

Special Lecture & Panel Discussion on Maritime Safety and Security in the Asia Pacific Monday the 9th May, 2011 Five-nation triangular axis mooted

The United States must shape a five-nation triangular axis involving India to address the emerging set of concerns and maintain long-term stability and prosperity in the Indo-Pacific region, Michael Auslin, Resident Scholar, American Enterprise Institute for Public Policy Research, said on Monday. In his key-note address at a panel discussion on 'Maritime Safety and Security in the Asia Pacific,' hosted by the Center for Asia Studies and the US Consulate General, Chennai, Mr. Auslin said that it was time for the U.S. to move beyond the "hub-and-spoke" model, which had structured its alliances in Asia for over a half-century and formulate a strategy that considered the sweeping arc - Japan-South East Asia-India - as one integrated region. Mr. Auslin advocated an outer triangle linking the U.S. with major allies, Japan, South Korea, Australia and India that could



Michael Austin, Resident scholar, American Enterprise Institute for Public Policy Research delivering a lecture on Maritime Safety and Security in the Asia Pacific in Chennai on Monday. Andrew T Simkin, U.S. Consul General in Chennai (centre), SP Sharma, Commander, Coast Guard Region (East) (right) and RS Vasan, head, Strategy and Security Studies, Centre for Asia Studies are in the picture.

address geopolitical issues, set the security agenda and foster peace and prosperity in the Indo-Pacific. The geopolitically significant "inner triangle" centred on the lower South China Sea would link the U.S. with Indonesia, Malaysia, Vietnam, and Singapore, and focus on freedom of navigation, development of maritime, air, and ISR (intelligence, surveillance and reconnaissance) capabilities. The new dynamic provided by these interlinked triangles could serve the interests of the U.S. and that of other countries in the Indo-Pacific better than reactive policies

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of maintaining status quo in the region, he said. Stating that the advocacy of such a strategy was not aimed at isolating or containing China, Mr. Auslin said the concentric triangle concept would be better suited to respond to emerging challenges and sustaining liberal, democratic and free market conditions in the Indo-Pacific. He, however, noted that many of the insecurities among countries in the region coincided with China's rise and its increasingly assertive role on issues concerning territorial waters. In fact, the fears voiced by many countries on China's growth and actions in the region during the ASEAN Regional Forum some time ago were warning signs that in an environment of mistrust economic cooperation could give way to conflict in the region. In his presidential address, Andrew T. Simkin, US Consul General, said the scope of Indo-US maritime engagements had grown exponentially over the years in the spheres of trade, joint naval operations and coast guard cooperation. Inaugurating the discussion, S. P. Sharma, Commander, Coast Guard Region (East), said that though it was not possible for any single State to handle the complexity of maritime issues, security cooperation was at a nascent



stage. Maritime stability necessitates continuing engagement of all countries, long-term cooperation, resolution of sovereignty issues and addressing problems of burden-sharing and capacity building, he said.

S. Narayan, president, Center for Asia Studies, and R. S. Vasan, Head, Strategy and Security Studies, participated.

Capt. Arun Chandran, (view photographs) Director, "Marine Waves" raised pertinent and associated vital issues, which are going unnoticed because of the wrong infrastructure of the overall administration i.e. sea-going fishing boats and trawlers under the Ministry of Agriculture (State & Union Ministry) and harbour-craft vessels (State Fisheries under Agriculture) under the littoral port state administrations and of the Union territories government, domestic and foreign-going merchant naval vessels under the administration of the Union Ministry of Shipping etc. which needs to be looked into causing varying reporting agencies/authorities, or else to be interlinked under the centre. Capt. Arun Chandran, expressed his bitter and rich experience with the Somalian pirates, and of the commercial crimes caused by polluting the seas, going unnoticed with careful, carelessness-approach, who further requested that valid constructive criticisms be viewed with sportive spirit and opinions exchanged with positive approach viewing in the right



perspective with timely corrective action, as TIME and TIDE waits for none. "It is not the source from where the information comes, but for the value of information received".
– **Capt. Arun Chandran**, Director, "Marine Waves".

The Twin Issues of Piracy and the Control of Armed Guards on "SHIPS"

The twin issues of piracy and the control of armed guards on ships will be debated at the International Maritime Organisation (IMO) Maritime Safety Committee (MSC89)



meeting, starting in London middle of this month. The guidelines being mooted include advice and provisions on the selection of the company and the armed individual. They will also assess the contracts for the use of armed security (leading law firm Inco & Co has created a standard contract). A number of contracting Governments are pressing for controls, guidelines and for advice. Some, such as Liberia believe that the issue should be managed by the IMO itself - though given budgetary and manpower constraints this is considered unlikely. Also, according to experts, the IMO is not considered to have the requisite expertise to manage security providers, after all the IMO makes the rules, it is up to others to manage compliance.

The most pragmatic response has been taken by the increasingly influential Marshall Islands, they have put their money where they mouth is, and have provided funding and support to establish the Security Association for the Maritime Industry (SAMI).

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From the Editor's Desk



You must accept the truth from whatever source it comes. – Moses Ben

We, reformers are together, when it comes to the issue of Corruption and other Social-evils. Now saints have to stand-up against corruption because people in general have suffered a lot. – Sri Sri Ravi Shankar

"Education" is the element that makes talents in a man. Learning is the true imperishable WEALTH; an urge to know more of the required knowledge, inculcates potential in a person that can lead for him or her to become a genius. 'Genius' without education, is like silver in the mine. Theory and practice should therefore go hand in hand, if to excel in real life-practice. Better being comfortable rather than at mercy for the position held. 'Only when one loves their subjective-work, pathway emerges for development & specialization. Primarily, filling the void spaces and then advancing with good foresight beyond boundaries, in the specialized field. Keep abreast with updates to further think-ahead, only then one turns to be an expert

in reality'. – Dr. Chandran Peechulli

Viewing the poor standard of service and lack of professionalism, in the regulatory mechanisms of our country, whether it is Civil Aviation/ Shipping/SEBI/CCI etc; continuing with application of trial and error methods during this modern-age, when boasting of "Knowledge Management" in the private sector, it is often difficult to sympathize the working of our government, insisting communication on outdated FAX message, which fades away quickly, while e-mail message is quick, could be stored quickly in the system and retrieved when needed, avoiding cumbersome paper jugglery, restricting to paperless management, constrained speaking-out with relevant facts and figures, to improvise the situation, which is the right of every citizen of the nation to legitimately voice. Union-representatives of international professionals may have a case for parity when it is solely the international flag carrier, whether AIR or SEA. Decision makers should be wise and cautious enough, to avoid precedence for others to follow suit, or else inviting further problems e.g. in the case of Civil Aviation, it's a matter of concern and shame considering the fake pilot licenses exposed while CDC and COC scams in marine much prevalent for decades, yet to be fully exposed, since scattered over around the globe, escaping the public-eye. Reason being 'not sensitive to that of air-passengers'. Basic managerial issues had not been sorted out, though known to the authorities concerned. Why has the Regulators (DGS/DGCA) for sea and air professionals, not pointed out their fingers 'to those employed ashore, with the unique sea/air-service with operation and maintenance, being paid extraordinarily high, without considering the individuals credibility of distinction, as many of whom are under-graduates and being paid above that of "the cream of national talents i.e. experienced bureaucrats, IITians IIMs, Distinguished Scientists, Chartered Engineers/Accountants of distinction". Those paid out at sea/ air, owing to high risks and separation from their near ones and for hardships with squeezed manning, living and working under constraints. India's crying needs for professional-skills, genesis of which lies in its faulty-education system. The quality and the availability of trainers is a challenge too, which has been neglected over the years. "Creation of trainer's, is one of the major issues, before the country, "The need to take a holistic view, inter-acting with all the stakeholders in this affective communication-age". The news is however not good in the case of D.G. approved maritime academies and institutions, as those in the senior-slot, hop in and out, of the institutions, owing to wrong salary notion and return back to sea. Such of those should be well determined, prior to taking assignment ashore, more specifically into maritime institutions with the unique sea-service experience, by giving a bonded declaration or else the running of the institution is jeopardized/destabilized which takes time to re-establish.

The Mariners, wishing to shore life, need to be adaptable to the changed employment conditions, need for a platform on subjective inter-actions following panel discussion on the topic by Office of the Directorate General of shipping. Mariners should not compare the salary of those paid out on the deep seas, on hazardous works added to piracy with squeezed manning these days with quick-turnaround vessels. Young aspirant's mental make-up is also getting disturbed, on account of the fact that they have to hang around for months and years for placement after their passing out from D.G. approved colleges/academies/ institutions/universities. It is disturbing for the parents who have invested large sums of money availing educational- loan and after long waiting for the completion of their professional course is kept idle at home, waiting for placement, while during this time additional pressure from the banks for the repayment of loan availed. In the larger interest of the young breed of marine aspirants, who have successfully passed-out, waiting for placement should be considered into a central pool under the national maritime administration (Directorate General of Shipping, Ministry of Shipping), Government of India, "on first in first out basis", from the desired pool. Government of India, should also consider looking into the after-service benefits, of Indian Seafarers who have brought in valuable foreign-exchange to their country of origin, as their profession out at sea is sacrificial, living and working away from their close and near dear ones. Their families have nothing to avail as compared to those ashore but instead their bread-winner when back home have to spend considerable period of their hard-earned leave-period sacrificing to renew their passport/driving-license/ professional competency certificates and allied mandatory certificates. Relevant Government machinery should consider PROVIDING priority/ concession at least. All this, owing to lack of proper regulation, giving room for promoting the middlemen in the form of agents, to make hay when the man-made sun shines. The next challenge is the lack of standardization and certification in an industry that is MOTLIER than organized today. Examiners on standardization and certification should maintain the technical and managerial acumen of high standards to prove themselves superior, keeping abreast with updates, maintain the code of conduct and professionalism with integrity and honesty. "Accuracy is relatively easy to understand and uphold. However, fairness implies not merely the absence of bias in reporting on events but also a very conscious attempt to present diverse and different views on a situation or an issue, "Media', plays the role of an eye-opener for the government and administration. Qualified journalists, who are generally true to their conscience, do not unnecessarily sneak into but helps to expose concisely with material evidences by investigative reporting. "This is a time when many hidden truths are coming out with the active intervention of the media. Reports on many past corrupt deals are being exposed," However, a section of the media run by the corporate, are protecting the corrupt, raising doubts that degeneration had crept into the fourth estate also, may be owing to some rotten fruits, beyond code of moral and professional ethics" What we really see now is a fight between desirable and undesirable tendencies in the field," "If journalists are true to their profession, assures accuracy, trueness and fairness with unbiased reporting. They can remain the agents of change, for a better society "In an increasingly complex world, journalists should take pains to be on their toes continuously with updates, educate themselves relentlessly. We look forward for more transparency, commitment and responsibility, towards development and prosperity of our nation, by giving our best services.

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SAMI is a body made up of maritime security providers, and is in the process of developing clear, robust standards for security companies to comply with. Given the need to promptly get regulatory control out into the security market, it seems that this SAMI route is by far the most likely to succeed. The Association exists to bring all sides of the industry together, so that stakeholders can drive real change and progress. With support and acknowledgement from a range of shipping trade associations, insurers, unions, welfare organisations, flag States, as well as the security companies themselves we can expect some real progress once the IMO makes its stance clear.

LONDON, May 9 (Reuters) - Maritime security firms have come together to create a code of conduct and ethics, prompted by alarm over the rising number of companies without seaborne experience aiming to cash in on the surge in Somali piracy. Increasingly violent attacks on merchant ships and crews by Somali gangs have led more ship owners to consider deploying private security teams on board vessels, attracting companies previously operating in Iraq and Afghanistan. "There are literally hundreds of Iraq and Afghanistan 'expatriates' setting up shop, never having been aboard a ship before, much less knowing how to defend it," said John Dalby of security company Marine Risk Management. "We have fears that a glut of inexperienced and unqualified so-called maritime security operators are bringing the legit guys into disrepute."

Dalby is one of the founders of the International Association of Maritime Security Professionals (IAMSP), a self-regulated, voluntary body seeking more transparency in the sector. Its code of conduct includes ensuring members are properly trained, abide by laws and regulations where they operate, act ethically and do not accept bribes.

"Private security in the marine sector is currently not regulated in the way that it is on land. There is a big worry this could be opening the doors to a lot of cowboys," said Andrew Linington with seafarers' union Nautilus International.

Officials say it costs around \$55,000 to deploy an experienced four-man security team on a 10-12 day transit between Suez and Galle in Sri Lanka. Firms touting for business without experience have offered teams at \$15,000 to \$20,000. "Security companies and individual professionals who are trying to operate to high standards get undercut by the competition which is clearly less than satisfactory and provides a less than satisfactory service," said David Buston, managing director of security firm

Red Cell and an IAMSP founder. Dalby said the IAMSP had over 400 members, including former marines and special forces from Britain's Special Boat Service and the United States' Navy Seals, comprising "half of the reputable industry". Overstretched international navies have proved unable to contain piracy in the Indian Ocean due to the vast distances involved. The crisis is costing world trade billions of dollars a year. "The need to employ armed guards is an indication of the lack of political resolve to control the spread of Somali-based piracy across the northern Indian Ocean," said Peter Hinchliffe, secretary general of the International Chamber of Shipping. "The lack of regulation in the private security sector in the maritime domain is a problem and this is leading to growth in the sector which suggests that standards may be very variable."

ARMS TRADE: David Stone, a licenced and registered arms dealer, director of maritime security company APPDS Ltd and an IAMSP member, said "fly-by-night" security companies had to buy their weapons on the black market in places such as Djibouti.

