



## DAILY SHIPPING NEWSLETTER 2003 – 001



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## EVENTS, INCIDENTS & OPERATIONS

### Canadian sea captain killed and thrown overboard

A Canadian ship's captain was stabbed to death and thrown overboard by a member of his crew while sailing between India and Singapore - but the suspect was not detained when it docked here because the incident happened in international waters, a news report said Sunday.

Vancouver resident Ma Sai Chung, 53, was killed Dec. 17 during a fight with a Chinese crewman while the ship was somewhere in the Straits of Malacca, the Straits Times newspaper reported.

Ma's body has not been recovered, it said.

Singapore police spokesman Stanley Norbert said the ship's master had been reported killed but he could not confirm the man's identity.

The crewman, whose name was not given, allegedly told fellow shipmates that he stabbed Ma in the neck after the captain angrily grabbed him by the collar because he wasn't maintaining the correct speed, the newspaper reported.

The other crew members then detained the suspect, Norbert said.

The Panama-registered ship, MV **Jin Bi**, arrived in Singapore on Dec. 20 and left Saturday with the suspect still on board, Norbert said. During that time the captain was replaced and two new crew members boarded, he added.

Singapore police escorted the ship into port after crew members reported the homicide, but said they could not arrest the suspect or investigate the killing because it happened in international waters, he said.

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The captain's wife, 48-year-old Kerina Ker, and their son, Chris Ma, who arrived in Singapore on Dec. 22, said they could not believe the suspect had been allowed to leave.

An official from Gold Beam International, the Hong Kong shipping company that owns the vessel, told the family that the ship was headed for Hong Kong where authorities were expected to deal with the suspect because he is a Chinese national, the Straits Times quoted Chris Ma as saying.

"By then anything can happen," Chris Ma said. "Even if the ship reaches China, the suspect may just escape and disappear."

Pierre Bechard, a spokesman for the Foreign Affairs Department in Ottawa, said the Canadian High Commission in Singapore "is supporting the request of Panamanian authorities for Singapore to investigate the alleged murder."

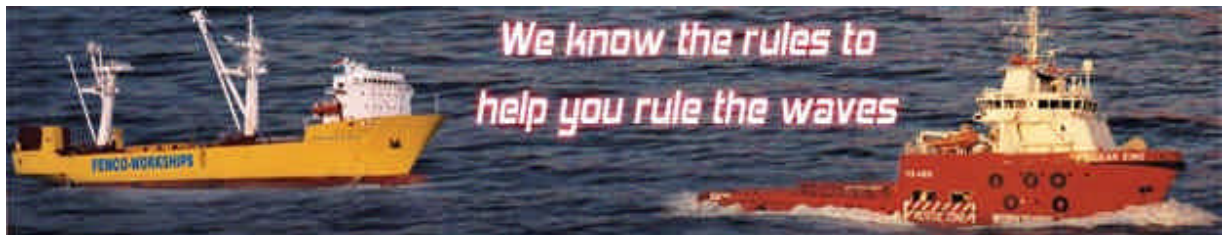
Although Singaporean authorities believe they lack jurisdiction in the case both "the Canadian and Panamanian authorities have asked the Singapore authorities to reconsider their decision," he said.

He said Panama has appointed its own investigator to look into the case and "we are going to be in touch with Panamanian authorities to find out the results of that investigation."

"In the meantime, we will assist the family members in Singapore (and) offer consular assistance," Bechard said.

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## UK gears up for attack on Iraq with new charter

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Top : The **TOR ANGLIA** moored in the Waalhaven in Rotterdam —photo : Piet Sinke ©

BRITAIN has chartered a Swedish flag ro-ro vessel as part of its preparations for an attack on Iraq, shipping sources have confirmed.

The development will heighten concern at the inability of the UK merchant navy to provide for the country's requirements in time of war. The vessel chosen is DFDS's **Tor Anglia**, built 1977 and of 8,700 dwt, and with a capacity of 2,450 lane metres.

DFDS confirmed that it had chartered the ship to the UK Ministry of Defence for three months from January 15. The ship is one of seven being sought by the MoD to move troops and equipment to the Middle East.

**Also required are a further three ro-ros of similar size, a 900 teu containership and a semi-submersible.**



Top : The **TOR ANGLIA** moored in the Waalhaven in Rotterdam —photo : Piet Sinke ©

## CASUALTY REPORTING

### HAVILA SEA (BAHAMAS)



Following received from Coastguard Aberdeen MRCC, timed 0051, UTC: Standby safety vessel **Havila Sea** (1499 gt, built 1975) reportedly came into contact with drill platform Stena Dee (12881 gt, built 1982) in lat 56 43.28N, long 02 05.23E, at 0935, UTC, Dec 29. Stena Dee sustained denting to the starboard forward leg, five metres above sea level. Havila Sea sustained damage to its forecastle and a crack in the forepeak tank, however any seawater ingress can easily be pumped clear.

