weeks."

Of the ships pirated this year, most attention has focussed on MV Faina, the Ukrainian vessel carrying tanks and heavy weaponry.

But the majority of ships sailing through the Gulf carry supplies vital to the running of the global economy. Goods as diverse as oil, gas, cars, textiles and electronics travel past Somalia on their way to Britain.

The alternative route, going round the Cape of Good Hope, would add up to three weeks to the average journey.

However, the International Chamber of Shipping (ICS) says that two companies have already given their captains the permission to go the long way round and others are considering following suit.

As for that Ukrainian vessel full of tanks mentioned above that was hijacked and held for ransom in September? We checked in with the MV Faina's plight early in the week, and nearly one month later, no progress has been made on freeing the ship and 20 crew members.

Photo: This is exactly how Posted imagines Somali pirates would steal Christmas. We can only hope their hearts grow three sizes. (Getty Images)

Seeking to move cargo while cutting congestion on the nation's highways, the U.S. Dept. of Transportation (DOT) has called for a "Marine Highway" initiative that will designate maritime inland and coastal maritime corridors as marine highways. DOT has published an interim final rule currently available for review, which is on schedule to go into effect after a 120-day comment period. "This initiative does more than simply add new lines to a map," said Dept. Secretary of Transportation Thomas Barrett. "It makes our roads safer, expands our capacity for moving goods and reflects the kind of

21st century innovation we are going to need to be competitive in today's global marketplace." Approved routes will be eligible for up to \$25 million in existing federal capital construction funds and will also qualify for up to \$1.7 billion in federal highway congestion mitigation and air quality (CMAQ) funds, DOT said. "These highways have no stoplights, traffic or potholes," said Barrett. "Sometimes transportation solutions require new concrete, but other times the answer is as simple as using existing water."

The Dept. of Transportation estimates that congestion on U.S. roads, bridges, railways and at ports costs the country up to \$200 billion each year, a number certain to rise as increasing trade will hamper the capability to move freight through the already strained transportation network, the interim final rule said.

According to the Federal Highway Administration, cargo moving through U.S. ports will nearly double over the next 15 years. "Most of this additional cargo will ultimately move along our surface transportation corridors, many of which are already at or beyond capacity," the report said. "Since 92% of all domestic freight currently moves on road and rail infrastructure, the implications of this growth are significant. The challenge we face is to use all transportation modes available to address the looming crisis."

The interim final rule claims that a marine highway would be cost effective, as it would require less new infrastructure than surface transportation alternatives while still having "considerable room to grow." Instead of replacing truck freight, it refers to maritime options as "extensions of the surface transportation system."

For example, the report states that a container-on-barge operation currently running between Baltimore and Norfolk, VA relieves the I-95 and I-64 corridors of almost 2,000 trucks per week, equal to three lanes of bumper-to-bumper trucks eight miles long while using about 1/8th the fuel.

The interim final rule continues that the Marine Highway runs parallel to some of the most congested corridors in the country, and the designation of waterways along them as Marine Highway Corridors could "reduce congestion, pollution, and energy usage, increase freight system reliability, and improve the life of citizens who live in proximity to the highway."

According to DOT, the designation of Marine Highway Corridors and Marine Highway Projects will not have an immediate environmental impact, but the use of coastwise vessels should relieve congestion on highways and therefore ensure any overall impact should be positive.

Credit Crisis Threatens Shipowners and Yards:

Access to credit is the lifeblood of maritime trade and the credit crunch has largely cut off that supply, threatening to weed out weaker shippers and shipyards, as well as hamper global trade. The outlook is worst for the bulk shipping industry, which hauls raw materials such as iron ore, grain and cement. More than 90 percent of the world's traded goods by volume is carried by sea. Access to credit has been cut off at an inopportune time for the industry, after several years of robust growth in markets like India and China -- accompanied by huge infrastructure investments -- spurred a race to build new ships, creating three-year backlogs on shipyard order books. Orders reached a milestone of 10,000 ships on 1st August 2008. But ordering ships is one thing, paying for them is another.

"There has been a further tightening (in lending conditions) over the summer," Harald Serck-Hanssen, Norwegian bank DnB NOR's ship-financing unit said last month. Some banks had shut their books for the year and the limited shipping lending banking universe was shrinking, he said. Serck-Hanssen spoke before the bloodbath on Wall Street of the past two weeks in which credit conditions have worsened for shippers and shipyards, especially newer or smaller operators.

"Some of the newer shipyards (in South Korea and China) are going to suffer a great disappointment," said Polys Hajioannu, chief executive of bulk shipper Safe Bulkers Inc. "They will not be able to deliver a number of ships. Some smaller shippers will also have trouble getting financing to pay for the ships they ordered," he added. Many of those companies put down a 20 percent deposit for their ships when credit conditions were better, but will have trouble raising the rest, Hajioannu said.

The market turned sour rather quickly. In May, the Baltic Exchange's chief sea freight index for global raw materials hit a lifetime high of 11,793 points on demand in fast-growing developing markets including China and India. The

index has plummeted since then due to the financial turmoil on international markets, falling commodity prices and fears that Asian demand will falter. On 2nd October the freight index fell to 2,990 points, nearly 75 percent down from the May high and its lowest level in more than two years.

Despite that decline and the apparent lack of available credit, shipyards have reported few cancellations so far for bulk carriers or other ships.

India sends warship to pirate-infested Gulf of Aden. NEW DELHI (AFP) - India is deploying one of its latest warships to the pirate-infested Gulf of Aden off the coast of Somalia to protect its merchant vessels, officials said Friday.

A "stealth frigate is being diverted to these waters," Indian navy spokesman Nirad Sinha said. The Russian-designed vessel can evade radar and is armed with guided missiles and cannons, naval officials said. The move comes after the MT Stolt Valor carrying mainly Indian crew was hijacked on September 17 by Somali pirates in the gulf. "The government has approved the deployment of one warship with immediate effect to patrol the route followed by Indian flagships between Oman and Yemen," another defence ministry official said. The number of warships could be increased later, the officer added. The other warships could carry heavily armed marine commandos and combat helicopters, officials said.

"Currently, our mandate is general patrol and escort duties but we are prepared in case the profile changes to engagements, pursuits and combat in the region," a senior naval commander who did not wish to be named told AFP. The deployment follows weeks of protests by shipworkers and families of the detained crew who have been demanding rescue efforts for the MT Stolt Valor's crew of 22. Eighteen crew members are Indians while there are two Filipinos, a Bangladeshi and a Russian.

"The presence of Indian Navy in the area will help to protect our seaborne trade and instil confidence in our seafaring community, as well as function as a deterrent for pirates," a statement said. The Gulf of Aden is a "major strategic choke point in the Indian Ocean region and provides access to the Suez Canal through which the sizeable portion of India's trade flows," the statement noted. Warships from several other nations patrol the Gulf of Aden, one of

the busiest shipping lanes in the world.