When approaching a 12-mile territorial zone close to a port, operators dumped their illicit weapons over board, he said, in order to avoid getting caught breaking the law.

"It means when they do another transit they will have to buy more arms. So it's a vicious circle of the proliferation of illegal arms," Stone said. "This is something that the IMASP is trying to stop because it is illegal and gives a bad name to everyone in the business." The safety committee of the International Maritime Organization, a United Nations agency, will this week discuss the development of guidance on employing maritime security companies.

Many in the security industry have called for an amendment related to the position of private armed teams, which is not addressed under international maritime conventions.

Maritime lawyers say armed private security guards involved in a killing on board a ship may run the risk of criminal prosecution in some countries. "Whereas in the past it could be argued that non-lethal countermeasures would be enough to deter pirates, as the threat escalates, not being armed is now becoming more of a challenge to justify," said Red Cell's Buston, whose firm provides training and advice to maritime security professionals. "Those that are in control of potential lethal force ... must have clear and agreed procedures to work under. Without this, the already grey area of armed guards at sea could turn into a real mess."

World Info Desk

San Francisco Bar Pilots are in choppy waters: Their case for more money is fairly shallow

Scaling a ladder up a 30 foot steel cliff in a swell of 12 feet with a 30 knot wind is a job for a young, fit man. That is part of the duty for the 60 San Francisco Bar Pilots and is a testimony to their dedication and devotion to the job.

In 2010, they were called on to do this, sometimes in even worse conditions, for about 40 percent of the ship calls to the Bay. Compare that with Coast Guard sea marshals, who will not board if the seas are more than 12 feet, which means the Bar would have been closed at least 35 times in 2010 if the pilots followed suit.

These facts are at the heart of the pilots' case to the San Francisco Board of Pilot Commissioners for a rate increase. (A ruling is due in a few hours' time.) They reckon their incomes have dropped by 20 percent since 2006 and need a rate increase that will bring their annual pay to \$600,000 by 2015, compared with \$250,000 in 2002.



That is where they part company with the industry. Their rationale is partly that pilots in less difficult regions earn more, which evokes a cry of "So what?" from observers. But they really put a torpedo into the moral justification for an increase by lamenting that sports stars and highly-skilled professionals such as spinal surgeons, are outstripping them.

The "So what?" is rapidly followed by "Bwaaahaaaa."

The fault with the argument lies in confusing costs with income. The pilots rightly point out that fuel and other costs have risen enormously over the last few years, while the Consumer Price Index has also risen faster.

Without getting dragged into the technicalities of what costs are borne by customers and what the pilots are responsible for, the fairest way to judge payment levels is to strip out costs from earnings, plus a higher mill rate for working in particularly dangerous conditions (Condition Yellow and Red). The hundreds of pages of testimony to the state board tangle everything into one ball like a load of laundry.

Another piece of the laundry is the contention that recruitment is falling. It is a little difficult to believe that youth with a taste of adventure in their soul and a yearning for the outdoor life will turn down a job paying \$400,000 a year.

Gyrocompass: Keeping ships on course for the past century:

Bowditch's American Practical Navigator defines gyrocompass as a compass having one or more gyroscopes as the directive element and tending to indicate true north (rather than magnetic north). Its other major advantage is that, unlike a magnetic compass, it is not affected by external magnetic fields, such as those created by ferrous metals in the ship. Due to the gyroscopic effect, the compass will continue to point in the direction parallel to the rotational axis of the earth, regardless of the orientation of the ship in which it is mounted. The gyroscope was first invented in 1817. It was largely a novelty until 1907 when the German inventor Hermann Anschütz-Kaempfe and the American engineer Elmer Sperry independently invented the marine gyrocompass. Naval authorities around the world quickly recognized its value and gyrocompasses were soon installed on most warships. Adoption by the merchant marine followed shortly thereafter. The Sperry Gyroscope Company had difficulty keeping up with the demand. The master gyrocompass is usually located in a protected area of the ship below the waterline. One or more (generally three) gyro-repeaters are installed on the navigation bridge and another one is installed in the emergency steering space. An "iron mike" (gyroscope-guided autopilot steering system) can be used when the ship will be on a constant heading for an extended period, but this has been largely replaced by modern electronic navigation systems. The gyrocompass is still an integral part of ship operation, being tied into the ship's GPS and ECDIS, as well as radar. The latest versions of gyrocompasses utilize a fiber optic gyroscope (FOG) that relies on the interference of light to detect mechanical or physical rotation. It is a solid-state, fully electronic digital gyrocompass system designed for integrated bridges and advanced high-speed vessels.

BIMCO in the forefront on the question of armed and unarmed private guards:

BIMCO has been in the forefront of the collective industry efforts to develop guidelines to shipowners on the use of private maritime security contractors (PMSC), as an additional measure to the

existing Best Management Practices, to protect ships against the threat of piracy.

The resultant guidelines address a series of key issues including those of selection and vetting of PMSCs, jurisdiction, the question of insurance cover, command and control, weapons management, and rules of engagement. They will be discussed at the upcoming meeting in IMO's Maritime Safety Committee.

The decision on the employment of a PMSC is a complex one for a shipowner. The absence of applicable regulation or industry self-regulation coupled with complex legal requirements governing the legitimate transport, carriage and use of arms is regrettable. This situation is further complicated by the rapid growth in the number of maritime security industry companies and doubts about the capabilities and maturity of some of these companies. Significant competence and quality variations are present across the spectrum of contractors offering services.

In order to make an informed decision, a thorough and properly conducted risk assessment is essential. The risk assessment should thoroughly explore whether all practical means of self-protection have already been effectively implemented in advance of considering PMSC employment as an additional measure. Applying effective due diligence in contractor selection is essential if there is to be reasonable confidence that the service provided in practice is equal to the expectations.

The guidelines will be reviewed and updated as necessary by the supporting industry organisations, which are BIMCO, ICS, INTERTANKO, INTERGARGO, OCIMF and IG P&I.

Towards the complete safety culture:

Integration, rather than isolation or independent action, is one of the watchwords of our age whether we are considering engine management systems or integrated navigation. But can this principle be extended to an integrated safety management system for both ship and shore?

Health, Safety, Environment and Quality - HSEQ - might be considered the essential elements of an integrated management system, heavily dependent on the performance of the human component. This is described in the latest issue of the International Maritime Human Element Bulletin Alert!, suggesting that while we can get so far with elements like the International Safety Management Code this is, on its own, insufficient to build up the safety culture to which the best company will aspire.

This is a hard hitting and thought-provoking "package" of offerings from industry professionals. The need for active involvement and ownership of any safety systems is described by ISM expert Captain Andrew Mitchell as essential, heavily dependent for its success on competence, positive attitudes and motivation. The limitations of the ISM Code, if it is restricted to controls and "checkbox audits", are emphasised by Dr. Syamantak Bhattacharya of Plymouth University. It is, writes specialist Justin Caird-Daley of Involve Consulting, a radical change of "mindset" which will make the difference between a system that sees people going through the motions and one that really sees safety advance. The importance of the environment and conditions in which people work, and the way that they are regarded by their superiors, is stressed.

There is a need for an analytical approach to determine the effectiveness of a company's safety systems. What impediments, such as over-burdensome bureaucracy and unnecessary record-keeping, might there be? Above all, says V.Ships Matt Dunlop,

a "good attitude" is one of the most positive keys to transformation and he notes "the path to success lies in improving this key attribute in all layers of the organisation". There is a need to beware of creating a regime that focuses "relentlessly and solely on what can be objectively measured and regulated".

Concern is also expressed by Javier Quintero Saavedra of TMGA at management perhaps relegating HSEQ to a sort of "part time" activity of an already hard-pressed individual, when it ought to be an integrated part of a job in its own right. The reader is also introduced by safety expert Captain Sarabjit Butalia to the progressive train of improvement that sees an "informed culture" (where there is an open safety information system) through a "reporting culture" where people feel happy to report their errors and near misses for the benefit of all, to a "just culture" in which there is "an atmosphere of trust in which people are encouraged, even rewarded for providing essential safety-related information".

How much of this is really necessary? Seafarers and ship managers, says the chairman of The American Club Dr. William Moore, still need good human element tools to make improvements, only some of the justification being the continuation of "bridge resource management" problems which lead to casualties, large numbers of personal injuries aboard ships from "slips, trips and falls" and issues about entry into enclosed spaces.

A huge and revolutionary ship too far ahead of its time:

When launched in 1858, the SS Great Eastern was by far the largest ship ever built. Its cast iron hull was 692 feet in length and had a beam of 82 feet. Designed for carriage of emigrants from Europe to America, it could theoretically carry 4,000 passengers. Like today's very large container ships, it was intended to make a profit based on the economies of scale - it taking fewer crew members to operate one large ship than multiple smaller vessels. In addition to its size, the Great Eastern, designed by Isambard Kingdom Brunel, had other revolutionary features. It was the first ship built with a double hull. It was heavily compartmented, with two longitudinal bulkheads and various transverse bulkheads, dividing the ship into nineteen separate compartments. Its 56-foot diameter side paddlewheels were powered by four steam boilers. Its 24-foot diameter four-bladed screw was powered by a separate steam boiler. The ship was also fitted with six masts, theoretically capable of carrying over 18,000 square feet of sail. The ship had a maximum speed of 13 knots and seldom utilized its sails. Due to financial difficulties and to a boiler explosion on its first sea trial, the Great Eastern never carried a significant number of passengers. In 1864, the ship was sold and converted into a cable-laying vessel. It laid the first lasting cable across the Atlantic Ocean in 1866. Working steadily through 1878, she laid over 30,000 miles of submarine telegraph cable, mostly in the Atlantic Ocean, but also in the Indian Ocean. Late in its career, the ship was used as a showboat, concert hall, and gymnasium. Its final owner used the ship as a floating billboard on the River Mersey in Liverpool. It took 18 months to scrap the Great Eastern in 1889-1890. The ship's designer saw almost nothing of this. Isambard Brunel died in 1859, before the ship made its first transatlantic voyage.

JNPT channel to be deepened to 14 meters by 2014:

Jawaharlal Nehru Port Trust (JNPT) has once again taken up the deepening and widening of Mumbai Harbor Channel and JN Port Channel in right earnest. At present, owing

to draft restrictions, large vessels cannot be accommodated in the navigational channel. The project involves increasing the depth and width of the 35-km long channel to accommodate 6000 TEU vessels.

"RFQ shall be issued shortly by JNPT and price bids from only technically qualified bidders shall be called subsequently", informed Devdatta Bose (Head Ports) of Tata Consulting Engineers (TCE) during the presentation he made at the Ports Modernization and Development India - On Overview of Dredging Scenario In India, in a seminar organized by IQPC at Hilton International Hotel, Mumbai recently. The proposal has been submitted to the Public Investment Board (PIB) and its clearance is awaited.

This project is due for execution and will be taken up by October/November 2011. Tata Consulting Engineers (TCE) has been appointed as the Project Management Consultant (PMC) for the project. The scope of their services include review of the Detailed Project Report (DPR) prepared in 2003, planning the dredging activity, arrive at an estimate, global tendering, award of contract and project supervision.

"The global tender bids will be called on a depth assured basis as per recent Major port guidelines," said Mr. Bose. "In this type of contract, the intangible risks are passed on to the contractor although item rate is preferred for heterogeneous capital dredging material".

The dredging market not being so bright worldwide presently there will be a sufficient response of bidders for Mega project. The price bids will be called immediately after PIB clearance and the capital dredging work is planned to start by October 2011.

The dredging quantity will be to the tune of 62 million cubic meters. The contract will also include three years of maintenance dredging so that the assured depth is maintained. The project duration for capital dredging will be 27 months for increasing the channel depth to 14 meters. JNPT has aggressive plans of retaining its position as hub port on the Western coast of India. The port has called for global bids for the 4th Container Terminal too.

"This is the second time that we are taking up the dredging project work," stated L. Radhakrishnan, Chairman, JNPT. "Last time the plan had to be dropped because the bid cost had exceeded the estimated cost. This time we will be going ahead successfully. The estimated cost of the project is around Rs 1360 Cr which includes the cost of dredging, consultancy, etc. The time for completion of the capital dredging work will be 27 months." 1/8th of the cost of Common channel will be borne by Mumbai Port Trust with which JNPT shares a common channel through which ships enter the two ports.

"The fourth container terminal / 330 m stand alone container terminal project of JNPT is also expected to move ahead," the Chairman said. "The matter is in court and the arguments are over and we expect the decision to come soon."

Earlier in 2006, the Port had short listed Van Oord BV and Boskalis of the Netherlands, Jan de Nul of Belgium and Dredging International. The port took up the evaluation of the bids after opening the price bids on April 10, 2007. On July 19, 2007 the work was awarded to the lowest bidder, Van Oord. The proposal was then submitted to the Ministry of Shipping (MoS) for their approval. The project was held up due to delay in receiving final clearance from MoS by which time the cost of the project had shot up with the rise in the inflation rate and the various cost

escalation. As a result the whole project was held up. This time JNP has not left any stone unturned and confident of achieving its goal.

Sea squirt: Invasive species or food source?