Havila Sea is reported to be fully seaworthy and capable of continuing standby duties until a relief vessel arrives Jan 1 or 2. The cause of the incident is to be investigated.

### OOCL CANADA (HONG KONG)



C.c. **OOCL Canada** (33662 gt, built 1996) is in Montreal doing part permanent repairs to its bow as a result of a collision with general cargo **Henny** (2986 gt, built 1997) in Europe in November. The vessel is carrying out repairs in three stages during regular discharges at Montreal. Vessel is expected to sail tomorrow

## SHIPYARD NEWS

### Hyundai Mipo wins orders for two tankers

HYUNDAI Mipo Dockyard, a subsidiary of Korea's Hyundai Heavy Industries, has won firm orders for two chemical product tankers plus options for three additional vessels.

The contracts would be worth up to \$135m if all the options by the European shipowners are exercised.



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The larger contract has been placed by France's Total Fina Elf which has ordered one 37,000 dwt product carrier and has an option for two sister vessels.

Monaco's Armitter has also awarded Hyundai Mipo a contract to build a 37,000 dwt product tanker that includes an option for a second vessel.

Hyundai Mipo will start to deliver the ships at the end of 2004.

The latest contracts follow that award earlier this month of a \$330m deal from BP Shipping for six 46,000 dwt petrochemical product tankers, plus options for six additional vessels.

Hyundai Mipo said the BP Shipping contract is the largest single order for petrochemicals vessels. Deliveries will start from the second quarter of 2004.

The latest Total Fina Elf and Armitter contracts take the number of shipbuilding orders won by the Hyundai group this year to more than 60, worth about \$2.6bn.

Fellow Korean shipbuilders have also been active this month. Daewoo Shipbuilding and Marine Engineering clinched orders worth \$390m for nine bulk carriers and ro-ro vessels from owners in Greece, Norway and Italy.

Samsung Heavy Industries has won orders totalling \$714m for 15 ships, while STX Shipbuilding captured orders for nine vessels.

The latest contracts will boost Korea's chances of beating Japan to recapture the crown of the world's top shipbuilding nation, a title it lost in 2000 after two years in pole position.

The Korea Shipbuilding Association said shipbuilders are on course to secure orders for ships totalling 7.08m tons this year, about the same level as last year.

On December 26, Hyundai Mipo said it expected to win \$980m worth of newbuilding contracts this year, slightly less than the \$1bn it won in 2001.

Currently, it has an order backlog of about 70 ships, equivalent to two years work.

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## Ballast Nedam: aandelenoverdracht baggertak rond

Ballast Nedam heeft maandag de eerder aangekondigde verkoop van zijn deel in de bagger-joint venture Ballast Ham Dredging (BHD) aan HBG afgerond. Dat maakte het bouwbedrijf, dat een derde in BHD bezat, maandag bekend.

In september kreeg HBG alle aandelen in Ballast Ham Dredging opgedrongen toen Ballast Nedam zijn putoptie op een minderheidsbelang in BHD uitoefende. Het bedrijf zou er euro 210 mln voor ontvangen. Dat bedrag komt boven op de euro 710 mln die BAM NBM aan het Spaanse Dragados moet betalen voor de overname van HBG.

BAM Groep financiert de overname met een overbruggingskrediet van euro 140 mln en vrij beschikbare middelen. BAM wil in de loop van 2003 een partner zoeken om de baggeractiviteiten gezamenlijk mee voort te zetten.

## Zwakkere economie heeft Vlaamse zeehavens niet uit koers geslagen

De Vlaamse zeehavens zijn in het jaar 2002 ondanks de minder gunstige economische stromingen goed op koers gebleven, zo blijkt uit de cijfers die Antwerpen, Zeebrugge en Oostende gisteren bekendmaakten (Gent komt in principe pas vrijdag met zijn trafiekgegevens voor de dag). In Antwerpen en Zeebrugge waren de goede prestaties in ruime mate te danken aan de stevige groei van de containertrafiek, waarvan de evoluties internationaal vaak zowat als graadmeter van de concurrentiepositie van een haven worden aanschouwd. Antwerpen zal het jaar wellicht op een nieuw absoluut record afsluiten, ook al zal het verschil met het vorige record (dat dateert uit 2000) beperkt blijven. Zeebrugge kan zich optrekken aan een herstel na de terugval die de kusthaven in 2001 te beurt viel. En Oostende zet zijn terugkeer op de maritieme scène kracht bij met een expansie van meer dan een kwart. Daar is vooral de roro-vrachtrafiek de motor van de groei.