The International Maritime Bureau reported more than 24 attacks off the Somali coast between April and June and more have been committed in recent months. Maritime experts say many attacks go unreported along Somalia's 3,700-kilometre (2,300-mile) coast where pirates operate high-powered speedboats and carry heavy machine guns and rocket launchers.

Maritime Malaysia Shows Its Capabilities:

PORT KLANG, Oct 16 (Bernama) -- Scene 1: Three pirates hijacked a fishing boat, 10 nautical miles off Klang Port. Within minutes, the Malaysian Maritime Enforcement Agency's (Maritime Malaysia) elite crack team known as Star team, boarded the fast assault craft, Rubber Hull Inflatable Boat, to rescue the fisherman and the boat.

Two Maritime Malaysia helicopters, Eurocopter Dauphin AS365 N3, were also despatched to the scene. Scene 2: The fisherman was saved, the boat was recovered and the three pirates were captured.

Both scenes were part of the Maritime Malaysia demonstration on its capabilities in countering piracy/terrorist, smuggling, illegal immigrants as well as search and rescue operation. Maritime Malaysia Director-General Admiral Datuk Mohd Amdan Kurish said the scene of ships being hijacked by heavily-armed and well organised pirates in the Gulf of Aden two months ago was unlikely to occur in Malaysian Waters.

"Apart from Maritime Malaysia, the country has a strong and credible armed forces which could react quickly to such situations. "It is very unlikely for such big pirate organisations to establish their footing here. We may have some isolated piracy cases, to be specific those involving petty theft only but not to the extent like the case occurred in Somalia because Somalia is a lawless country," he told reporters on board the KM Langkawi after witnessing the demonstrations recently. He said Maritime Malaysia would ensure that whatever occurred in the Gulf of Aden would not take place in Malaysian waters.

Furthermore, the littoral states of Straits of Melaka such as Indonesia and Thailand also possessed strong and credible armed forces, thus making big piracy organisations think twice before operating in this region. Two Malaysian

International Shipping Corporation (MISC Berhad) tankers, Bunga Melati 2 and Bunga Melati Lima and their crews were released last month upon payment of ransom. It is very difficult to hijack a ship for ransom in Malaysian waters," Admiral Mohd Amdan said.

NEW SQUADRON

He also said Maritime Malaysia was beefing up its capability with plan to set up fixed-wing and helicopter squadrons. It hoped to form several squadrons with each squadron consisting of six fixed-wing aircraft or six light and medium-sized helicopters. For a start, the enforcement agency would receive one amphibious aircraft next month and another one later with the two aircraft costing about RM240 million. Maritime Malaysia had also set its priority right by acquiring 20 interceptor boats with 60 knots speed soon instead of the original plan for two offshore patrol vessels in safeguarding the country's shoreline. Set up in February 2005 under the Malaysian Maritime Enforcement Agency Act, Maritime Malaysia was tasked to safeguard the peace, safety and sovereignty of the country's maritime zone.

Maritime Malaysia had identified areas to set up their five bases throughout the country as at the moment they share or lease bases from other agencies. A plot of land adjacent to the Royal Malaysian Air Force base in Subang has also been identified for its permanent air wing squadron, said Admiral Mohd Amdan. On the illegal immigrant issue, he described locals who harbour illegal immigrant as traitor for willing to sell the country's sovereignty for a few hundred ringgit. "We have detected various kinds of their modus operandi in smuggling in illegal immigrants. For example, they transfer illegal immigrants from a big ship to several fishermen's boats in the middle of the sea at night," he said. He called on the locals to help the agency in combating the illegal immigrant problem by providing information.

INSURANCE :

1. Extraordinary Rule B decision

JAMES Hohenstein of Holland + Knight in New York has alerted us to what is described as an 'extraordinary' decision last week by a judge of the US District Court for the Southern District of New York, holding that a contract for the sale of a vessel was within the maritime

jurisdiction and thus supported the maintenance of a Rule B attachment action.

Holland + Knight notes, "A fundamental requirement in asserting a Rule B maritime attachment action is that the underlying claim is within the federal court's maritime jurisdiction. This principle makes perfect sense as the very purpose of maritime attachments is rooted in the unique and mobile nature of maritime commerce.

"For decades, it has been a basic principle of US admiralty law that contracts for the sale of a vessel are not within the maritime jurisdiction. While the principle has been criticised, nonetheless it is still considered black letter law."

In a decision issued last week by the Honorable Shira A Scheindlin in the case of 'Kalafrana Shipping', an aspect of the sales agreement concerned repairs to the vessel. A dispute over the repairs led to a London arbitration and award. The New York Rule B action was based on the award. Holland + Knight says, "While Judge Scheindlin certainly recognised and acknowledged the traditional precedent, the court held that more recent US Supreme Court and New York appellate decisions supported the 'demise' of the traditional rule.

"This decision is extraordinary in that it weakens a bedrock principle in New York admiralty jurisdiction. The ruling is likely to have an immediate and wide-reaching impact on New York Rule B actions. Whether or not Kalafrana itself is appealed, the issue will undoubtedly come up in other cases which will be subject to appellate review.

"While the decision is broad enough at least to enable other parties to argue, in good faith, that a straightforward ship sales contract is within the maritime jurisdiction, the fact that the vessel was already in operation is a key point to consider. Because newbuildings are sometimes sold before even leaving the shipyard, the traditional rule is still significant. As the other judges of New York federal courts are not bound by Kalafrana, this issue portends further extensive litigation.

2. US above international law?

US law firm Blank Rome says the recent decision by the US Court of Appeals for the Fifth Circuit in *United States v Kun Yun Jho and Overseas Shipholding Group Inc* (see also *Maritime Advocate Online*

Issue 359) will have an impact on the international maritime community for years to come. It adds that shipowners, operators, crew members, lawyers and insurers, among others, need to be aware of the ramifications of this decision and prepare accordingly.

The case involved claims that the owner and chief engineer of the oil tanker "Pacific Ruby" had knowingly failed to maintain an onboard oil record book. The US District Court for the Eastern District of Texas dismissed the charges, but the appeal court reversed the decision.

Conor Warde, writing in the October issue of the Blank Rome newsletter 'Mainbrace', says, "From a legal perspective, this decision is significant primarily because of the court's determination that international law does not supersede the authority and jurisdiction of the US to prosecute pollution-related incidents by foreign-flag vessels that occur outside US waters if such vessels subsequently call on US ports and have maintained inaccurate oil record books.

"From a practical perspective, the significance is that potential liability for false oil record book entries may now expand as vessels continue to call on US ports and such oil record books remain on board.