The sea squirt (or tunicate) is a curious creature. It is an animal, but spends its adult life in one location, like a plant. It is closely related to vertebrates, but has no backbone. It is a hermaphrodite, each individual having both male and female sex organs. Representatives of this subphylum are found in almost all ocean waters, but most individuals are too small and innocuous to garner notice by the layperson. The sea squirt is roughly barrel-shaped and its entire body is invested with a tough coating called a tunic. It has two openings: an in-current siphon and an out-current siphon. The sea squirt sucks water through the in-current siphon, filters plankton and other nutrient material from the seawater, and squirts the remaining water out through the out-current siphon. In some parts of Korea, Japan, and China, sea squirt is considered a delicacy. In recent years, an aquaculture industry has developed, particularly in Korea, where various species of sea squirts are grown and harvested commercially. A few species of sea squirts, though, have shown an opposing tendency. These outliers have, when arriving in some new locations, proved able to expand over considerable areas and greatly reduce populations of native plants and animals. In 2003, dense mats of sea squirts were first discovered clinging to gravel and other substrates of the Georges Bank off the coast of New England. Similar colonies have recently been found along the west coast of North America. Locals have started referring to sea squirts as rock vomit, because they usually attach to and sometimes envelope rocks on the sea floor. While sea squirt larva travel great distances on ocean currents before developing into sedentary adults, there is evidence that the larva are also transported in ballast water and on hulls of ships.

'Gemini' crew reported safe: The hijacked Singapore-registered 30,000 dwt chemical tanker 'Gemini' was reportedly stopped early Tuesday in waters near the Somali capital Mogadishu.

South Korean sources said that the vessel's operator, Glory Ship Management, will lead negotiations with the pirates for the release of the vessel and crew.

The South Korean Government has set up emergency response teams in Seoul, Singapore and Kenya.

A statement from the Maritime and Port Authority of Singapore said that the vessel had sent out a distress signal at 11.50 am Singapore time last Saturday.

The tanker, on its way from Kuala Tanjung in Indonesia to Mombasa in Kenya with 28,000 tones of crude palm oil, was boarded at about 120 nautical miles from Dar es Salaam in Tanzania.

Among the crew of 25, there are 13 Indonesians, four Chinese, four South Koreans and three Myanmar nationals.

Anti-piracy monitoring service unveiled:

EU Naval Force (EUNAVFOR) has collaborated with EMSA to develop an integrated maritime monitoring service (MARSURV).

This will allow EUNAVFOR to track merchant vessels in the 'High Risk Area' off the coast of Somalia.

This monitoring service has been designed to fuse multiple

sources of ship specific information (MSCHOA registration and UKMTO reporting information) and positional data (LRIT and SATELLITE AIS) in a real time environment.

MARSURV will greatly enhance the ability of counter-piracy forces to manage and risk assess the thousands of merchant vessels transiting across this huge area.

It will also assist in incident management and improve the ability to warn merchant ships in imminent danger of piracy; ultimately improving the protection from piracy provided to all merchant shipping, EUNAVFOR said.

The provision of this data is critical to the effectiveness of the project. Unfortunately, ships registered to flags not providing this data will not benefit from the enhanced situational awareness that such a real time picture provides to counter-piracy forces as they may be unaware of their position.

EUNAVFOR and EMSA continue to work closely with the IMO whose efforts in establishing the 'IMO Anti-Piracy LRIT Distribution Facility' have been essential in developing this project and is the foundation on which this service has been built.

Commander of EUNAVFOR Major General Buster Howes OBE said: "Through the commendable efforts of EMSA and the IMO, MARSURV represents a significant step forward in our ability to understand and support the massive volume of merchant traffic that transits the high risk area.

"The next step is to encourage all flag states to provide LRIT data to counter-piracy forces through the IMO distribution facility; currently data is donated from only 66 flag states," he stressed.

VLCC put up for Nor-Shipping award: Nor-Shipping has announced that a VLCC has been nominated for one of the Nor-Shipping awards this year.

The awards are the Clean Ship Award and the Next Generation Ship Award. The winners will be announced at the opening conference on 24th May.

One of the nominations for the Clean Ship Award is NITC and Oman Shipping Company for the recently delivered VLCC 'Sifa'.

NITC has bareboat chartered the VLCC from Oman Shipping Company.

This is the first VLCC in a series to be fitted with an installed ballast water treatment (BWT) plant, well before the mandatory date and leading the way for others.

The Clean Ship Award honours the shipowner and the vessel that has contributed to the greatest reduction of emissions to air, or discharges to sea, in relation to its function and operation.

Eu Navfor and EMSA develop counter-piracy monitoring service:

EU Naval Force (Eu Navfor) and the European Maritime Safety Agency (EMSA) have collaborated to develop an integrated maritime monitoring service (MARSURV) to allow Eu Navfor to track merchant vessels in the pirate-infested High Risk Area off the coast of Somalia.

The monitoring service has been designed to fuse multiple sources of ship specific information (MSCHOA registration and UKMTO reporting information) and positional data (Long Range Information Tracking - LRIT and Satellite AIS) in a real time environment.

Eu Navfor says that MARSURV will greatly enhance the ability of counter-piracy forces to manage and risk assess the thousands of merchant vessels transiting across this huge area. It will also assist in incident management and improve the ability to warn merchant ships in imminent danger of piracy; ultimately improving the protection from piracy provided to all merchant shipping.

Eu Navfor noted that provision of LRIT data by Flag States is critical to the effectiveness of the project.

"Unfortunately," says Eu Navfor, "ships registered to flags not providing this data will not benefit from the enhanced situational awareness that such a real time picture provides to counter-piracy forces as they may be unaware of their position. Eu Navfor and EMSA continue to work closely with the IMO whose efforts in establishing the 'IMO Anti-Piracy LRIT Distribution Facility' have been essential in developing this project and is the foundation on which this service has been built."

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Safety Management: Source: Intl. Maritime Human Element Bulletin, issue 23.

You cannot produce a safety management system on the cheap, nor expect people to snap to attention and follow procedures when the top management fails to provide the resources, while failing to exhibit a positive attitude to safety.

There is some tough talking and good reading in the latest issue of the International Maritime Human Element Bulletin Alert!, which develops the theme of Health, Safety, Security, Environment and Quality - the essential components of an integrated management system. Practical and expert contributors demonstrate that safety is not something that raises its head at safety meetings, but must be woven into the fabric of both the organisation and the individual, ashore and aboard.

What are the stumbling blocks to the International Safety Management Code reaching its full potential? A thoughtful study suggests that while the ISM Code might seem to be just a set of tools, a range of conditions which include full employee participation, the acceptance of seafarers as equal partners, and a radical change of mindset are needed to escape the authoritarian tick-box mentality that it can become in the wrong hands.

Common sense and seamanship are often forgotten in our regulated world, where blaming and firing people who make mistakes seem a traditional, but self-evidently ineffective 'incentive' to improvement. There is a need to view individuals as competent, reliable, capable and professional. A change of attitude to individuals can, it is suggested, make a difference. But attitudes need to be changed from the very top of a company, in its leadership and the fostering of knowledge and skills throughout the organisation. Uncomfortable truths, perhaps?

It is also important that the HSEQ Manager is brought in out

of the cold, with proper training veneered onto long industry experience, and allowed to operate close to the centre of an organisation. He or she also needs to be regarded as a help by those aboard ship, whose participation and feedback makes the difference. The development of an informed, reporting and just culture that are the hallmarks of real safety improvement come from a proactive and rewarding atmosphere, in which a genuine safety culture will flourish. There is also a need for the industry, suggests a contributor in this hard-hitting issue, to recognise some of the recurring problems that must be addressed; such as flaws in bridge resource management, thoughtless design that leads to 'slips, trips and falls', enclosed entry procedures and the obsession with trying to do things on the cheap.

Growing opportunities in Indian coastal trade: Ernst & Young study of the Indian coastal trade suggests measures that could boost the trade

On the occasion of the 48th Merchant Navy week the Director General of Shipping, Government of India, released a report of Ernst & Young on the "Indian Coastline - A New Opportunity". The report highlights the current status of the coastal trade and the opportunities, government's plan for providing a boost, and how things are likely to shape in the years to come.

Though the country enjoys an extensive coastline of over 7,500 km, with 13 major and over 187 non-major ports only 7 per cent of the domestic cargo gets transported through coastal shipping compared to 15% in the US and 43% in EU countries. 80% of this cargo comprises of petroleum, oil and lubricants, thermal coal and crude and the remaining being food grains, cement, containerized cargo and finished products. The number of ships involved in coastal trade is around 700 vessels totally comprising of around 1 million gross registered tonnage (GRT).

The report identifies various key trends expected to drive coastal shipping in India.

Among these is the trend of containerization that is expected to boost the volumes shipped along the coast. The recently commissioned Vallarpadam terminal in Cochin and the upcoming Vizhinjam ports both in the South of India are expected to attract 70 per cent of the Indian container cargo that is being transhipped at the ports of Colombo, Singapore, Dubai, Al Salalah. The reason being that with the availability of India's own hub ports facilitating mother vessels to berth, transhipped containers from foreign ports will come directly to India - since transshipment in foreign ports make the country's imports costlier and exports less competitive because of the increased transit time and additional port costs.

Other important developments taking place are expected to play a major role in boosting coastal shipping. Several port-based SEZ projects and the port based power projects coming up (the latter relying heavily on coal) as well as the proposed petroleum, chemical and petrochemical investment regions to be developed in three coastal states all rely heavily on coastal shipping.

The government is investing heavily in developing the infrastructure. A total investment of \$ 22.3 billion involving 387 projects is expected to be made in the 13 major ports by 2012. The non-major ports on the other hand are expected to witness investments worth \$ 7.7 billion in the current Eleventh Five Year plan by increasingly involving private operators under the Public Private Partnership (PPP) model.

The Ministry of Transport, Government of India is set on

diverting 5% of the cargo transportation made by road to the water borne mode which is expected to bring in immense saving and reduction of 6% in harmful chemicals and pollutants.

But the key challenges to achieve this tremendous growth will require the government to resolve the several impediments that have plagued the growth of coastal shipping. This includes reduction in procedural delays, custom duties, levies and other taxes. There is need to accord greater preference to coastal cargo at ports to ensure quicker turnaround of vessels, reduction in duties on bunkers, manning scales and enhancement of ship building capacity.

The directorate general of shipping has already taken measures to sort out many of the problems being experienced which are under its jurisdiction. The River Sea Vessels (RSV) Notification which has been well received by the trade has reduced some of the regulatory requirements. The lower manning specification is expected to result in huge savings and the purchase consideration for an RSV vessel would be lower by around 15% to 20%.

Serious casualties mount: Major casualties at sea have continued at a disturbing level, marine insurers warned. The number of incidents reported in 2010 followed the negative trend of the previous four years, the International Union of Marine Insurance (IUMI) reported in its annual statistics, which cover vessels over 500 gt.

There have been 623 serious losses reported to date for 2010, a similar figure to 2009. This meant that 2010 joined the five worst vessel loss years out of the last 17. The pattern seems to dash hopes raised a year ago of a reversal in casualty experience when shipping activity had slowed as a result of recession in many leading nations. Patrizia Kern (a senior underwriting director at Swiss Re), chair of the facts and figures committee, one of IUMI's seven technical committees, said that even ahead of a full picture of the year from claims reports, there was no doubt that the failure to stem the high level of casualties was of great concern to insurers. "When IUMI's annual conference is held in September, our committee will undoubtedly report higher 2010 figures for total losses and serious losses, illustrating the longtail nature of hull and machinery claims," she said.

The number of total losses for 2010 stands at 63, similar to the figure reported for 2009. Since last year's report, the outcomes for 2008 and 2009 have deteriorated. The number of reported total losses in 2008 has increased from 89 to 96 and for 2009 from 67 to 86.

This would suggest that 2010 will be similar to its preceding two years. At this early stage of development of the book, nearly 600,000 gt has already been reported as lost in 2010, against nearly 645,000 gt in 2009. Weather continues to be the major cause of total losses, followed by groundings.

The number of dry bulkers and tankers, which suffered total losses continues to be low relative to the world fleet, but there appears to be a trend of losses to larger vessels.

For tankers, the average losses rose from 8,000 gt to 11,000 gt and then to 36,000 gt in 2010, IUMI said.

Worryingly, the number of major incidents remains consistent with the trend over the previous four years, and the back year figures continue to deteriorate.

The leading cause of serious or partial losses remains as

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incidents involving the machinery and engine room, accounting for 35.7% of cases over the last five years.

Half of all such losses occurred to vessels over 20 years of age.

Seagull extends MLC training package:

Following interest in its first two computer-based training (CBT) modules addressing the Maritime Labour Convention (MLC 2006), training specialist Seagull has launched four new MLC-orientated CBT modules to cover the key areas of management, leadership, lifestyle and physical health training.

Seagull now claims to offer a comprehensive package of CBT modules, designed to allow shipping companies, shipmanagers, ship operators and senior officers to achieve and manage compliance with the convention, which should enter into force in 2012.

The first two modules, CBT 197 - MLC 2006 Basic Introduction (prepared for general awareness) and CBT 191 - Introduction to the Maritime Labour Convention MLC 200 (targeting management and operational staff) have been widely taken up and Seagull expected the latest four modules to address a number of critical areas highlighted by MLC 2006 at a more detailed level.

CBT 192 - MLC 2006 Onboard Responsibilities provides details of the requirements that the convention places on senior vessel officers with regard to compliance. The module covers areas of inspection on board ship, the information and on board records required, the validity of certification and the consequences of non-compliance.

This one hour module provides an introduction to the MLC, its background and regulatory structure, and the role of the International Labour Organisation (ILO).

Another new module, CBT 193 - Shipowners Responsibilities, details the areas of responsibility under MLC 2006 that are placed on shipping company office staff dealing with the employment conditions of seafarers and on board crew facilities.

It also covers flag state inspection and certification issues relating to MLC 2006 and the consequences of non-compliance.

Two further modules, CBT 194 and CBT 195, cover physical exercise and lifestyle.