## WESTERSCHELDEBORG



Na naamgeving en doop door mevr Nynke Smith werd het m.s.

**Westerscheldeborg** door Shipyard Peters overgedragen aan Rederij H.J.Smith

Na de **Oosterscheldeborg** is dit het tweede Dry Cargo Container (DCC) dat door deze reder bij Shipyard Peters besteld is.

## **NAVY NEWS**



The US Navy ship **USS Donald Cook (DDG 75)**, an Arleigh Burke Class destroyer, enters Malta Drydocks under tight security for emergency engine repairs, in Valetta December 30, 2002. The nature of the repairs is unknown.

## **MOVEMENTS**

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The Caldive owned **Q-4000** as seen last weekend arriving in Galveston .

Photo : Jan Plug / Oddgeir Reivik

## **.... STORY OF THE DAY ....**

### **Ferries face rates war to win back lost passengers**

Passenger rates are beginning to buckle on routes between mainland Italy and Sardinia following a sustained increase in capacity.

Private sector operators are expected to report increased volumes for 2002, but there are doubts as to whether the market can continue to provide revenue and profit growth in an increasingly saturated market.

With lines such as **Grandi Navi Veloci**, **Moby** and **Tirrenia** all moving bigger, faster and newer ships onto services in and out of Olbia this year, holidaymakers have enjoyed an unprecedented selection of travel alternatives.

Over the peak summer season there have been up to 28 departures a day to Sardinia. Ships such as Grandi Navi Veloci's **Superba**, delivered last year, have offered cruise-style comfort, while traditional



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ferries and ro-pax ships are still sailing full of passengers with more time to travel and perhaps less money to spend. At the economy end of the market there is a line offering “camping on board”.



Left : The Grimaldi Line  
**LA SUPERBA** loading in  
Genua  
**Photo : Piet Sinke ©**

Despite some impressive growth figures for certain operators, the summer season has revealed worrying signs. Hotels on the island increased rates in the expectation of a

post-September-11 tourism “boom”. Italians would look to stay closer to home in uncertain times, many believed, but the boom never came. “Some of the hotels have been very greedy and Sardinia has become very dear,” said Euan Lonmon, managing director of Corsica Ferries Sardinia Ferries. Croatia and Tunisia are thought to have eaten into the Italian tourism market this year.

“Sardinia is expensive,” said Ugo Masciocchi, director of cabotage division and commercial director for state-owned ferry giant Tirrenia. “Croatia is as beautiful as Sardinia and half the price. The figures are up for Croatia and for Tunisia. To a certain extent, the low and middle class Italians have deserted Sardinia.” Sardinia’s summer season this year was also spoilt to a certain extent by a prolonged period of bad weather.

In the absence of the hoped-for boom, ferry operators have this year had to launch a series of promotions in order to keep their ships full. The complexity of the marketing ploys employed makes an analysis of the extent of discounting difficult to make, though most estimates range between 5% and 10%. Talk of a rates war is not exaggerated, said Mr Lonmon. While relatively small in absolute terms, this drop could for certain companies represent the difference between profit and loss.

“The main problem on Sardinia now is overcapacity,” said the Corsica Ferries Sardinia Ferries managing director. Overcapacity has increased significantly on Sardinian routes from Genoa and Liguria in general, while on the freight trades the excess can be found on routes out of Tuscany.

“Rates on passengers have generally come down,” said Mr Masciocchi. “There has also been a certain amount of over-commissioning to the agencies, which has had a knock-on effect on how much companies take from rates.”

The Tirrenia manager reported relatively stable rates as far as freight is concerned, though this picture was not reflected all along the Tuscan coastline. According to Carlo Andrea Marsano of ro-pax operator Lloyd Sardegna, freight rates on the Livorno to Olbia route have decreased by around 20% over the past 12 months. “There has been a lot of fleet renewal, rates are very low. To Sardinia, tickets and freight rates are probably lower than they are in the North Sea,” he said. “This excitement has involved the whole of the Mediterranean. The market needs to be re-balanced.”

Rates on the Livorno/Olbia freight market have been depressed by a new entrant this year — Armatori Sardi.

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Armatore Sardi has taken market share from Lloyd Sardegna, which as a result expects freight carried this year to drop to 1.2m lane metres. Lloyd Sardegna has however compensated for this loss by promoting passenger services, in particular “camping on board”. The company’s passenger volumes are expected to increase from 140,000 in 2001 to an estimated 170,000 this year.