"This decision, along with the pending appeal before the Second Circuit in *United States v Ionia Management SA*, may eliminate the defence strategy of relying on international law in maritime enforcement cases. It may also result in even more substantial enforcement by the US Coast Guard and Department of Justice and, potentially, increased penalties or prison time for individuals and entities subject to such enforcement actions.

"This decision involved oil record book entries, but the court's ruling will likely impact enforcement issues for ship records relating to ballast, air emissions, or other environmental areas of concern in the future."

3. Debunking the NY myths:

ARMAND Paré, a partner with New York law firm Nourse & Bowles, has written a wry response in the latest issue of the *Society of Maritime Arbitrators* newsletter to what he regards as 'myths' which have recently been circulating about US maritime arbitration. He says, "If anyone tells you that you cannot get costs and

attorneys' fees in New York arbitration, make sure to get his or her licence and registration. This is simply not true. Many of the most often used charter forms provide for this and the courts have enforced these. The Rules of the Society of Maritime Arbitrators also provide for this. Both sides usually request costs and fees, and cases here say that this also grants the arbitrators authority to award these. There are now countless arbitration awards in New York providing very contented prevailing parties with full or very nearly full awards of costs and fees.

"Someone has told you that English law and American law differ in important respects and that you are better off, no matter whether you are an owner or a charterer, with English law. It is true that the hood ornament and grill are different on a Bentley when compared to those on a Rolls, but does anyone driving behind the wheel of either of those babies really care? There may also be some very few and far between differences in US and English charter party law, but the two share a very large common ocean of similarities. One would be hard pressed to list a handful of differences between English and American charter party law of any consequence. There is, of course, a simple reason for this. We took our charter party law, lock, stock and barrel, from England.

"Someone has told you New York arbitrations are not consistent with one another on points of law from one arbitration to the next. I can't think of a single such point except whether six hours should or should not count under the ASBATANKVOY when laytime has expired at the first port. The fact is that both lawyers and arbitrators in New York are extremely precedent-conscious. I would bet good money that New York arbitration awards have a higher rate of consistency on points of law than decisions of any single court system anywhere. And, of course, if you don't believe me, you can read all these decisions on line, since they are published.

"Someone has told you that arbitrators in New York are part-timers and only conduct arbitration hearings during lunch time and after hours in the evening. Are you kidding? No one has left his or her desk for lunch in New York since Gordon Gekko said 'lunch is for wimps' in the movie 'Wall Street'. Arbitrators in New York are generally full-time professional

arbitrators. If you want to hold a series of full-day hearings in New York, you call the arbitrators and book them. It's easier to do than getting a restaurant reservation at a lot of places.

"Someone has told you that New York arbitration is too expensive. Hello. We don't have a separate solicitor and barrister system. We, for the most part, don't even have appeals, and hence an award by arbitrators with their expertise is pretty darn final. The rates for maritime lawyers in New York are cheaper, in dollar digits, than the rates for solicitors around the world in pounds sterling digits. And the dollar...why do you think everyone brings empty suitcases here?

"And so, patient reader, it's up to you. You can delay booking your next visit here because someone told you our dentists don't use novocain and our laws are wacky. These myths are simply untrue and uninformed; belief in these will only result in your getting a really big cleaning elsewhere."

4. Solvency II reminder

ACCOUNTANT and consultant Moore Stephens says the latest guidance from the Financial Services Authority on the Solvency II regime contains some new and challenging tasks for the UK insurance industry. And it warns that the governance arrangements in some sectors of the business may not be capable of reacting to external events such as the current credit crunch, and may therefore not comply with Solvency II requirements.

Simon Gallagher, head of the Moore Stephens Insurance Industry Group, says, "Some firms may struggle, without professional help, to bridge the gap between their current levels of preparedness and the requirements, which take effect in October 2012. This may particularly be the case with smaller companies, which are affected in the same way by the requirements as are larger firms".

The FSA has recently published a discussion paper entitled, 'Insurance Risk Management - The Path to Solvency II', which outlines the key challenges which are likely to arise for UK insurers from the implementation of the Solvency II directive. Gallagher says, "The governance arrangements that the FSA is suggesting will be required under Solvency II must be capable of reaction to external market events such as the current worldwide credit crunch and the

acute state of the financial markets. But a recent Moore Stephens survey on Internal Audit preparedness in the UK insurance industry suggested that the focus in many firms was not sufficiently outward-looking, nor suitably focused on the sort of asset risk which is inherent in any service industry operating during a credit squeeze.

"The latest FSA guidance on Solvency II should serve to focus the collective mind of the UK insurance industry on the major undertaking needed to comply with the regulations. Although 2012 may seem a long way off at the moment, it may yet come too soon for the unprepared."

5. Reducing emissions

IMO's Marine Environment Protection Committee (MEPC) has unanimously adopted further amendments to the MARPOL Annex VI regulations to reduce harmful emissions.

The main changes to MARPOL Annex VI will see a progressive reduction in sulphur oxide (SOx) emissions from ships, with the global sulphur cap reduced initially to 3.5 per cent (from the current 4.5 per cent), effective January 1, 2012; then progressively to 0.5 per cent, effective January 1, 2020, subject to a feasibility review to be completed no later than 2018.

The limits applicable in Sulphur Emission Control Areas (SECAs) will be reduced to 1 per cent, beginning July 1, 2010 (from the current 1.5 per cent) and being further reduced to 0.1 per cent effective January 1, 2015.

Progressive reductions in nitrogen oxide (NOx) emissions from marine engines were also agreed, with the most stringent controls on so-called 'Tier III' engines, i.e., those installed on ships built on or after January 1, 2016, operating in Emission Control Areas.

The revised Annex VI will allow for an Emission Control Area to be designated for SOx and particulate matter, or NOx, or all three types of emissions from ships, subject to a proposal from a party or parties to the Annex, which would be considered for adoption by IMO, if supported by a demonstrated need to prevent, reduce and control one or all three of those emissions from ships.

The revised Annex VI will enter into force on July 1, 2010, under the tacit acceptance amendment procedure.

DIRECTOR GENERAL OF SHIPPING

Engineering Circular No. 95/2008

NO: ENG/OPP-38(2)/Annex-IV/Part-I/2008

Dated 16.10.2008

Subject: MARPOL, 73/78 Annex-IV (Regulation for the Prevention of Pollution by Sewage from Ships)-Application deadline for existing coastal ships.