Roger Ringstad, Seagull managing director, said: "We have been listening to our shipping company customers, who have been telling us they want a package of MLC-orientated training titles. In response, we have been working with experts to develop training materials that specifically support companies in meeting the training requirements of MLC."

Mass flow meters- the answer to bunker issues?

In a recent demonstration, OW Bunker highlighted the impact that mass flow meters can have in solving the 'quantity issue' and showed the steps that it is taking to ensure product quality.

The live demonstration in Copenhagen was attended by customers, including, Maersk Oil, Odfjell Tankers, U-Sea Bulk, Grieg Star Shipping and Torvald Klaveness Group.

OW Bunker's technical director, Steffen Kortegaard, showed how a mass flow meter works on board one of its vessels - 'OW Copenhagen'.

The event was also demonstrated OW Bunker's ability to conduct online blending, negating the need for tank blending,

which ensures that air is not injected into the product.

Both methods ensure that there is full control over the blending process and that the sulphur content can be measured very accurately; a prerequisite given the current and impending regulatory pressures.

Mass flow meters provide the most sophisticated, quick and accurate method of measuring the amount of fuel oil that is transferred during the bunkering process, the company said.

OW Bunker pioneered their initial adoption, when the company installed the technology on vessels within its global fleet five years ago in order to ensure and further enhance its quality control processes. Based on the positive results, the company believed that over time, the technology could become an 'industry standard' for fuel suppliers as a means of helping customers to drive further efficiencies within their operations and continuing to increase professionalism in bunkering. This was endorsed by Maersk Oil - an OW Bunker customer - when it recently advocated the use of mass flow meters, which it has installed on 50 vessels, which it believes will bring new levels of transparency and efficiency to the bunker industry.

DNV certifies anti-piracy course: International Maritime Security Network (IMSN) has become the first maritime security training centre to offer an eLearning-based Anti-Piracy Defense Course certified by Det Norske Veritas (DNV).

IMSN has the only DNV certified Anti-Piracy Course---offering a blended version of eLearning and practical drills and exercises.

"Mariners' lives are at risk everyday around the globe. Knowledge is the key component to safety and it's vital that shipowners and crew members take the protective measures of a training course to combat piracy," said IMSN's Captain Nease.

He continued, "DNV's highly respected SeaSkill certification programme is widely known for its stringent reviews and audits to continuously exceed excellence, so it's remarkable for IMSN to have the first course certification for maritime anti-piracy training."

In the first quarter of 2011, pirates killed seven crew members, injured 34, and took 344 hostages according to International Maritime Bureau's (IMB) global piracy report. Additionally, 18 vessels were hijacked worldwide.

"IMSN's commitment to excellence in maritime security has resulted in a practical training course that will help to ensure seafarers can properly avoid or handle a piracy incident," said Gordon Halsey, principal consultant for DNV.

IMSN's Anti-Piracy Defense Course provides practical training for vital activities such as watchkeeping, lockdown procedures, anti-piracy drills, hand-to-hand defensive tactics, as well as contingency plans for issues such as surviving a hostage attack, or movement of prisoners.

The training course also covers concepts related to anti-piracy laws. It is available online, or on DVD.

IMSN specialises in the development of vessel and port security plans, including third-party due diligence and auditing, certified training that integrates the required understanding of new international law, the current ISPS code, SUA conventions, and SOLAS amendments.

In addition to IMSN's training courses, the company provides

equipment such as early-detection cameras, ballistic armour for safe rooms, the Triton Shield wall-of-water device and armed security teams to detect, deter and defend against maritime threats.

Running out of patience on piracy: When you are provoked beyond all measure and there seems no immediate prospect of respite, you are entitled to protest as loudly as you are able. So if the man and woman in the street are in earshot of the docks and they hear the deafening roar of foghorns, sirens and whistles every day at the precise stroke of noon, they may well ask somebody why they can hear this cacophony. Thus they may learn of one of the 21st century's real outrages in the continuing menace of Somali piracy that makes seafarers' lives a misery and for the 700 plus who have been captured by the criminals, a good deal worse. And when they learn of this disgraceful threat to shipping, maybe they will be as angry as shipping people and add their voices to those raised in anger.

The idea of the massed blast of protest from ships in port came last week from BIMCO President Robert Lorenz-Meyer, as he gave the keynote address at an important security conference in Singapore. It could catch on, because there is no doubt that the seafaring and shipping industry world is fast running out of patience at this seemingly unending cycle of violence directed at peaceful people doing one of the world's most essential jobs.

In his address to the ReCAAP meeting, the President paid tribute to the various naval forces engaged in assisting merchant vessels on their lawful business, making particular mention of a number of Asian navies which have been particularly successful at tackling the developing problem of "motherships". But he also expressed surprise (this being shared by many seafarers and shipping people) that so many states treat pirates with kid gloves. And how very important it is that people who attack ships face real consequences, which hopefully include arrest, prosecution and severe punishment.

People in the industry, whether they are afloat or ashore, shake their heads in bewilderment when they hear about pirates being gently set ashore in their native land after they have been captured, when various states consider that they do not have sufficient evidence to prosecute them. The President's call for a clear and unambiguous lesson to be given to these criminals, and for the governments of the world to "get their act together", is timely.

The President left his audience in no doubt as to the urgency of the situation. The current situation is that piracy is about to cut the sea lanes in and out of the Gulf, upon which some 40% of the world's energy travels. Seafarers' trade unions are considering calling for a boycott of these dangerous seas. Do we have to wait for fuel to run short, prices soar and empty shelves to be seen in western retail outlets before the true enormity of this criminality sinks in?

An anti-piracy poster, which is a joint project of BIMCO and ReCAAP, was "launched" at the meeting. Hopefully posted up on all ships, it will serve as a reminder to seafarers of best practice and what they need to consider when heading off into these risky waters. But as the President said, the current approach to piracy is clearly inadequate, and a comprehensive strategy along with the explicit and strong commitment of governments is "the bottom line". Seafarers, and their shipping industry, need nothing less. And if the sirens sound from the port at noon, hopefully the public will join this very justifiable protest too.

The shipping industry in exciting times:

These are exciting times for the shipping industry if one considers those who operate ships as the "consumers" of maritime technology. There is both the incentive and the demand for change and improvement represented by the need for cleaner, more sustainable ship operation, and the undoubted pressure coming from the cost of fuel. There is a "triangle of progress" that is completed by the ship owners, shipbuilders and regulators and as we have seen in the past, when political pressure, economic necessity and technological development get together, things start to happen!

We can see progress emerging in a generally more open and "questing" attitude among ship owners, with a substantial number of the more progressive companies encouraging, if not actually sponsoring, technical development in a way that we have not seen for a number of years. We should be encouraged by the way in which quite radical thinking on such matters as new ship propulsion systems is being seriously contemplated and energetically researched. The "all-electric" ship, nuclear cassettes, fuel cells, and the emergence of an LNG fuel infrastructure are all products of this open minded attitude so evident in the industry.

Environmental pressure groups will claim this change as their own, but the truth is more complex, being rooted in the demand for greater efficiency and the knowledge that the march of progress tends generally to be incremental, and in shipping, intensely practical and pragmatic. We can see this demonstrated in the development of the simple diesel engine that has been around for some 110 years, but still has much scope for improvement in its maritime context.

As the automotive industry has demonstrated, there is still great scope for practical improvement in diesel engine efficiency, to make the fuel go further, to produce more power in smaller packages and to minimise the still significant heat loss, along with the ability to reduce harmful emissions. And the fact that this is actually all "work in progress" ought to be very cheering.

People in the industry tend to become quite defensive when environmental pressure groups pontificate for the benefit of the media, when in reality, there is much that they should be proud of and which they should be energetically promoting. There is the generally held belief that the industry is "conservative" and slow to move, when the very opposite is the case. The shape of the ship under water and above, the resistance of a hull through the water, the efficiency of propellers, are all being seen as offering scope for useful efficiency improvements. There is a huge amount that is being done to make ships and ports more efficient in their operations together. There is little that stands still in the marine industry, even though so much of the progress fails to be given the publicity and public prominence that it deserves.

Perhaps this is really the key to why the industry is believed to be somewhat pedestrian and resistant to progress when there is every reason for the public to regard shipping as one of the most progressive means of transport. We just need to shout more loudly, communicate better and be rather less modest about our progress.

Deathboats, not lifeboats: It is hard to think of another piece of safety equipment that inspires in those it is meant to save as much mistrust and dread as the lifeboat.

Such is its reputation that some have renamed it the "deathboat", reflecting the now widely-held view that more lives have been

lost than saved by lifeboats, although in their defence they saved lives when successfully used in the evacuation of the blazing Deepwater Horizon drilling rig in the Gulf of Mexico a year ago.

Any feelings of relief that may have followed that success will have been short-lived as a series of accidents during drills in the intervening period has seen more deaths and injuries. The most recent - on April 15, five days short of the first anniversary of the explosion and fire on the rig - took the lives of two young officers and left a rating seriously injured. At least two other fatal incidents have occurred this year.

Some estimates put the number of deaths and injuries from incidents involving lifeboats (the term also embraces rescue boats, also prone to failure) at several hundred over the last 20 years but, whatever the true figure, it is now believed by many to be the biggest single cause of fatalities among seafarers. It is certainly, some grimly point out, far more than those who have died at the hands of pirates.

The cruel irony that in the vast majority of cases the accidents occur during mandatory exercises cannot be overstated. Launching lifeboats in genuine emergencies is relatively rare but crews must still be able to carry out the operation and the equipment must be well-maintained. The message from the fatal accidents, however, is: "If you don't drill you might die, but the drill itself might kill you."

Just as the Deepwater Horizon incident showed the benefits of regular drills, the fatal incident on a Chinese tanker a year earlier revealed the price of lack of maintenance when technical problems on both lifeboats on the blazing vessel contributed to one of the three deaths. The investigation also revealed logbook entries detailing "satisfactory" lifeboat exercises were false.

Given the history of accidents and the various but largely unsuccessful attempts made to prevent them, news of yet another fatal incident, one on a relatively new ship using recommended "fall prevention devices", prompts almost numbed feelings, as any sense of outrage has already been exhausted. A weary frustration and impotent rage at the failure of all those involved to solve such a long-running problem is accompanied by a growing conviction that only something truly radical can bring an end to one of the industry's biggest scandals.

The problem, however, is that there is no single cause that can be identified and readily resolved. Much of the attention has been focused on the on-load system, with many release hooks using that design condemned five years ago by the UK's Maritime & Coastguard Agency (MCA) as "inherently unsafe and therefore not fit for purpose".

But other investigations have directed the blame elsewhere: poor maintenance, inadequately trained crews or over-complicated designs, for example. A new element was introduced after an incident in February this year in which a Filipino seaman died and two others were injured when a fall wire parted, causing the rescue boat the victims were in to fall 29m into the sea.

Earlier this month the MCA's sister agency, the Marine Accident Investigation Branch (MAIB), issued a safety alert, drawing attention to the fact that the rescue boat had been over-weight and exceeded the safe working load of the davit, although investigators pointed out that safety margins meant this alone should not have caused the failure of the fall wire.

The revelation that the excess weight had been caused by water retained within the rescue boat's foam-filled compartments - a problem also found on several sister ships' rescue boats from

the same manufacturer - has added another unsuspected twist to the tale.

Confusion over who or what to blame is also evident on a video-sharing website where one particular but unspecified incident in 2009 is the subject of a fierce online debate over whether anybody was actually killed or injured in what appears to be dramatic footage of a lifeboat falling into the sea from an offshore installation*.

The parties involved range from regulators and safety inspectors to manufacturers. The former includes the International Maritime Organisation (IMO) and its membership of flag states and their Recognised Organisations, while the latter may only provide one part of the system (the boat or the davits), with choice of system or type often dictated by the shipbuilder.

This diffusion of responsibility presents anyone trying to fire a magic bullet with a target that is not only moving but multiplying. There have also been suggestions that attempts to find solutions at the IMO have been hampered by vested interests and obtuse technical arguments.

BIMCO, together with other industry organisations, has proposed that the use of fall prevention devices such as locking pins should be made mandatory and implemented immediately as an interim measure until on-load release hooks and the associated mechanisms have been proven safe, in accordance with the latest standards. However, up to now this safety precaution has not been widely supported within IMO.

In the meantime, while the arguments over the problem and solutions rage on, owners, through their P&I clubs, will keep on having to pay out compensation claims to the dependants of those killed and to the injured. The bill, with USD 200-500,000 the cost of a typical incident, already runs into several hundred millions of dollars. A few out-of-court settlements have also been made in cases alleging gross negligence by either shipowners or lifeboat manufacturers.

As the MCA report pointed out, if an accident of the type that has mainly affected cargo ships were to happen during an emergency on a passenger ship "the resulting consequence in terms of the number of lives lost could be catastrophic". What was implied was that the potential cost of compensation could be financially catastrophic.

That a safety scandal might never have been allowed to develop if the victims had included passengers from rich and litigious countries only feeds the suspicion among seafarers that their lives and well-being are under-valued.

LEGAL:

Shell goes live with ESS CargoDocs ex UK terminal: News in from the world of electronic shipping documents from Electronic Shipping Solutions (ESS), that Shell has completed its first oil products shipment using a CargoDocs electronic bill of lading:-

ESS's delivery team worked with Shell International Trading and Shipping Company Ltd (STASCO), Shell UK Oil Products Ltd and charterer Morgan Stanley to use original eDocs to cover a shipment of diesel loaded on the 14,766 dwt tanker Bro Deliverer for discharge at Shell's Stanlow refinery.

An electronic bill of lading, certificates of origin and quantity and a document of enclosures form were issued to Morgan Stanley and endorsed first to STASCO and then on to Shell UK

Oil Products Limited who in turn produced the eB/L back to the vessel's master.