Right :  
The Tirrenia ferry **AURELIA**  
under maintenance a Palermo .  
**Photo : Piet Sinke ©**



State-owned airline Alitalia has also contributed this year to a passenger rate reduction with its new policy of offering reduced fares between Cagliari, Rome and Milan. One-way fares of E 80 (\$79.5) have proven very popular with travellers of all kinds, whereas residents and those born in Sardinia now enjoy special air fares, and one-way tickets as low as E 40 can be found. The government-promoted subsidies have been introduced as part of a “territorial continuity” policy designed to reduce the economic disadvantages of Italy’s peripheral regions. Similar discounts are already in place for islanders choosing to travel by sea.

Mr Masciocchi said he believed the discount had contributed to a reduction in Tirrenia’s volumes this year. “The territorial continuity policy introduced on January 1 has made air travel accessible to low and medium income earners commuting between Sardinia and the mainland. Air fares can be as low as E 40, and there is a lot of talk of full aircraft and people having to make reservations two weeks in advance.

“It costs less to travel by sea, but when you add in the transfer to the port, the return journey by sea can take up to two days.”

For Mr Lonmon, the territorial continuity policy is more of a low season issue. “The territorial continuity policy has definitely had an effect on some routes, anyone would think that Ryanair had started operating between Rome and Cagliari the rates are so low. But we mainly cater for the leisure market, and these people are not residents and were not born on the island. They also bring with them so much luggage that any normal aircraft would crash.”

The policy only applies between the island and the mainland airports of Rome and Milan, much to the annoyance of competing airports, such as Genoa.

“Rebalancing” the market would imply consolidation among the bigger players — there is talk of this eventuality.

A more comprehensive analysis of the market might also include an examination of the effectiveness of government subsidies. The current Tirrenia subsidy programme expires in 2008. The programme distorts the market, according to Tirrenia’s private sector competition.

“This subject gets us wild,” said Mr Lonmon. No-one is quite sure how the Tirrenia subsidy system operates, he said.

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"In the high season Tirrenia can offer lower fares because of these subsidies. They have an armada of vessels without any link to normal market behavior."



Top : The **CORSICA VICTORIA** moored in the port of Nice - **photo : Piet Sinke ©**

The managing director would like to see the Sardinia subsidy regime changed so that passengers, rather than companies, are subsidized. Such a system is in force between the ferry company's other principal market — Corsica — and the French towns of Toulon and Nice. "In Corsica, where there is competition, there is no subsidy to the company, but to the individual," he said. "The system can be organized by passenger, or by lane meter or by tonne. There would then be an open market. Then everybody can accept the same rules, which could be accompanied by minimum standards, both quantitative and qualitative." On routes to Corsica, the company has decided to pass this subsidy on to its customers. The Corsica system has evidently boosted traffic.

Discounting may have hit yields this year, but according to company figures promotional activity had the desired effect of boosting passenger numbers. Corsica Ferries Sardinia Ferries carried 715,000 passengers on crossings to Sardinia between January and November 13 — up just more than 5% on last year.

Grande Navi Veloci, the Milan-listed cruise ferry group, seems to have fared better than its competitors. The high-profile **Superba**, the newest addition to the GNV fleet, with its capacity for 3,000 passengers, has reportedly proven to be popular with the local market this year. The popularity of the ship has allowed the company to increase rates rather than decrease them. "I would say there is overcapacity as far as modest ferries are concerned, but the number of quality ferries is just right," Mr Grimaldi said. He likened ferry capacity in the Mediterranean to restaurant capacity in a capital city. "In any given city the restaurant capacity might be too high, but the best restaurants will always be popular."

"We have managed to increase our rates this year and they are now going up again, given that inflation is running at around 3%. Port authority costs have also gone up, and we have to cover ourselves."

Grandi Navi Veloci is expecting to ferry around 500,000 passengers between the Italian mainland and Porto Torres this year — a 22% improvement on 2001. To Olbia, where the company has operated for

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four months of this year, as opposed to three months in 2001, the predicted increase is around 50%, to 204,000 passengers

When full-year figures for Tirrenia are released, they are expected to show the company's losing market share to the private sector.

Next May Grandi Navi Veloci will take delivery of the **Suprema** – **Superba 's** sistership. Tirrenia is also expecting newbuildings to be delivered next year.

In all, another 10% increase in capacity is expected.

With the Italian economy stagnating and alternative low-cost holiday destinations increasing in number, the outlook for tourism-dependent Sardinia as we move into 2003 is less optimistic than 12 months ago.

### **OPMERKING**

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