1. This is to bring to the notice of all concerned that the provisions of Annex-IV of MARPOL, 73/78, as amended, has entered into force on 27th September, 2003. However, existing ships of 400 Gross Tonnage and above or of less than 400 Gross Tonnage but which are certified to carry more than 15 persons, constructed before 27th September 2003, were allowed a period of five years from 27th September, 2003 to comply with the requirements of Annex - IV of MARPOL, 73/78.
2. Accordingly, the requirement for compliance with the provisions of Annex-IV of MARPOL 73/78, for these ships, has become mandatory from 27th September 2008. Consequently, as from 27th September 2008, every ship under Indian Flag, which is required to comply with the provisions of Annex-IV was required to be surveyed and certified for compliance with all applicable regulations. Also, from that day, Foreign Vessels are required to comply with the provisions of this Annex whenever calling at Indian Ports. Thus, the compliance with the provisions of Annex-IV of MARPOL, 73/78 for all the applicable ships has become mandatory since 27th September, 2008.
3. In the recent past, much before 27th September, 2008 the draft Rules for prevention of Pollution by Sewage from ships under Annex-IV were hoisted on the DGS website for comments from all concerned. After receipt of comments from various stakeholders, the draft rules were finalized and now are in an advanced stage of notification. It is alarming to note that the compliance with enforceable regulations have not yet been in place to prohibit the discharge of sewage by some of the vessels exclusively engaged in India coastal waters.
4. Considering, that some ship owners/companies operating ships exclusively in Indian coast (which are of 400 Gross Tonnage and above or of less than 400 Gross Tonnage but are certified to carry more than 15 persons) are yet to be certified for the compliance with the provisions of Annex-IV of MARPOL 73/78, the Directorate, hereby, grant three months time to such vessels to comply with the provisions of Annex-IV of MARPOL 73/78 from the date of issue of this circular. All such ship owners/companies and the shipping community is requested to take immediate action for compliance with the provisions of Annex-IV.
5. Any queries relating to this circular should be directed to Shri S. Barik, Engineer & Ships Surveyor, of the Directorate General of Shipping, Mumbai (e-mail address sbarik@dgshipping.com).
6. This issues with the approval of the Chief Surveyor with the Govt. of India.

Sd/-

(D. Mehrotra)

Dy. Chief Surveyor cum Sr. DDG(Tech)

M.S. Notice 21 of 2008

No.7-NT(6)/2008

Dated : 16th October, 2008

Subject : Graduates Entry Scheme as Nautical Deck Cadets

1. **Preamble:** This Directorate, being aware of the cyclic nature of the shipping trade and industry, has initiated proactive and pragmatic measures to deal with the current and future needs of the industry at large and seafarers in particular. Taking note of the BIMCO report and its projections from global shortage of sea-going officers, it is felt that this void can be effectively filled in by the Indian Officers provided innovative training schemes are put in place such that we are able to create qualified officers in a shorter period without any compromise on the quality and standards of competence. These measures shall be helpful in overcoming the acute shortage of officers on Indian flag ships as well as supplement the requirement of International Shipping. Needless to mention that it will help generate and enhance the employment potential for Indian Nationals as seafaring officers in the Global Shipping Industry including Indian flag ships and the National Shipping Industry.
In order to reduce the lead time to produce such qualified officers, it is necessary that horizontal induction from the available human resources takes place at higher academic level qualification. This method will help to generate qualified officers in a shorter period.

Taking into account the above factors, this Directorate notifies the following Graduate Entry Schemes:

2. **Entry Qualification :**

2.1. This scheme is open to the candidates sponsored by Indian shipping companies or those sponsored by recruitment

- and placement service providers (RPS), who are duly registered with the Directorate General of Shipping, Mumbai.
- 2.2. A Science graduate having 50% marks in aggregate from a University recognized by the University Grants Commission; or
 - 2.3. 50% marks in aggregate in B.E. or B. Tech Degree from a University recognized by the University Grants Commission, or
 - 2.4. 50% marks in aggregate in four years Degree Course in Bachelor of Fisheries Science (Nautical Science) conducted by Central Institute of Fisheries Nautical and Engineering Training (CIFNET) affiliated to University and recognized by University Grants Commission. AND
 - 2.5. 50% marks in English either at 10th or 12th or at graduation level.
3. **Age Criteria:** As on the date of commencement of the course-Maximum 25 years.
 4. **Medical fitness:** As per Merchant Shipping (Medical Examination) Rules, 2000 as amended from time to time
 5. Eye sight and Colour vision: As per Merchant Shipping (Medical Examination) Rules, 2000 as amended from time to time.
 6. **Pre-sea training:**
 - 6.1. Duration 6 months including basic STCW courses as approved by the Director General of Shipping.
 - 6.2. Entrant from para 2.4 stream are exempted from pre-sea training requirement. However, they are required to complete four basic Modular *Courses under STCW 95*.
 7. **Sea time requirement:** Structured Shipboard Training Programme of not less than 15 months which meets the requirements of section A-II/1 of the STCW Code and is documented in an approved training record book, including Bridge watch keeping duties under the supervision of the master or a qualified officer for a period of not less than 6 months.
 8. **Competency course:** On completion of sea service requirement as stated under para 7 candidates are required, to undertake preparatory course of 4 months duration before appearing for their written examination.
 9. **Advanced Modular courses:** All Modular courses required for the award of Certificate of Competency as Second Mate of a foreign-going ship, i.e. AFF, PSCRB, MFA, ROC, ARPA and GMDSS-GOC.
 10. **Written examination:** Candidates are required to appear and successfully pass in all subjects as specified for Second Mate foreign going (i.e. six papers in the three functions).
 11. Oral examination: Candidates are required to appear and successfully pass in all three functions.
 12. **Certification:** On completion of the written and oral examination including the required modular courses as per the requirement of the META Manual Volume I and II, candidates will be awarded Certificate of Competency as Second Mate of a foreign going ship (Officer In-charge of a Navigational Watch) on board ships of 500 gross tons or more as per the provisions of regulation II/1 of STCW 1978 as amended.
- This issues with the approval of the Director General of Shipping.

Sd/-

(Capt. J. S. Uppal)

Deputy Nautical Adviser to the Government of India-cum-
Senior Deputy Director General (Technical)

Second Mate of a foreign going ship - flow chart

STREAM DECK CADET (Graduate)

Entry

Educational Qualification.

1. A Science graduate having 50% marks in aggregate from a University recognized by the University Grants Commission; or 50% marks in aggregate in B.E. or B. Tech Degree from a University recognized by the University Grants Commission, or 50% marks in aggregate in four years Degree Course in Bachelor of Fisheries Science (Nautical Science) conducted by Central Institute of Fisheries Nautical and Engineering Training (CIFNET) affiliated to University and recognized by University Grants Commission.
AND

2. 50% marks in English either at 10th or 12th or at graduation level. Age (years) As on the date of commencement of the course - maximum 25 years..