Alex Goulandris, chief executive of ESS, says:

"We are delighted to be working with STASCO and Shell UK Oil Products to facilitate their adoption of shipping eDocs. The success of this first shipment for Shell is a good demonstration that CargoDocs is a robust and reliable means of bringing shipping documentation up to speed."

Shell is already part of the DDG Oil Industry Steering Group, which provides invaluable input on the development of CargoDocs for the oil industry through ESS's Users Association, the DDG. Shell has also been one of the earliest supporters of CargoDocs, participating in the pan-industry testing during 2008-9.

STASCO's General Terms and Conditions (GT&Cs) for sales and purchases of crude oil and products, are compatible with the use of electronic documents, including electronic bills of lading.

Sven Thiessen, Commercial Operations Manager of STASCO, says:

"Shell has always championed innovation in its operations and the opportunity to move from the traditional paper bill of lading to a secure electronic format is one which we think has obvious advantages. Having amended our terms and conditions to allow for eDocs we expect to see their use increase significantly moving forward."

ESS CargoDocs enable forwarders, shippers, carriers, surveyors and agents to replace all paper shipping documents such as the Bill of Lading, Certificates of Quality, Certificates of Quantity, Timesheet, Ullage Report etc with original electronic documents. These eDocs are originated, reviewed, signed, endorsed and produced back to the carrier online through the ESS eDocs Exchange.

CargoDocs have been live since the start of 2010 when the first eB/L was issued at the INEOS Finnart Terminal in the UK. INEOS Grangemouth terminal went live in late 2010 and CargoDocs is being trialled for use in crude and product shipments ex-Primorsk. ESS is now rolling out the service at crude and gas terminals across Europe. Users include some of the biggest names in tanker shipping and trade.

Waterfront Facility not Liable for Condition of Federal Anchorage:

Dennis L Bryant, writing in his Maritime Blog reports on the the case of Re Petition of Frescati Shipping, No. 08-CV-02898-JF (E.D. Pa., April 12, 2011) in which the US District Court for the Eastern District of Pennsylvania ruled that a waterfront oil refinery which a tanker was approaching when it struck a previously unknown submerged object is not liable for the cleanup costs and damages associated with the ensuing damage to the tanker or damages incurred by third parties as a result of the oil spill. In the instant case, the tanker Athos I was delivering heavy crude oil to a refinery in Paulsboro, New Jersey on the Delaware River. When the tanker was approximately 900 feet from the refinery dock, in waters of Federal Anchorage No. 9, it struck and was holed by a submerged object, later found to be an abandoned anchor. As a result of the incident, approximately 200,000 barrels of the crude oil was spilled into the river, causing much damage and leading to a very expensive cleanup. The shipowner filed a petition for exoneration from or limitation of liability. The refinery filed a claim for damages and the shipowner filed a counterclaim, asserting that the refinery was liable for the incident based on,

among other things, negligence for failing to survey the approaches to the dock. The court found in favor of the refinery, ruling that, as wharfinger, the refinery was only obligated to survey the waters at the berth and at the entrance and exit providing immediate access to the berth. It was not obligated to survey the waters of the federal anchorage area, over which it had no control.

Indian Shipping Industry expresses concern over the ever increasing threats by Pirates in Indian Ocean Region,

ruining the growth of the Indian Shipping Industry. A Joint Rally against PIRACY, organised on 28.4.2011. The Rally presented a detailed



Memorandum to DGS, Dr. SB Agnihotri, IAS who is also Ex officio Addnl. Secretary to the Govt. of India. DGS addressing the gathering,, assured to forward the Memorandum to the Shipping Secretary, Govt. of India, such that preventive and corrective action is taken to mitigate the issue , primarily by deploying adequate number of warships for protection of the seafarers, who are already working on hazardous working conditions and bringing in foreign exchange to their country of origin keeping the world trade alive, spending their living and working out on the deep seas, away from their near and dear ones, as a sacrifice from other human way of life.

This additional threat from Pirates makes their human life miserable.

FPSOs spearhead drive into deeper waters:

Explorers and producers of offshore oil and gas are busier than ever before and their workload is not only increasing, it is becoming more complex. Energy demand worldwide fuelled by fast-growing emerging economies continues to rise inexorably, while the drive to diversify energy sources has shown how difficult it is to build the market share of renewables. Oil and gas will remain key sources of energy for the foreseeable future.

New oil and gas developments are needed to not only cater for this rising demand but also replace the production from those many existing fields whose output is now declining. As most onshore reserves have been exploited to a considerable extent, explorers and producers are increasingly relying on offshore oil and gas fields for their new supplies. Offshore oil production, for example, is set to grow from 21 million barrels per day (bpd) in 2008 to 27 million bpd in 2013, a 23% increase over the five-year period.

As with current onshore oil and gas projects, developing new offshore fields is presenting greater challenges than was the case in the past. Projects now being implemented are normally located in deeper, more remote and more environmentally harsh waters than was previously the case.

The first choice for exploiting offshore oil fields has proved to be the floating production storage and offloading (FPSO) vessel and the popularity of the concept has grown in tandem with the increasing complexity of oil field development work. There are 250 floating oil production units presently in service, up from 117 units five years ago, and of the current total 155 are FPSOs. Furthermore, according to data compiled by International Maritime Associates Inc., 35 of the 49 oil production floaters now on order are FPSOs.

Flexibility and their proven safety record are two key reasons why FPSOs are in favour. Both newbuilding and tanker conversion FPSOs can be customised to meet the requirements of a particular field while there is sufficient deck space for the required topsides units and storage capacity enough to enable development of the deposit in a way that is commercially attractive to all the participants. The offshore oil industry has also fine-tuned its FPSO mooring and cargo transfer techniques to ensure smooth operations in most marine environments.

Furthermore, because FPSOs are self-propelled marine units, a vessel can be unhooked once a project is complete and sailed to the next field for which it is earmarked. Such redeployment, which might well be delayed because the charterer has exercised the option of extending the original contract period, invariably entails a visit to a repair or fabrication yard for any modifications which may be required for the new project.

The demand for FPSOs is expanding at the rate of 5-10% per annum at the moment. In addition, the size and complexity of the latest generation of FPSOs is increasing in conjunction with the move into deeper waters and the development of more challenging fields. The greatest depth of water at which an FPSO is currently operating is 2,500 metres while the highest throughput on such a vessel is 600,000 bpd.

A case in point is the development of the deepwater fields in the Santos Basin and pre-salt deposits off the coast of Brazil. Brazil and West Africa are currently the world's major users of FPSOs, each accounting for 23% of the in-service fleet. However, Brazil is dominating the production floater orderbook; 19 of the 49 floaters on order are earmarked for use off Brazil.

Another recent development of interest is the decision by the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), a US Government agency established in the aftermath of the blowout on the Deepwater Horizon rig in April 2010, to allow the first FPSO in the US Gulf to commence operations. The vessel in question has been ready for some time but the Deepwater Horizon disaster delayed implementation of the project.

The worldwide demand for additional FPSOs, either through tanker conversions or newbuildings, is being enhanced by the fact that several in-service vessels are nearing the end of their useful working lives. The IMA data shows that of the in-service units three have been stationed on a field more than 20 years, eight for more than 15 years and 27 for more than 10 years. The consultancy expects that at least half of these units are redeployment candidates, particularly the 15 that have operated in the North Sea for more than 10 years and two that have operated off Australia for more than 10 years.

Charterers seeking to employ FPSOs over the long-term are anxious to engage with contractors with exemplary safety and environmental records, proven technical competence and financial strength, an established track record and credentials, links with key yards and subcontractors and a wide-ranging service portfolio.

Customers of FPSO services are being facilitated in this quest through the major consolidation that has taken place in the sector in recent years. Despite the overall expansion of the FPSO fleet, the number of such contractors now stands at 12, down from approximately 30 in 2008. The remaining operators of FPSO vessels also offer their clients a lease option, covering both financial and operational arrangements.

A key indicator of the vitality of the FPSO sector is the growth in overall investment, currently running at a rate exceeding 15% per annum. Another new and notable feature of today's FPSO statistics is the appearance of liquefied natural gas (LNG) FPSOs for the first time. IMA lists four LNG FPSO projects as being likely to materialise by 2016 in its latest report.

Amongst the fossil fuels, gas is currently the most favoured due to the ample supplies available and, hence, the competitive price of gas compared to oil. The exploitation of offshore gas over the current period is set to develop at a rate double that of oil. Offshore gas production is expected to top 1,000 billion cubic metres in 2013, 47% ahead of the 700 billion cubic metres achieved in 2008.

Offshore gas has traditionally been exploited by means of pipeline links to shore but the more remote and marginal nature of many of the fields now being investigated favours an offshore solution. However, while several LNG regasification vessels are now in service, they tend to be employed in protected, nearshore waters and the first LNG producer vessel is yet to make its appearance.

The LNG industry has been hard at work over the past decade, developing the sophisticated shipboard LNG liquefaction and cryogenic cargo transfer technologies that will enable safe and secure LNG FPSO operations to become a reality. The first final investment decision for an LNG FPSO is imminent and that milestone is likely to open the floodgates.

Of the initial four LNG projects identified by IMA, three will be developed in the Australasia region while the final scheme is likely to come together off the coast of Brazil. The latter FPSO will be utilised to exploit the gas streams of several new oil FPSO projects planned for the deepsea pre-salt fields offshore from Rio de Janeiro. The world of FPSOs is about to take on a new dimension.

The Challenge of managing overcapacity:

Chief Shipping Analyst at BIMCO, Peter Sand, spoke last week at the Inaugural Scandinavian Shipping & Ship Finance Conference in Copenhagen, Denmark on 6-7 April 2011.

The conference organisers had assembled an international line-up of industry experts and participants, all of whom stood ready to offer their expertise and views on some of the most important issues affecting international shipping finance and shipping investment today. The event provided an excellent opportunity to share the latest information and insights on key areas influencing our business.

The BIMCO presentation was focused on the order book in the main shipping segments, dry bulk, tankers and containerships as well as the current and future challenges for ship owners and shipyards.

Touching upon the latest on orderings and deliveries for dry bulk, tankers and containers, Sand said that owners must not be tempted by low newbuilding prices to order new ships, as overcapacity is already putting pressure on the freight rates. Action like that already seems to have been taken onboard, in particular by ship owners in the dry bulk sector. They have surprised on the upside in first quarter of 2011, as the number of contracting of new ships is at the lowest level since mid-2009.

Selected points made at the conference:

- Shipping overcapacity is manageable if owners use all the tools available to them and in particular stop ordering new tonnage, but global shipbuilding overcapacity poses a major risk and lower prices could tempt owners back to the yards.
- Overcapacity is manageable, depending on demand growth and players adjusting to the new normal. That is the key.
- The tools available for owners, which are already being used to varying degrees, include slow steaming, additional scrapping, laying up vessels, postponing deliveries and not exercising options. "There is no quick fix. But more than anything else stop ordering new vessels. We have been here before. It is a cyclical business, but this also means that the same mistakes are being made."
- Sand pointed out that liner operators appeared to have dealt successfully with overcapacity by refraining from ordering for an extended period, slow steaming and laying ships up, but recently they appear to be reverting to focusing on market share, lay ups have dropped and they have resumed ordering new tonnage.
- There should also be more scrapping, especially as scrap prices are relatively high. There are still a lot of old bulk carriers. The "problem" is that many of them are debt-free and therefore can survive even when rates are low.

To sum up things, Sand concluded that owners must adjust to the "new normal" to survive and learn to manoeuvre in a new profit environment. Managing overcapacity will remain a challenge in coming years as owners fight for employment for their vessels and market share. Another risk factor is the growing overcapacity in shipbuilding; with newbuilding prices likely to fall further, owners could be tempted to place new orders. But by holding back signing of new contracts and by applying all the tools in the toolbox to manage overcapacity, sustainable rates could be closer than they at first hand appear.

IMB Weekly Piracy Report

23.04.2011: 0300 LT: Cochin anchorage, India

2/O an anchored tanker observed some movements on the fore-castle deck and asked the duty A/B to check. The duty A/B noticed three robbers and reported to 2/O who raised the alarm. Upon seeing the alert crew, the robbers escaped in their boat with the stolen stores.

25.04.2011: 0410 LT: Posn: 03:08N - 105:16E, around 20nm west of Anambas islands, South China Sea

Seven pirates armed with knives from a wooden boat boarded a bulk carrier underway. They entered the Master's and 2/O cabins

and stole cash and personal belongings and took them to the stern before escaping.

25.04.2011: 0055 UTC: Posn: 02:57N - 105:17E, around 25nm west of Anambas Islands, South China Sea

Seven pirates armed with knives boarded a general cargo vessel underway. They entered the bridge and took hostage OOW and duty AB and went to 3/O cabin. They forced him to take them to the captain's cabin where they stole ship's cash and property and personal effects. Later the pirates ordered the captain to take them to the poop deck from where they escaped.

24.04.2011: 06.00 UTC: Posn: 12:13N - 060:24E, around 345nm east of Socotra island (Off Somalia)

Armed pirates in a skiff chased a container ship underway. A mother ship was noticed in the vicinity. The Master increased speed, manoeuvred away from the mother vessel and skiff, enforced anti-piracy measures and managed to outrun the skiff. An armed security team were onboard. No shots were fired.

24.04.2011: 0300 UTC: Posn: 04:09.8S - 047:43.0E, around 395nm ESE of Mogadishu, Somalia

Pirates in two skiffs and armed with guns chased a chemical tanker underway. The Master raised the alarm and all crew mustered in the citadel, except three duty crew at the bridge. The security team onboard fired warning shots when the skiffs closed in about 0.5nm. The pirates fired back at the tanker and aborted the attempted attack.