Medical Merchant Shipping (Medical Examination) Rules 2000, as amended

Pre-Sea Education and Training

Duration 6 months including basic STCW courses as approved by the Director General of Shipping.
Entrant from para 2.3 stream are exempted from pre-sea training requirement.
However, they are required to complete four basic Modular Courses under STCW 95.
Ship board structured training programme from any Directorate General Shipping approved organisation.
Sea-going Service 15 months of on board sea service under SSTP (includes 6 months supervised bridge watch keeping duties).
Post-Sea
Education and Training
Examination and Assessment
Competency Course of Second Mate (Foreign Going) of four months duration
Assessment of TRB and seagoing service

- Radar and ARPA Simulator training
- A-IV/2 GMDSS GOC
- A-VI/2-1 PSC & RB
- A-VI/3 AFE
- A-VI/4 MFA

Written and oral examination
Certificate of Competency Second Mate of a Foreign-going ship (OIC-NW)

Engineering Circular No. 95/2008

NO: ENG/OPP-38(2)/Annex-IV/Part-I/2008 Dated 16.10.2008

Subject: MARPOL, 73/78 Annex-IV (Regulation for the Prevention of Pollution by Sewage from Ships)-Application deadline for existing coastal ships.

This is to bring to the notice of all concerned that the provisions of Annex-IV of MARPOL, 73/78, as amended, has entered into force on 27th September, 2003. However, existing ships of 400 Gross Tonnage and above or of less than 400 Gross Tonnage but which are certified to carry more than 15 persons, constructed before 27th September 2003, were allowed a period of five years from 27th September, 2003 to comply with the requirements of Annex - IV of MARPOL, 73/78.

2. Accordingly, the requirement for compliance with the provisions of Annex-IV of MARPOL 73/78, for these ships, has become mandatory from 27th September 2008. Consequently, as from 27th September 2008, every ship under Indian Flag, which is required to comply with the provisions of Annex-IV was required to be surveyed and certified for compliance with all applicable regulations. Also, from that day, Foreign Vessels are required to comply with the provisions of this Annex whenever calling at Indian Ports. Thus, the compliance with the provisions of Annex-IV of MARPOL, 73/78 for all the applicable ships has become mandatory since 27th September, 2008.
3. In the recent past, much before 27th September, 2008 the draft Rules for prevention of Pollution by Sewage from ships under Annex-IV were hoisted on the DGS website for comments from all concerned. After receipt of comments from various stakeholders, the draft rules were finalized and now are in an advanced stage of notification. It is alarming to note that the compliance with enforceable regulations have not yet been in place to prohibit the discharge of sewage by some of the vessels exclusively engaged in India coastal waters.
4. Considering, that some ship owners/companies operating ships exclusively in Indian coast (which are of 400 Gross Tonnage and above or of less than 400 Gross Tonnage but are certified to carry more than 15 persons) are yet to be certified for the compliance with the provisions of Annex-IV of MARPOL 73/78, the Directorate, hereby, grant three months time to such vessels to comply with the provisions of Annex-IV of MARPOL 73/78 from the date of issue of this circular. All such ship owners/companies and the shipping community is requested to take immediate action for compliance with the provisions of Annex-IV.
5. Any queries relating to this circular should be directed to Shri S. Barik, Engineer & Ships Surveyor, of the Directorate General of Shipping, Mumbai (e-mail address sbarik@dgshipping.com).
6. This issues with the approval of the Chief Surveyor with the Govt. of India.

Sd/-

(D. Mehrotra)

Dy. Chief Surveyor cum Sr. DDG(Tech)

Engineering Circular No. 97

NO: ENG/ISM/59(4)/97

Dated 24.10.2008

Sub:- Guidance on Near-miss Reporting

Attached are herewith two IMO Circulars on the above subject matter. All stake holders issued with Document of Compliance under ISM Code by this Directorate are hereby informed to apply the guidelines as set out in the annex to the stated circulars with a view to ensuring safety at sea, prevention of human injury or loss of life, and protection of the marine environment. The first circular i.e., MSC/Circ. 1015 dated 12th June 2001 gives guidance on the promotion of a "no blame culture" within the organization to encourage reporting of near misses. The second circular i.e., MSC-MEPC.7/Circ. 7 dated 10th October 2008 gives guidance on the issue of how to encourage reporting of near-misses and investigation by adopting a "just culture".

2. A "just culture" features an atmosphere of responsible behaviour and trust whereby people are encouraged to provide essential safety-related information without fear of retribution.
3. The company should provide training and information about its approach to "just culture" near-miss reporting and investigation for all persons involved.
4. It is recommended that all companies, holding DOC from this Directorate, must incorporate the guidelines as set out in the Annex to the MSC-MEPC. 7/Circ. 7 into their Safety Management System on the implementation of near-miss reporting in accordance with the requirements of section 9 of the ISM Code with respect to hazardous occurrences.
5. This circular is issued with the approval of the Chief Surveyor with the Government of India for the attention of all concerned for implementing, improving or auditing the effectiveness of its Safety Management System.

Sd/-

(D.Mehrotra)

Dy. Chief Surveyor-cum Sr.DDG(Tech)

Indian consulate outsources passport, visa service:

JEDDAH: In order to ensure that visa and passport processing is as convenient, fast and customer friendly as possible, the Consulate General of India, Jeddah, has decided to outsource these services to three local firms, who will start accepting passport and visa forms from Monday, said Consul General of India Sayeed Ahmad Baba here on Wednesday.

The firms who have been hired by the consulate are Al-Fifa, Al-Tayyar and VFS Global. They will charge an additional fee of SR27 each from passport applicants and SR55 each from visa aspirants over and above the prescribed fees and are expected to deliver the processed documents at outstations within 7 to 10 days of depositing the applications at their collection centers and within two days in Jeddah, Baba said.

"From Oct. 20 these agencies will start visa and passport processing services and we would like to inform the applicants to approach the outsourcing firms instead of visiting the consulate from Monday onward," Baba said.

These outsourcing firms are located in the close vicinity of the consulate premises and further details about them

may be obtained from their websites www.vfsglobal.in.sa.com; www.indiaksa.com; and www.altayyargroup.com.

The office of these outsourcing firms will remain open six days a week (closed on Fridays) from 8.30 a.m. to 8.30 p.m. They will close for a brief period for lunch. In addition, their services will be available on Thursdays and consequently no Thursday services (2 p.m. to 5 p.m.) will be available in the consulate after Oct. 20, 2008.

They will distribute visa and passport application forms, as prescribed by the consulate, free of cost. Forms can be downloaded from the website of these firms too. They will also offer assistance to applicants in filling forms and will scrutinize documents before submitting them at the consulate for the required service.

With regards to outstations where consular teams used to visit periodically for rendering consular and passport services, all the three outsourcing firms will have their collection center at these places and their addresses will be made available on their websites. However, till Dec. 31, consular teams will continue to visit these areas as per their schedule.

A "soft-launch" of the outsourcing services will be done for two days, i.e.

Oct. 18-19 when the assigned firms will accept applications and process them without fee. The same work will be done in the consulate concurrently during this period, Baba said.

"It is a proud moment to announce that the Consulate General of India, Jeddah, is the first Indian mission to outsource the passport support services, in addition to visa support services," Baba said.