24.04.2011: 1800 UTC: Posn: 06:57S - 045:40E, around 360nm east of Zanzibar, Tanzania (Off Somalia)

Seven pirates in skiffs chased and fired upon a chemical tanker underway. The pirates came alongside the vessel and tried to attach their boarding ladder but failed, due to evasive manoeuvres. The attack lasted 3hrs 20mins before the pirates aborted. The crew were safe, but the vessel sustained some damage due to the gunfire.

23.04.2011: 1200 UTC: Posn: 02:51S - 048:40E, around 355nm SE of Mogadishu, Somalia

Duty crew onboard a vehicle carrier ship underway noticed a mother vessel at a distance of 7nm from the ship. The Master raised the alarm and ordered all crew to muster in the citadel, except the duty crew. Two fast-moving boats were sighted at 1.2nm heading towards the ship. Four armed security team took their position at aft and the C/O maintained the bridge communication. As the faster boat, doing 25 knots, closed to 300 metres, three armed pirates were seen. On the orders of the Master, the armed security team onboard fired warning shots when the boat closed to around 200 metres. The pirates aborted the attempted attack and moved to their mother vessel. The ship continued her passage.

22.04.2011: 2250 UTC: Posn: 15:11.03N - 051:36.36E, Gulf of Aden

Pirates in a skiff and armed with guns approached a tanker underway. At a distance of around 5-10 metres they opened fired upon the tanker. The onboard security team retaliated, and

READERS' KIND ATTENTION

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seafarersman@hotmail.com

the pirates aborted the attack after five minutes of exchanging fire. There were no injuries to the crew and the tanker continued her voyage. The authorities were informed.

22.04.2011: 0600 UTC: Posn: 14:02N - 042:51E around 6nm of Jabal Zuqar islands, Yemen, Southern Red Sea

Duty lookout onboard a container ship underway noticed 16 pirates in four white skiffs at a distance of 3nm approaching the ship at 20 knots. The Master noticed the skiffs carrying ladders and weapons, and gave the order for lockdown procedures. The Master raised the alarm, increased speed, sounded the ship's horn, informed ships in the vicinity and fired a warning flare towards the skiffs. The skiffs ignored the warning, continued to chase the ship and closed to a distance of 300 metres. Another flare was fired into the water next to the closest skiff. The skiffs closed to a distance of 180 metres before aborting the attack after one hour of chasing. The authorities were informed.

20.04.2011: 2025 UTC: Posn: 12:58N - 058:55E, around 260nm east of Socotra. (Off Somalia)

Armed pirates attacked and fired upon a container ship underway, with intent to hijack. The Master raised the alarm, sent a distress message and all crewmembers took shelter in the citadel. The pirates managed to board the ship but were unable to gain access to the citadel. A NATO warship responded to the distress message and headed towards the vessel. The warship launched a helicopter, which reported no pirate activity on board. On 21 April 2011, a South Korean warship's naval team boarded the ship and confirmed that the pirates had left the ship, and they rescued the 20 crewmembers.

Naval Forces: With the end of the cold war, the threat of global conflict subsided, giving way to more local and regional conflicts. Naval operations have shifted to littoral waters, which are both more difficult to control and pose a range of environmental challenges. Furthermore, growing commercial shipping, which represents 90% of worldwide trade, requires surveillance and protection of maritime traffic, on- and off-shore critical assets, particularly in straits and other high risk areas. In this new environment, major navies need to perform five key strategic functions: knowledge & anticipation, prevention, deterrence, protection and intervention.

As a key partner of navies worldwide, Thales offers cutting edge technology: from the world's largest sensor and fire control portfolio to leading C4ISR solutions, from prime contracting to lead system integration, from warship modernisation programmes to innovative operational life cycle support & services for the broadest range of ship classes.

Building on a strong industrial base in Europe, North America and Asia-Pacific, Thales has established naval centres of excellence worldwide and is committed to providing secure mission-critical solutions to its defence and civil customers across the world.

Above water Warfare: Thales has the capabilities to design, develop, produce, integrate and support fully-missionized systems and subsystems in the areas of C2 systems (Command & Control), and anti-air warfare systems. The group also delivers state-of-the-art equipment & systems: radars, optronics, communications and electronic warfare all incorporating cutting-edge hardware and software.

Underwater Warfare: Building on more than 40 years of experience in undersea warfare, Thales is now a global leader in underwater systems and the world's top exporter of sonars and

related systems for naval forces.

Maritime Safety and Security: The vital role of maritime traffic in world trade has highlighted increased related risks and threats. Collisions in congested areas, fishing resources plundering, illegal immigration... as well as the emergence of terrorist attacks and new piracy methods could result in serious human and ecological disasters with severe economical consequences on the world economy. Thales supports its maritime customers with integrated solutions, through its perfect knowledge of the total value chain (from equipment to services), and its wide range of competencies scaling from underwater to space technology.

Thales operates at all levels of the support spectrum offering a complete range of services and support packages to suit specific operational and maintenance requirements.

Dryships Announces Signing to Construct UDW Drillships: ATHENS, GREECE - April 29, 2011 -

DryShips Inc. (NASDAQ: DRYS) (the "Company" or "DryShips"), a global provider of marine transportation services for drybulk and petroleum cargoes and off-shore contract drilling oil services, announced the signing, by its majority-owned subsidiary Ocean Rig UDW Inc. ("Ocean Rig"), of the previously announced restructuring of its \$1.1 billion Secured Term Loan Facility led by Deutsche Bank. The main terms of the restructuring are as follows:

- The maximum amount permitted to be drawn is reduced from \$562.5 million to \$495 million under each facility

- In addition to the Dryships Guarantee, Ocean Rig UDW Inc., will provide an unlimited recourse guarantee and will be subject to certain financial covenants that will apply quarterly

- Full draw downs (up to a total of \$495 million) will be permitted for the Ocean Rig Poseidon based upon the employment of the drillship under its drilling contract with Petrobras, and cash collateral deposited for this vessel will be released

- For the Ocean Rig Mykonos, the Company will have up to one month prior to delivery (scheduled for September 2011) to execute an acceptable drilling contract in order to draw down the loan

Ocean Rig exercised two newbuilding options to construct Ultra Deepwater Drillships at Samsung Heavy Industries. Earlier deliveries than previously scheduled were secured for July and October 2013. The specification of both the drillships has been further upgraded to 7th generation from the already high specification of the existing series of four, including:

- capability to drill in 12,000 feet of water depth
- a seven ram BOP
- a dual mud system
- enhanced riser handling and storage system
- ballast water treatment system.

George Economou, Chairman and CEO commented:

"Today marks the start of a new phase for Ocean Rig UDW. For the last two years we have been working towards this landmark where the original newbuilding program is now fully funded from the proceeds of the Nordea loan and the restructured facility for the Ocean Rig Poseidon. In addition we have successfully concluded a \$500 million unsecured bond and still have the Ocean

Rig Mykonos facility that can be drawn subject to a suitable charter. The demand for ultra deepwater drilling services is strong and we see substantial growth in the near term from across the globe. We are confident of substantially increasing our backlog in the near future. To service this growing demand we have exercised the first two of the newbuilding options we had secured in November last year. The significantly enhanced specification and early delivery positions should prove to be attractive to our customers.

Ocean Rig is positioned as the largest single pure play in the ultra deepwater drilling space and continues to deliver on its strategy to build a credible and competitive pure play in this space. We are working towards listing the Company on an international exchange and expect to have this done in the next couple of months."

A Glimmer of Hope: U.S. Maritime Administration 'gooses' the domestic waterfront with a \$241 million loan guarantee. That's more like it.

It wasn't too long ago that - for seemingly the umpteenth time - I lambasted the U.S. Maritime Administration and its DOT parent for its continued, abject neglect of the domestic maritime industry. I won't apologize for any of it and I stand behind every word of every article. To be fair (I'm always fair, right?), the 22 April Marad announcement that a \$241 million loan guarantee would allow the Eastern Shipbuilding Group of Panama City, FL, to build five platform supply vessels (PSVs) for export to Brazil was good news, indeed. The loan guarantees make sense on many levels and come at a time when the U.S. shipbuilding industry sorely needs a boost. This is exactly what Marad SHOULD be doing. Bravo.

Most recently, though, I brought light to the DOT's April 5th press note extolling the vast support (not) being extended to the domestic waterfront. Unspoken in my April 6th online column that followed the MARAD announcement was the irony of DOT Secretary LaHood's schedule, after giving his talk to about 100 maritime industry executives in the Baltimore area. From there, he practically hopped on the Beltway and arrived at another industry meeting and trumpeted the \$50+ billion initiative intended to prop up a high speed rail program that nobody seems to want. In the meantime, U.S. port authorities from-sea-to-shining-sea are holding bake sales in order to fund dredging to allow for the new generation of deep draft container ships that will perhaps bring some economy of scale to American consumers and just maybe, light the proverbial fire under a nascent shortsea shipping program.

More experienced DC political analysts will gently chide me that Marad has little or nothing to do with dredging funds. I really don't care. What I do know is that where DOT and Marad continually say that "they get it" and that they are supporting waterfront initiatives, this is rarely the case. And, anyone who knows anything about America's Marine Highways and shortsea shipping also know that these concepts have everything to do with infrastructure improvements. That means dredging and it means lock repairs. You can't be involved in one side of the equation and not the other. Hey - maybe I'm onto something here. That said, I'll admit that I was cheering when the loan guarantee announcement hit the wires.

Of the loan guarantees, U.S. Maritime Administrator David Matsuda said in a prepared statement, "Today's signing demonstrates that America's shipbuilders can be competitive in international markets. We will support these export opportunities

for U.S. businesses and American shipyard workers wherever possible." U.S. Transportation Secretary Ray LaHood echoed those sentiments, adding, "This project means good jobs for Panama City today and a stronger economic future for our country." Amen.

Eastern Shipbuilding Group has built eight PSVs since 2003, with three more under construction. The vessels, being built for Boldini S.A. of Rio de Janeiro, are estimated to result in 300 new local jobs over the next three-and-a-half years. It would also be fair to say that Eastern Shipbuilding Group has received its share of Marad help in the recent past. According to Marad, Eastern was awarded a \$581,000 federal grant for shipyard software and equipment from the agency's Small Shipyard Grants Program in 2008. In 1999, the Maritime Administration provided a federal guarantee on a \$6 million loan to finance facility upgrades.

Also according to the DOT's maritime modal branch, there are currently guarantees totaling approximately \$2.2 billion in U.S. shipyard projects, including construction of tugs, barges, dive support vessels, drill rigs, ferries, tankers, offshore supply vessels, and container vessels. While I'll admit to be not much of a fan of government subsidies and this sort of assistance for ANY private sector industry, if we're going to lay down hundreds of billions of dollars in asphalt and rail projects, we might as well level the playing field a bit and drop some crumbs in the water while we're at it. And, in the big picture, that's exactly what this amounts to - bread crumbs.

As for the shipyard project(s) themselves, there are many layers to this onion. First and foremost, from my seat, it means export manufacturing at a time when we desperately need to close the trade gap. Secondly, it provides economy of scale and the experience necessary to jumpstart a domestic "series-build" program here on The U.S. Gulf Coast. And, it keeps a healthy chunk of skilled workers busy and in the shipyard, where we will hopefully need them when and if the shortsea shipping "boom" ever comes to fruition. Finally, could it be that U.S. shipyards can do something cheaper and better than an overseas location? That certainly seems to be the message here. Eastern is a quality yard, already building for quality operators. It's all good; or so we hope.

These things don't always go well. The most recent Title XI debacle involving the HAWAII SUPEFERRY hulls is still a fresh and open wound. And, there have been other, higher profile failures. Frankly, I'm somewhat surprised that this administration would take another chance so soon on a similar sized (technically larger) project. I'm glad they did. Let's hope the boats get delivered in a timely fashion and that the buyers have deep pockets and the wherewithal to take delivery of all of the hulls. Fingers crossed.

Last week was a good one for Marad. In fact, the month was decidedly upbeat, with Marad and DOT promising more and better support to come for the waterfront. We're on a roll. I'll be watching carefully to see that it stays that way.

Fever pitch dredging set to take place at Indian ports: India's dredging capacity is woefully short of the massive demand that has generated following the port modernization and infrastructure development now underway

As India's international trade continues its furious growth pace bringing in measures for raising port capacity and improving infrastructure, alas it has also spiked all round concern for overcoming the severe draft restrictions in most ports that prevent

large vessels from berthing. Though the Maritime Agenda envisages increasing the draft in all major ports to a minimum of 14 meters, and also deepening the approach channels, the country's dredging industry is appallingly underdeveloped leaving ports to greatly depend on overseas dredging companies.

Just to undertake the maintenance dredging at all the 13 major ports annually comes to an estimated 60 million cubic meters which costs over \$ 160 million. To add to this the government is now saddled with a massive capital dredging program for enhancing the draft to 14 m. In some cases global bids have been finalized and work is in different stages of completion. Since majority of Indian players already have their dredgers tied up with on-going contracts it is evident that the success of the dredging envisaged in the Maritime Agenda will depend more on global entities.

Giving details of the extensive study conducted by Tata Consulting Engineers (TCE) during the presentation on the Ports Modernization and Development India - An Overview of Dredging Scenario in India, at a seminar organized by Dubai based IQPC recently, Devdatta Bose, a renowned personality in port sector and presently, Vertical Head of Ports at Tata Consulting Engineers (TCE) stated that the country is badly short of dredgers. "Around 14 leading registered companies owning dredgers have a total fleet of around 31 TSHD, and 45 CSD and 2 Back Hoe with a few other support vessels. The only major operators is the government owned Dredging Corporation of India (DCI) initially set up primarily to undertake maintenance dredging in major ports. With growing opportunities, many other players are set to enter into this key sector. Global giants have already formed subsidiaries and set up shops in India.