Speaking about the need of the outsourcing, the consul general said that the decision is in line with the government of India's policy to outsource visa support services.

It will also help those who come to Jeddah from far-flung areas for these purpose. Furthermore, It has been done to ease pressure on the consulate to utilize its manpower for Haj and welfare services, Baba said.

Pinay Seafarers Face Triple Tides at Sea:

Filipina seafarers face "tides" as they integrate into a male-dominated and hierarchical industry, according to a pioneering feminist research conducted by a UP professor for Kanlungan Centre Foundation Inc., an NGO which caters to migrants and their families.

The study, titled "Pinays On Board: An Exploratory Study on the Working

Conditions of Filipino Women Seafarers is scheduled for unveiling in forum on Sept. 29, 1 to 4 pm, at the audio-visual room of the UP College of Social Work and Community Development in Diliman, Quezon City. The forum is organized by Kanlungan, the UP Center for Women's Studies, and the UP Department of Women and Development Studies.

"Women's navigation into a male-dominated and hierarchical maritime industry has not been smooth sailing. They have to face triple 'tides' as they navigate the world - as seafarers, as Third World migrants and as women," said UP Journalism Professor Lucia P. Tangi.

"On board the world's most ostentatious and expensive luxury liners, Pinays have to battle exploitation, discrimination and sexual harassment in exchange for the dollars and euros, and the signature shirts and bags that they send to their families," added the former journalist and migrant.

The panel of reactors include Alejandro Padaen, director POEA adjudication division; Connie Regalado, chair, Migrante International; Johnny Oca, vice president Associated Marine Officers and Seafarers Union of the Philippines (AMOSUP); Milton Unso, president, Mariners Association for Regional and International Networking Organization (MARINO); and Elena Sana, executive director of the Center for Migrants Advocacy.

GOVT. OF INDIA – PRESS RELEASE :

A meeting was convened by the Honourable Secretary, Ministry of Shipping, Govt. of India, to discuss the piracy incidents around Somalia. The meeting was held on the 20th October 2008 at 1530 hrs in Secretary Shipping office in Parivahan Bhavan, New Delhi and was attended by Secretary Shipping, Joint Secretary Shipping, Nautical Adviser to Govt of India, President INSA, Chairman, MASSA and Chairman, FOSMA, Indian Navy (Cmdr. Murthy) and General Secretary FSUI.

Nautical Adviser made a presentation to the members with a strong plea to take urgent steps to protect lives of Indian seafarers and Indian ships. He also mentioned that Indian naval presence in the Maritime Security Patrol Area will boost the confidence of Indian shipping industry. Secretary shipping appreciated that a beginning has been made by sending a naval ship in the area. Larger

presence deploying more ships could be considered later. Cmdr. Murthy informed that a naval ship was on its way to the MSPA in the Gulf of Aden via Salalah for bunkers. Ship's endurance is about 5-6 days during which she will patrol in 60 nautical miles wide area. It will take about two days to cover the entire stretch from East to West of the area. Indian Navy is coordinating with DGCOMM CENTRE, the communication centre of the Directorate General of Shipping located in Mumbai. for details of Indian ships in the vicinity passing through the Gulf of Aden.

Industry representatives consisting of Shri S Hajara, President of INSA and CMD SCI, Capt S S Jairam, Chairman of MASSA and Capt. N Passey, Chairman of FOSMA conveyed the industry's anxiety over the continuing menace of piracy in the important trade route through the Gulf of Aden. They pointed out that over US\$ 100 billion of India's export and import trade passes through the area which is now under the threat of the lawless pirates. This will have adverse effects on the India's economic well-being. Besides Indian flag ships, thousands of Indian seafarers are employed on foreign flag ships at any given time and their lives are at risk. They requested Indian govt. to instruct Indian Naval authorities to put in practice a convoy system for ships wishing to pass through the area, communicate with ships and coordinate with naval ships of other countries.

Commodore Murthy of Indian Navy stated that it is not feasible for a convoy to be arranged in view of availability of only one Indian Navy ship and the distance involved. Coordination with other navies would be possible after Govt to Govt agreements. Ships can however communicate with Indian Naval ships for any information and assistance. The industry representatives, however, requested Naval authorities to consider deputing more naval ships so that a convoy system could be worked out. It was also emphasized that coordination with naval ships of other countries would further help in this direction.

In the particular case of MT Stolt Valor, Capt. Jairam informed that contact has been again established with the ship and the Master has advised that all persons on board are safe. The pirates has arranged some food consisting of meat, sugar, flour etc. The Japanese owners of the ship are in contact with the pirates and are negotiating with them and on the ransom to be paid for early release

of the ship and all seafarers. This information has been given by Shri Rajvanshi of Fleet Management, the Mumbai based managers of the ship. It has been decided to send a high powered team of Chairman of NSB and Deputy Nautical Adviser to Govt of India to Japan to press on the owners of MT Stolt Valor the necessity of early conclusion of negotiations and release of the ship with seafarers. The Government of India and the above High Powered Committee were also requested by the representatives of the industry to liaise with the Government of Japan to press on the owners of m.t. Stolt Valor for early release of the seafarers particularly considering that they have been in captivity for well over a month.

Informatively, MT Stolt Valor a chemical tanker with cargo for India, was hijacked on the 15th of September 2008 with 22 crew, 18 Indians, 2 Philippine, 1 each Russia and Bangladesh nationals. Presently 11 ships are under the control of pirates in Somalia with 221 persons held as hostages.

On International level, the United Nations has passed two Resolutions, 1816 in June 2008 and 1838 in October 2008, requesting countries to take all possible means including deployment of naval ships and air force to fight and eradicate acts of piracy. The UN Resolution also recommends that naval ships enter Somalia waters to deter pirates. At the behest of representatives of the industry, it was agreed at the meeting that the Ministry of Shipping would request other concerned Ministries to take up with the United Nations for deployment of UN Peace Keeping Mission and UN forces to ensure the safety of merchant naval vessels belonging to all the countries.

The Indian industry, while appreciating the steps taken by the Govt. urged the Govt. to take further positive actions as suggested above so that the ships can trade freely and the seafarers and their families ashore feel safe and secure. In a related development, one of the seafarers' fora viz. National Union of Seafarers of India (NUSI) have boarded a few Indian flag vessels off Mumbai on 20th October and prevented their sailings, apparently as a protest against the Government of India for allegedly not taking adequate measures to ensure quick release of seafarers held captive on board m.t. Stolt Valor. This is a highly regrettable development since none of these vessels were even sailing towards the affected area viz. Gulf of Aden.

Moreover, the owners of these vessels are in no way connected to the action taken by the Government of India in this matter and hence action of Indian seafarers fora to cause such national loss by holding up Indian flag vessels can only be deplored. While the industry fully sympathizes with the plight of the captive seafarers, it is also relevant to note that there are seafarers of number of nationalities who are presently held captive and not a single seafarers fora across the world have taken such an action of stopping national flag vessels. As a matter of fact seafarers of no nationality have even refused to sail through Gulf of Aden. It is sincerely hoped by the industry that good sense would prevail on the concerned seafarers fora and they will not take recourse to such irresponsible deeds causing tremendous national loss to the country. More so, since such action will also go against the interest of the Indian seafarers whom they represent as there is every likelihood of loss of job opportunities to Indian seafarers vis-à-vis seafarers belonging to other countries.



Unique shipping operation to Pechenga: The cargo ship "Storfoss" yesterday delivered fish feed to two salmon farms in the Pechenga Bay. The operation is the first of its kind to the bay, which is part of the militarized Russian border zone. The "Storfoss", a ship owned by Eimskip, operates within the frames of the Northern Maritime Corridor (NMC) project, an EU-supported initiative on the facilitation of shipping between western European and Northwest Russian ports.

The ship delivered 270 tons of feed to the two salmon farms in the bay, both of them run by the company Russian Salmons. Representative of Eimskip, Trond Lorentzen, says to BarentsObserver that there were no problems with Russian customs and veterinary authorities and that he is very content with the operation. He also praises Russian Salmons for good service and cooperation. Project leader in the Stratmos project Northern Maritime Corridor, Harald Sørensen from the Norwegian Barents Secretariat, says the operation is a new and important step for the NMC.

-The regular shipping to the Pechenga is something new, not at least considering that this is a border zone with business

restrictions. The fact that foreign companies see the value and possibility to use the sea-way instead of land roads is evidence of the fruitfulness of our work, Mr. Sørensen underlines.

Threat to weapons in hijacked ship drama: Weapons in the Ukrainian ship hijacked in Somalia waters risk being dumped at sea after the ship owners offered to pay ransom for the vessel and its crew.

The owners, Tomex Team, reportedly told the pirates that they were free to do whatever they wanted with the tanks and other weapons worth Sh2.6 billion (\$35 million).

According to reports, the message said the pirates were at "liberty to destroy or throw the weapons into the sea" if they deemed it fit.

Diplomatic row

The weapons have been at the centre of a diplomatic row with Government spokesman Alfred Mutua saying that they belonged to Kenya.

However, there have been claims that the weapons actually belong to the Government of Southern Sudan since shipping documents indicated that the cargo would be delivered to GOSS.

Foreign minister Moses Wetang'ula has since said that the acronym was a codeword for the Kenyan military.

A group of Ukrainian MPs was in Kenya recently to investigate the claims. About two weeks ago, the Kenyan ambassador in Khartoum was also summoned by the Sudan government to shed light on the saga.

And on Monday, a spokesman for the pirates, Mr Sugule Ali, told the Associated Press that Tomex Team boss Viktor Murenko had sent them a fax saying the company was ready to negotiate for the release of the ship and crew but not the weapons.

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P.O. Box No. 5006
Besant Nagar P.O.
CHENNAI - 600 090, INDIA

HEAD OFFICE

P.O. Box 5006, Besant Nagar,
Chennai - 600 090, INDIA.
+91-44-42018982

REGISTERED OFFICE

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M107/5, Kalakshetra Colony,
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Chennai - 600 090, INDIA.
+91-44-32955222 / 42018982 /
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**OVERSEAS ASSOCIATE -
E.U. COUNTRIES**

Mrs. Swarna Prasad
No. 3, Bullar Street, Southampton, England, UK
E-mail: seafarersman@indiatimes.com
seafarersman@hotmail.com
Website: www.themarinewaves.com

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The ship has 20 crew members including two Russians, 17 Ukrainians and a Latvian.

Mr Wetang'ula is on record as having said that Kenya would neither negotiate with the pirates nor pay ransom for free the weapons. The pirates have no capacity to offload the tanks which weigh over 40 tons but they can offload the rocket grenades, light weapons and ammunition.

Alternatively, they can dump the weapons into the sea but this could cause an environmental disaster as some of the weapons could be encased in depleted Uranium casings. The weapons include 33 Russian made T-72 tanks, Rocket Propelled Grenades and other forms of ammunition.

A security expert, retired Captain Simiyu Werunga, said the company selling the weapons, Ukrinmash and the transporter are responsible for the cargo until it arrives at the port of Mombasa.

"International Maritime laws stipulate that the cargo is still in the possession of the trader and transporter until they are delivered at the port of entry," he said.

Direct responsibility: That could mean that the Government would not bear direct responsibility for the cargo.

Life Line: Australia's struggling shipping industry may have a lifeline thanks to new recommendations from a parliamentary committee. There are only about 40 commercial ships left flying the Australian flag.

The number has been in free fall for a decade and without government intervention the decline appears terminal. But recommendations from a parliamentary committee this week could provide salvation.

Following the brutal waterside fight between former prime minister John Howard, his industrial relations minister Peter Reith and the unions, the shipping industry was left to die.

With Labor back in town the industry is looking for a kickstart. It has been given one by the committee's report which recommends major legislative changes to

the way shipping is taxed and the creation of a National Maritime Training Authority. While Transport Minister Anthony Albanese has not committed the government to adopting any of the committee's recommendations, Labor's intentions are clear. Earlier this year Albanese called for the profile of the industry to be raised.

"The government's aim is for a viable coastal shipping industry in a competitive domestic transport sector," he said in a speech to industry leaders in June. Albanese was more guarded following the committee's findings.

"The government will now consider the report's recommendations in detail and respond to each of them during 2009," he said. One of those recommendations is for the introduction of a tonnage tax.

The tax would be optional, but likely popular because it would allow companies to calculate tax on their tonnage rather than their profit.

"Recently, ships have been highly profitable, so a tonnage tax regime is considered to be of particular economic benefit," the committee wrote. Similar taxes are in place in Britain, Belgium, Germany, Greece, Norway and Denmark.

Committee chair and Labor backbencher Catherine King said the chief inspiration had come from the UK, where the tax was successful in increasing the number of British registered ships. The tax has support across the industry. Both the Maritime Union of Australia (MUA) and the Australian Shipowners Association (ASA) back the plan.

There is just one catch for companies who want to take advantage of the flat tax rate - they have to train new staff.

"The (staff) shortage has been described as reaching a critical point and is undoubtedly the biggest issue facing the industry today," the committee found.

Just one per cent of local seafarers are 21 or under and by 2010 the ASA says the industry will be 2,000 staff short, further adding to bulging capacity constraints across the wider transport sector.

Paddy Crumlin is the national secretary of the MUA and sees the committee's findings as a lifeline for both an industry and a way of life.

"If intelligently developed and implemented the policies and regulatory proposals in the report provide the basis for Australia to become a regional centre for maritime trade and training in the Asia Pacific region," Crumlin said.