As it is, large vessels cannot berth at Indian ports thus resulting in mother vessels transshipping Indian cargo at the ports of Colombo, Dubai, Jebel Ali, Salalah and Singapore. Fever pitch dredging activity is set to take place in the next two years both in Central Government run major ports and the State owned / privately owned non-major ports for enhancing the depth at the ports. Some projects are already underway.

But the opportunities for dredging companies in the coming two years amount to a total expenditure of \$ 850 million at major ports and almost double at non-major/ private ports in the first phase. Projects exist in the ports of Paradip, Vishakhapatnam, Ennore, Chennai, Tuticorin, Mumbai and JNPT. The non-major / private ports on the other hand which come under the eight coastal states including Gujarat, Maharashtra, Goa, Karnataka, Andhra Pradesh, Tamil Nadu, Kerala and Orissa have drawn up ambitious plans.

In the second phase (2012- 17) some major ports are looking at plans to further undertake capital dredging which would amount to about \$ 1 billion. These ports include Paradip, Vishakhapatnam, Ennore, Chennai, Tuticorin, Cochin, JNPT, New Mangalore, Mumbai and Port Blair.

Hard Work ahead as CT Ports Look to Better Times: Connecticut Solicits for Marine Pilot Apprentice while ports beg for dredging relief. In the meantime, the Constitution State's potential as the ideal shortsea shipping destination beckons.

If last month's solicitation for an apprentice pilot by the Connecticut DOT sounded like good news from New England, then you probably aren't too far off the mark. This and other snippets of information emanating from the Constitution state could form the basis for a major turnaround in the fortune of the state's three deepwater ports, waterborne trade and

ultimately the state's tax coffers. With those hopes fueled by a new era in (apparent) harmony between Connecticut-based maritime pilots, there's seemingly nothing to stop Connecticut from becoming the region's new choice as a robust and viable shortsea shipping destination. Before any of that can happen, however, there are one or two details to take care of.

It wasn't too long ago that the Long Island pilot situation was widely regarded as the nation's most dysfunctional. With competing organizations regularly undercutting one another for a limited subset of marine business, a myriad of alliances - arguably at cross-purposes to the common goal of achieving some sort of economy of scale - gave new definition to the word "turmoil." A spokesperson from the Connecticut DOT once described the group as "their own worst enemies." To be fair, it also took 25 years for the state to grant a pay raise, a phased-in set of increases which only recently became fully implemented. But that was then; this is now.

Today's Connecticut pilots exude, at least outwardly, an entirely new front, operating under a common umbrella and finally being paid at something that approaches a fair rate of pay. The new arrangement didn't come without a bit of prodding (and incentives) from the state's DOT. Nevertheless, long-time Connecticut marine pilot Captain Charlie Jonas, reached at home yesterday for comment, described the new pilot arrangement as one which was working well for all involved, had facilitated the recruitment of new talent and also allowed a couple of the older pilots (whose collective age, excluding one new apprentice, is north of 65 years) to take a step back and assume a lesser role. Beyond this, Jonas expressed optimism that Connecticut's elected leadership would go to bat for the ports in an effort to improve local infrastructure. He added, "Dredging is the big issue now." In fact, that effort is well underway.

Collectively, Connecticut's three major ports have experienced a notable tonnage decline of about 11 percent over a three year period. Local pilots say that the decline is commensurate with a drop-off in boardings. Although unclear as to whether that can be more attributed to a miserably economy than anything else, the alarm bells are clearly going off in Hartford.

Yesterday, Chuck Beck, Transportation Maritime Manager for the Connecticut Department of Transportation (CDOT) described a March 21st meeting which included virtually major stakeholder on the Connecticut waterfront, along with Governor Malloy and the entire Connecticut congressional delegation. According to Beck, the meeting underscored the Governor's commitment to the Constitution State's ports, and a concerted effort to make good on his campaign promise to "improve infrastructure and local ports." Malloy's proposed budget, under consideration this week in Hartford, calls for \$50 million in port improvements and dredging over the next two years. In Washington, the Connecticut delegation has spearheaded more than one legislative effort to compel the Obama Administration to release funds collected, but not disbursed, from the nation's Harbor Maintenance Fund.

Beck also reminded MarPro that the dredging of ship channels is primarily a federal responsibility. Getting the funds which have been collected has proved problematic. At issue is the reported \$5.6 billion balance in the Harbor Maintenance Tax and Harbor Maintenance Trust Fund, which, like other federal repositories, in theory exists but has probably already been spent. Port officials here and along the Eastern Seaboard complain bitterly about the \$50+ billion allotted for high speed rail projects and ports like Miami, FL have resorted to pledging local funds in order to get ready for the new generation of Panamax containerships.

But, the last Army Corps chief who complained about the lack of federal funding for dredging and/or infrastructure projects also found himself out of work. Those hoping for a groundswell of federal support for dredging projects are probably going to have to wait a bit longer.

With Rhode Island and New York already drilling deeper and deeper (or planning to do so) so as to increase their already healthy list of port calls, Connecticut can hardly hope to compete in that market. More logically, the three ports of New Haven, Bridgeport and New London are perfectly suited, if given the infrastructure, to serve as shortsea destinations. Arguably, Connecticut already hosts two of the brightest ferry routes from Long Island that have removed millions of vehicles from the I-95 corridor over the years. Both serve as admirable models to anyone else hoping to create similar economies of scale elsewhere. Building on that limited success will be difficult without the maintenance dredging desperately needed along the north shore of Long Island Sound. On the other hand, the dredging won't involve radical deepening projects and most of the environmental legwork has (reportedly) already been done. With the necessary political leadership in Hartford and Washington, along with a more cohesive marine safety and pilotage system in Long Island Sound, the stars could be aligned for Connecticut to reverse a decade or two of benign neglect at their three, primary deepwater ports. And, it goes without saying that a small change in the HMT laws might move things along even faster. All of it, assuming it ever comes to fruition, is good for the economy, the waterfront and the domestic merchant marine. What's not to like?

GL tackles ballast water treatment management:

Germanischer Lloyd (GL) has published a booklet on standard operational guidance for the planning and management of ships' ballast water and sediments.

The 129-page publication describes safe procedures for handling ballast water in order to comply with international, as well as regional legislation. Special attention is given to ballast water treatment (BWT) procedures and safety issues, as more and more vessels are equipped with treatment systems.

The updated BWT booklet offers guidance to shipowners and operators in developing ballast water management (BWM) plans, GL said.

A BWM plan is a tool, which will help to minimise the risk of transferring unwanted organisms, associated with ballast water discharge, into the environment.

For a BWM plan to be effective, it must be carefully tailored to the particular vessel for which it is intended.

This booklet deals with tailoring a BWM plan to a vessel's particular outfit and capability. It also addresses how to update the plan after a refit with a BWM treatment plant.

It covers different methods of BWE, including sequential, flow-through, dilution method and also BWT. A new section addressing BWT takes into account the needs of vessels, which are already equipped with treatment systems.

Meanwhile, to help shipyards, shipowners, suppliers and recycling facilities in Asia to comply with the forthcoming International Convention for the Safe and Environmentally Sound Recycling of Ships (Hong Kong Convention), GL has placed two well-trained ship recycling experts in China and Singapore, respectively.

They will offer all stakeholders a full range of services, including certification, consultancy and tailored training.

The Hong Kong Convention, which will probably take effect in

2015, will mean that all new and existing vessels above 500 gt worldwide will have to have a Inventory of Hazardous Materials (IHM) certificate on board.

For scrapping, the Hong Kong Convention obligates shipowners to sell their redundant vessels only to recycling facilities that meet relevant standards and have been authorised by the national competent authorities.

MAIB issues report on self-unloading bulker fire and explosion:

The U.K.'s Marine Accident Investigation Branch (MAIB) has published its report on the investigation of the fire and explosion on board Yeoman Bontrup at Glensanda Quarry, Loch Linnhe in western Scotland on July 2, 2010, when the Bahamian-registered, self-unloading (SUL) bulk carrier was loading cargo loading. The fire spread rapidly, resulting in significant damage to the vessel. Fortunately, injuries were minor.

A routine post-discharge survey identified the need for repairs to Yeoman Bontrup's cargo discharge hopper, which required hotwork on arrival at the remote Glensanda Quarry on Loch Linnhe.

At 1519, a fire was discovered near the bottom of the vertical cargo conveyor belt. Although attempts were made to extinguish the fire, it spread to the adjacent engine room. Overwhelmed by the scale of the fire, the crew evacuated the ship. The fire spread rapidly to the accommodation and into the steering gear compartment, which contained a wide variety of ship's-use chemicals. A violent explosion followed which tore the poop deck from the ship.

The most likely cause of the fire was the ignition of the vertical conveyor belt by hot debris from the hopper repair work. Although the vessel was built to the required standards, the fire spread quickly. This was because there was no effective means of early detection, no means of dividing the large cargo handling area for containment purposes, and no fixed fire-fighting system in the cargo handling area to deal with the fire.

The investigation found that the high frequency, and therefore routine nature of hotwork repairs on board Yeoman Bontrup had led to violations of company procedures, which compromised safety. Furthermore, elements of the conveyor belt were highly flammable. There are currently no conveyor belt material standards specific to the marine industry.

The investigation also discovered radioactive silometers in the area of the fire. These had not been included in the list of hazardous materials on board, had not been identified during risk assessments, and were not subject to any control procedures. The MAIB says that the ship's manager has taken action to improve hotwork procedures compliance and risk assessment, revise ship's-use chemical stowage arrangements and widen the scope of emergency drills.

The ship's owner has established an SUL Owners and Operators Forum to review safety issues relating to the industry sector.

Recommendations have been made which are designed to:

Review and improve standards for fire detection, containment and extinguishing in the cargo handling areas of self-unloading vessels as well as develop standards for conveyor belt systems.

- Establish international standards for the use and control of radioactive isotopes on ships.
- Review national guidance on ship's-use chemical stowage.

- Address complacency with respect to hotwork procedures.

Maritime Risks in the Ukraine: Nikolay Melnykov and Oleksandr Chebotarenko of the International Law Office in the Ukraine, writing in *Forwarderlaw* advise owners to be wary:

• Ukraine is a country with strict state control and an ambiguous legal system which results in uncertainties, corruption and unpredictability. Thus, the general recommendation is that corresponding precautions, measures on prevention of infringement of the law and losses of the cargo during its carriage are exercised, as well as active intercourse with local agents and companies providing insurance, survey and other services, should be kept.

• On the subject of oil pollution they say:- Those causing oil pollution of the Ukrainian sea waters are threatened with heavy fines. The amount of the fine is calculated under the theoretical formula, provided by the Method for Measuring the Damages suffered by the state due to breach of the legislation on protection and rational use of water resources approved by the Order of the Ministry of Environmental Protection and Nuclear Safety of Ukraine dated 18 May 1995 No.37, in compliance with the fixed tariffs. These tariffs are defined by the Resolution of the Cabinet of Ministers of Ukraine (the Government of Ukraine) No.484 dated 03 July 1995 as follows:

- oil and oil products - USD 329/kg;
- salt of heavy metal - USD 12 936/kg;
- organic substances - USD 270/kg;
- suspended solid particles - USD 132/kg;
- pesticides - USD 430/kg;
- detergents - USD 381/kg;
- sanitary sewage - USD 140/m³;
- garbage - USD 100/kg.

• These norms are adopted in compliance with the Convention on Protection of the Black Sea against Pollution dated 21 April 1992.

Pursuant to the MARPOL:

- 'A' harmful substances - USD 1522/kg;
- 'B' harmful substances - USD 286/kg;
- 'C' and 'D' harmful substances - USD 54/kg.

Customary Freight Unit: Mike Ryan of the firm of Hill Betts has sent in a note of the unreported case *Edso Exporting, LP v. M.V. Atlantic Compass*, a decision of the United States District Court for the Southern District of New York before Judge Colleen McMahon on 28th January, 2011.

Background: An unpackaged crane was shipped from Baltimore, Maryland to Tripoli, Libya and was damaged in transit. The Carrier asserted a defense based upon COGSA that its liability was limited to \$500. It was obvious the crane was not shipped in a package and the bill of lading did not include any declaration of the crane's value. Thus, the carrier's liability would be limited to \$500 per "customary freight unit".

• The bill of lading described the crane as "1 UNIT(S)" and stated the gross weight and volume as 29484 KGS and 122.102 CM, respectively. It also stated the freight charges as 7,320.00 USD describing that amount as "Basic Freight". In the same box, under the heading "Basis" the bill of lading also contained the insertion "AA" (as agreed). The carrier had also filed a tariff with the Federal Maritime Commission (FMC) stating the "Base Freight"

as "7,320.00 USD" and the "Basis" as "Each (EA)". The tariff also included "Notes", referring to weight and measurement ("29483 KTS/122 CBM") as well as various other charges to be included "DOC/THC/CHF/BAF").

• While the Court noted the bill of lading did not set out the method of calculation that led to the \$7,320 charge, it also stated the total volume of the crane was in the bill of lading and noted the bill of lading referred to a "quote confirmation". The "quote confirmation" contained the parenthetical "(Rated at \$60 w/m)" next to the description of the crane. Below that, the confirmation listed the Total Volume of the crane as "122.09 CBM" and the Total Weight as "29.483 Metric Tons". Below that, under the heading "RATES AND CHARGES" the "Rate" was listed as "7,322.00" and the "Rate Basis" was given as "As agreed"

• The Court found the freight was calculated by multiplying \$60 by 122 cubic meters (rounding down) and that the basic unit used by the parties was the cubic meter.

• **Issue:** Whether "customary freight unit" should be considered as the basic freight stated in the bill of lading and tariff (\$7,320) or \$60 per cubic meter which multiplied by 122 cubic meters (122.102 rounded down) would result in the figure of \$7,320.

• **Holding:** The Court, referring to *FMC Corporation v. S.S. Marjorie Lykes*, 851 F.2d 78 (2nd Cir. 1988), noted that in the Second Circuit, "customary freight unit" is taken as the "actual freight unit used by the parties to calculate freight for the shipment at issue." The Court went on to note "the Court must first examine the bill of lading which expresses the contractual relationship in which the intent of the parties is the overarching standard." *Allied International v. S.S. Yang Ming* 672 F.2d 1055 (2nd Cir. 1982). Additionally, the Court may also consider the tariff filed with the Federal Maritime Commission. "Entries on the bill of lading evidence the intent of the parties...". If there is no ambiguity, "There is no need for a District Court to consider any of the parties' earlier negotiations", referring to *Vigilant Insurance Company v. M/Key Clipper Legacy*, 656 F.Supp.2d 352 (S.D.N.Y. 2009).

In spite of the references to the above comments in the *Marjorie Lykes*, supra, the *S.S. Yang Ming*, supra, and *M/V Clipper Legacy*, supra, the Court, while noting the bill of lading did not set out any method of calculation that led to the charge stated, also stated the bill of lading included the volume of the crane (122.102 cubic meters). Dropping the fractional part of the volume and multiplying by \$60 per cubic meter, came to \$7,320. The Court stated "mathematics don't lie. That is how the freight was calculated".

• As to the bill of lading describing the shipment as "1 UNIT(S)", the Court rejected this argument stating "...the unit one was not used to calculate the freight. Mathematics do not lie. You cannot get to the freight of \$7,320 by multiplying one by any number."

• The Court found that there could be no dispute that the freight was charged on the cubic meter volume of the crane and plaintiff was entitled to judgment in the amount of \$500 times the the cubic meters of the crane (as rounded off).

• **Significance:** • The case exemplifies the variations which can and have resulted from efforts to define or apply "customary freight unit" as a limitation factor to Carriers' liability under the U.S. Carriage of Goods by Sea Act. While the Court acknowledged the law in the Second Circuit that "customary freight unit" does not refer to any "custom" of the industry, and that freight "is not the shipping unit, but the unit upon which freight is based", the Court apparently placed emphasis on the mathematical

relationship of the total freight charge and the rounded off volume of the crane in cubic meter. [Query: One multiplied by \$7,320 equals what?]]

- The Second Circuit decisions in *S.S. Yang Ming*, supra, did not deal with "customary freight unit", but rather a description of the container as a package. The Circuit Court emphasized the intent of the parties as to their designation as the "overarching standard". To determine that intent, the Court should look to the bill of lading and the tariff, if filed. Absent any ambiguity there, "the inquiry is ended and both parties are bound to the freight unit therein adopted."

- The *Marjorie Lykes*, supra, involved Unboxed Fire Engines and the bill of lading reflected a "lumpsum" change per Fire Engine. The Court relied on the *S.S. Yang Ming*, supra, in determining the "customary freight unit" in accordance with the bill of lading: "where there is no ambiguity in either the bill of lading or the tariff, there is no need for the district court to consider any of the parties' earlier negotiation, and in doing so here, the district court erred."

- In the *M/V Clipper Legacy*, supra, the District Court considered a bulk shipment of ground peanut oil where the freight was specified as "freight payable as per charter party ***" and the fixture confirmation/charter party stated a freight rate of \$90,000 lump sum for the shipment. That Court went on to state "where a flat rate is charged per shipping unit, that unit will be, absent any ambiguity in the bill of lading or tariff, the COGSA customary freight unit", citing *M/V Marjorie Lykes*, supra, and other cases.

- The *Clipper Legacy* Court, presented with the argument that the bill of lading was at least ambiguous because it described the goods to be shipped on a metric ton basis, (as opposed to a single lot), stated "under COGSA, it is not the unit used to describe the goods, but the unit on which freight is charged, that determines the customary freight unit." That Court rejected the argument that the total freight amount was in fact the product of multiplication using each metric ton as proposed to be shipped.

- The struggle of Courts in the United States to determine the meaning of "customary freight unit" (or indeed "package") under the United States Carriage of Goods by Sea Act has involved perhaps more litigation than any other issue and more than the drafters likely envisioned.

- The Hague-Visby Rules offered some resolution to such disputes; relying on the description of "package" as contained in bill of lading or, alternatively, the total weight of the shipment, whichever calculation resulted in a higher figure. The United States did not adopt the Visby Amendments to the Hague Rules and continued dealing with what is a "customary freight unit."

- The Rotterdam Rules, following in the footsteps of the Visby Amendments to The Hague Rules, would also alleviate the necessity to deal with this vexing issue. As with Hague-Visby Rules, the Rotterdam Rules would define "package" as stated in the bill of lading by the parties. For unpackaged goods or bulk goods, the limitation would be based on weight. The weight calculation would also apply to packaged goods, should the weight produce a higher limitation than that attained by using the per package calculation.

- While international adoption of the Rotterdam Rules should certainly avoid the issue as exemplified in the instant case, until adoption of the Rules by the United States, it must be anticipated Courts in the United States will face further consideration of what is a "customary freight unit" or perhaps, what should it be? [An appeal has been taken from this decision.]

John Cartner's Piracy Initiative: Change

SOLAS: • Dr John A.C. Cartner, the maritime lawyer and author (and FOB Member) is calling on the International Maritime Organization (IMO) to enact changes to the Safety at Life at Sea Convention (SOLAS) to combat the continuing problem of piracy facing the global merchant fleet by allowing ships to carry armed guards. Piracy is a growing phenomenon with 1,181 seafarers captured and eight killed in 2010.

- According to Dr Cartner, managing member of Washington-based law firm Cartner & Fiske LLC, under SOLAS and other laws it is a ship master's doctrinal duty to protect the lives of those aboard his ship, but that he may not currently lawfully do this with private armed guards. As pirates endanger the lives of persons aboard ships, SOLAS should be amended under the tacit acceptance procedure of the Convention to give limited transactional immunity to the shipowner and master placing armed guards aboard their vessels to protect the lives of those aboard. The tacit acceptance procedure facilitates a quick and simple modification to keep pace with rapidly-evolving technology in shipping, but can also be used to deal with pirates.

- According to Dr Cartner, who is himself an unrestricted master mariner who has commanded tankers and container vessels, "A vote of IMO members can pass a change to SOLAS which would give limited transactional immunity to any person who in good faith injures a putative pirate to protect the lives aboard. This person would be immune from prosecution by any state party or civil suit in any jurisdiction by the injured or his personal representative if the injury occurs in an area declared by the IMO Secretary General to be one known to be frequented by pirates. The language would cover any party including owners, managers, operators, insurers, armed guards and their hiring entities, masters and officers and ratings."

He adds: "I urge shipowners and other stakeholders to bring pressure to bear on IMO to enact these changes. It is an inexpensive and simple move for the IMO to make. Armed guards carried on ships will substantially suppress piracy. Whilst naval forces and their marines are immune from criminal prosecutions for their acts unless they step outside their perimeters of duties, armed private guards killing or injuring a pirate are currently committing a crime under flag state laws and the master is an accomplice or abettor to this crime. A contract cannot waive this criminal liability and an owner agreeing to a contract where armed guards kill a pirate is perhaps premeditating. Any case for self defence is argued before a court and not prior to the act. It is clear that naval forces face too huge a challenge to successfully defeat piracy singlehandedly and that the carriage of armed guards aboard merchant vessels is the only practical solution to this problem. The IMO's act would serve to immediately suppress piracy in those regions designated by the Secretary General as zones for concern. "

- A new Piracy group has been opened on the FOB site to help focus minds and support this initiative.

Scientists Suggest Independent Monitoring of Deep-sea Hydrocarbon Industry:

Writing in the scientific journal *Nature*, scientists have called for increased discussion of independent monitoring of deep-sea hydrocarbon industry activity with the aim of obtaining a better understanding of its ecological impact.

The hydrocarbon industry is increasingly searching for hydrocarbon resources at much greater depths and developing drilling technology to exploit them. However, drilling the seafloor

at great depths is technically very challenging and carries with it poorly known risks.

"The Deepwater Horizon disaster in the Gulf of Mexico last year and the subsequent discovery of unexpected hydrocarbon accumulation at mid-water depths underscores the need for independent monitoring of the ecological effects in the deep sea," said Dr Henry Ruhl of the National Oceanography Centre.

"In the past, the deep sea has been out of sight and all too often out of mind when it comes to the potentially damaging effects of human activities on the ecosystems that it supports," added Co-signatory Professor Monty Priede of the University of Aberdeen: 'If there is a problem on land, noise, fire, smoke and spills give signals that are obvious anyone in the vicinity, in the deep sea there are no human witnesses'

But the situation is changing. Advances in underwater monitoring equipment mean that images and data from the deep seafloor and the overlying water column can now be uploaded to the Internet in real time, and made publically available.

"Scientists need observations to help differentiate natural and human induced changes. Remote sensing could both facilitate sustainable resource use and provide an early warning of potential impacts," explained Dr Ruhl.

Through projects such as the Deep-ocean Environmental Long-term Observatory System (DELOS), scientists are already working with industry to help protect the marine environment. However, Dr Ruhl and Professor Priede argue independent monitoring is now necessary and that international bodies such as the European Commission and the United Nations could drive progress in this area. Their proposal for increased discussion has been supported by the General Assembly of the European Seas Observatory NETWORK (ESONET).

AKE Supports Unarmed Solution to Piracy:

On the day a South Korean ship was attacked by pirates, the "Security Threats to Korean Business Operating Overseas" conference, run by Assist Card Korea, heard evidence in support of intelligence-led protection and unarmed solutions to piracy from UK-based risk consultancy AKE Group.

During the gathering of the biggest names in onshore business and shipping in Korea on 21 April 2011 the 75,000-ton Hanjin-owned Tianjinsignalled an SOS to its owners in Seoul and the Ministry of Land, Transport and Maritime Affairs: it was under attack by pirates in the Gulf of Aden.

The incident reflects an increase in piracy against South Korean vessels and highlights growing public support for armed solutions - as well as demonstrating the practical non-lethal methods that actually defused this attack.

AKE Group's Andrew Kain, Richard Filon, Brittany Damora and Richard Mitchelson presented compelling evidence against armed guards, drawing on AKE's extensive operational experience with the shipping industry and analysis of piracy trends.

Non-lethal techniques use intelligence to understand the modus operandi of pirates and their capabilities. Vessel hardening with wire and improvised tools, safe rooms to protect crew, security training and contingency plans come at minimal cost and promote risk-awareness. The most successful maritime security techniques boil down to economics and risk mitigation, saving lives and saving money.

Using the armed guards advocated by many is also likely to be counterproductive in the long-term. Bringing more weapons into the region will, intelligence analysis suggests, make pirates invest ransoms into more powerful weaponry, escalating the use of force and ultimately increasing fatalities. Invalid weapon licences, legal problems or accidental deaths will hurt the reputation of companies found at fault.

AKE's message that preventative and non-confrontational anti-piracy measures work both in theory and in practice was underscored when the pirates' attempt to hijack the Tianjin failed after the captain ordered all 20 crew to hide in a bullet-proof citadel inside the ship.

Brittany Damora is a Risk Consultant based in London and Singapore with AKE Ltd. an international security and risk-analysis firm.

Brit Taxman Should Consult Owners:

- Accountant and shipping adviser, Moore Stephens, says companies operating within UK tonnage tax could consider leaving the UK, as a result of HMRC's decision to unilaterally reinterpret the regime rules.

- Sue Bill, a tax partner with Moore Stephens, says, "Given the substantial increase in the UK fleet since 2000, it is widely considered that UK tonnage tax has been a success. At the outset, the regime promised clarity and stability, but HMRC's unilateral reinterpretation of the rules could be detrimental."

- HMRC's decision to reinterpret the legislation results from comments in the 2004 EU guidelines on state aid to maritime transport. The changes, set out in HMRC's tonnage tax manual, focus in particular on the strategic and commercial management tests that are fundamental to qualification for the regime. HMRC says that this follows 'ten years of experience and legal advice received'. But, as Sue Bill points out, "The Revenue has not consulted with the shipping industry. And, although HMRC's interpretation is widely disputed, it has not released a detailed explanation of this legal advice."

- "The UK government has emphasised the need for a stable UK tax regime to both support British business and to encourage international businesses to operate and stay in the UK. Throughout the regime's history, it has taken care to ensure stability and to minimise as far as possible any unexpected changes, treating fairly those shipowners operating within tonnage tax. But the reinterpretation by HMRC means that some groups no longer qualify for the UK regime despite having previously received HMRC clearance."

- "These fundamental changes may have a detrimental effect on UK shipping as internationally mobile shipping groups consider leaving the UK. They do not appear to arise from government policy, but from changes in HMRC's views that were finalised without consultation with the shipping industry."

- "In considering their effect, HMRC needs to ensure that it continues to act fairly and reasonably by protecting shipowners who elected into the regime for a ten-year period based on the original HMRC rules and clearances, which in some cases now no longer apply, at least in HMRC's view. HMRC should also now consult on the reasons for its changed interpretation of the tonnage tax rules."

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