Parkroad denies talk of bankruptcy: STX Pan Ocean could be exposed to a Parkroad collapse:

MID-size South Korean dry bulk specialist Parkroad Corporation has denied that it is on the verge of bankruptcy, despite claims that it is no longer able to fulfil agreed charter parties and will be terminating a number of existing contracts.

In response to enquiries made by Lloyd's List, a senior executive of the company's chartering department said: "There is no question of bankruptcy. We continue to operate between 30 to 40 panamax and handysize vessels in the market."

Chua Boon Keng, a manager at Parkroad's Singapore branch also insisted today that the company was operating as normal. However, major dry bulk operator Korea Line told Lloyd's List that Parkroad had informed it that it was no longer able to perform charter parties agreed by the two firms. Korea Line has also been told that Parkroad will be returning 10 panamax and supramax vessels ahead of the natural termination of the contracts. Korea Line spokesperson Byeung-In Jung said: "During the course of our discussion with Parkroad regarding the return of the vessels, we were led to understand that it is the intention of the firm to declare bankruptcy."

With offices in South Korea, Shanghai, Singapore and Jakarta, Parkroad claims to own eight bulk carriers totaling 459,227 dwt and two pure car and truck carriers.

Fellow Korean shipowners STX Pan Ocean and Sunwoo Merchant Marine would potentially be exposed to a Parkroad collapse, but neither company was able

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to give an accurate assessment of its exposure by this evening.

Parkroad is the second Korean operator to call a halt to its operations this month. C& Group imploded earlier in the month after a failed attempt to rescue its shipbuilding arm. Both its liner operation and its dry bulk arm, which operated under the title C& Shipping, closed for business as confidence in the group evaporated, after repeated attempts to raise money through asset sales and bond issues were rejected by the market.

Korea Line, which has itself been the subject of market rumours in recent days, said that its exposure to the expected fall of Parkroad would be minimal as a result of a favourable differential in the rates it had chartered in the vessels, on medium- and long-term agreements, and the rates at which it had chartered the ships to Parkroad.

Mr Jung said that an announcement regarding Korea Line's third quarter results would be made on Friday and should dispel any rumours regarding the company's financial security.

PORT & SHIP INTERNATIONAL INDIA exhibition Inaugurated its First Edition on Maritime Industry. Indian Maritime Industry is Poised for a Sea Change!

MUMBAI, Maharashtra: The first edition of PORT & SHIP INTERNATIONAL INDIA exhibition, a premier exhibition on the maritime industry was inaugurated today at Mumbai Exhibition Centre. An International Exhibition showcased the Shipbuilding, Marine Equipment, Dredging, Ports & Port Technology, Ocean Engineering and Marine Offshore Technology. PORT & SHIP INTERNATIONAL INDIA has proved to be the most comprehensive exhibition on the Indian Maritime Industry that has brought all industry professionals on a common platform to meet and do business in India. This major event was visited by Shri Pritam Kumar Shegaonkar, Hon'ble Minister of State for Housing Social Justice and Ports, Govt. of Maharashtra. Apart from him other big personalities like Mr. Arun K. Mago, Chairman - Advisory Council, Port & Ship International India, Dr. Stephen Hesselmann, Head, Maritime

Department, Federal Ministry of Economics and Technology, Govt. of Germany, visited the show and shared that "India is becoming economic ware house. It has many business opportunities as the maritime industry is booming at a very fast pace. The number of containers has increased by 44% from last year."

IGR Singh, PTM, TM Commander, Indian Coast Guard in his speech said that "Shipping is a global industry and its prospects are associated with the level of global economic and industrial activity time infrastructure for economic development of a country. India has committed to spend (U.S.) \$100 billion over the next ten years on infrastructure projects, with (U.S.) \$10 billion to be spent just on the shipbuilding and port sectors within the next five years. A turnaround has been observed in Indian ship building industry, which was totally domestic and defense oriented have become export oriented. Today out of around 190 ships on the order book 125 are for the exports. Another important development being witnessed is the involvement of the State maritime Board, who are now competing with the major ports by following land lord port model and corporatization. He finally said that in another 5-10 years, India is going to become the global refinery hub wherein the refinery capacity will be increased to 100 million tones per annum.

Apart from the Indian maritime industry many countries from Europe, North America and Asia are pouring technology, investment and manpower into India. Japan alone has committed 30 billion dollars to India's infrastructure. Norway and South Korea are also heavily involved in shipbuilding, ship repair and other sectors. Holland, France, Germany and England are involved in port and terminal ventures. Singapore, Hong Kong, Malaysia, Dubai and Australia have made major investments and joint venture arrangements in India's port, terminal operations, and shipbuilding sectors. Shipping lines in India and from around the globe are ramping up capacity to handle increased container and non-container shipments to and from India.

Michael Rosenberg, Vice President EJKraus said "As I go around the world and meet the top managements of various companies, I hear a same story that India is the future. He said that as the Indian Economy is growing more and more need for Imports and exports is perceived and better equipment for handling and freight on the ports is the order of the day. He

said PSI is going to serve as a platform to deliberate and to collaborate for the Indian and foreign companies. As India has to gain from the overseas technologies the overseas has to gain from the training methodology of the India Maritime Industry."

Companies from all over the globe are opening offices in India, looking to bring technology, investment, products and services to India's maritime sector. Others are looking to create joint ventures, locate distributors and capture market share. Port & Ship International India 2008 (PSI) is an international exhibition and conference which would give a detailed insight on shipping and shipbuilding, ship technology, maintenance and repair, ocean engineering, marine offshore technology, port and terminal technology and equipment, and infrastructure expansion and modernization. PSI is the most comprehensive exhibition on India's maritime industry, anticipating 3,000 to 4000 buyers from India and overseas.

The purpose of PSI is to open the doors for global opportunities for marine, shipping, shipbuilding, ports and logistics manufacturers and service providers. The exhibition is set to provide solutions to help the Indian maritime industry meet challenges and continue to become globally competitive by showcasing the latest innovations to end-users. The event will also facilitate interaction between international and Indian companies from the maritime and offshore sectors.

PSI has around 80 Exhibitors from around 10 countries, to name a few companies are ABB Limited, Shipping corporation of India, Forbes & Company Limited, Foreign Owners Representatives and Ship Manager Association (FOSMA), Hamburg Messe & Congress GMBH, Speedo Marine PTE Ltd., Port Feeder Barge GMBH, Mecon Limited.

India has 13 major ports and 185 intermediate ports. Over 95 percent of India's trade is carried out through maritime transport along its 7,617 km long coastline. India also has the largest merchant shipping fleet among the developing countries and is ranked 17th in the world. There are approximately 55 shipping companies in India, of which 19 deal exclusively in coastal trade, 29 are engaged in overseas trade, and the rest all operate in both types of trade.

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