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The ELI MAERSK seen approaching Rotterdam-Europoort Photo: Huug Pieterse - <u>www.shipspotters.nl</u>

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TANKER ATTACK IN ARABIAN SEA

(free translation of Dutch story by the editor of the news clippings)

December 30 was a day that I will not forget: Somali pirates attempted to hijack our ship, but fortunately they did not succeed. I had on December 29 the usual monthly security meeting with the entire crew. And one of the things I discussed was the fact that we were scheduled to load in Yanbu with destination Singapore, and therefore we had to pass two times through the area of the Somali pirates. Once in ballast which i did not feared because in ballast the ship is a little faster and not so heavy to maneuver as if it is fully loaded. There is also to be added that the pirates have almost 13 meter climb when we are in ballast, so I expect they have a would choose an easier target instead.

The plan was that the convoy under guidance of a Chinese warship was to departed January 2 at 0900 hours GMT to pass the pirate invested area in the Gulf of Aden, but our charterer had instructed us to arrive at January 6 at 0001 hours in the morning (one minutes after midnight) at the loading port at Yanbu, and that would not work, if we had to wait for that Chinese convoy we should arrive only January 6 in the evening in Yanbu.



If we just would continue through at full speed, we should arrive January 1 at 0100 hours GMT to commence the passage of the Gulf of Aden more than one day earlier then planned. Although we would not have a warship as an escort, but we would be part of a group of five tankers which would make the trip in 1 group. The crews belonging to ships of such a group, supporting each other in case of attack by pirates, The Navy people can not explain what the crews of the freighters and tankers, in reality can do to help each other in such cases.

Anyway, I thought that our ship in ballast would not be an attractive target and had decided on January 1 along with four other tankers to take the risk and commence the trip, with in mind that when making the trip back to the area in loaded condition to join the East bound convoy on January 11 accompanied by a Chinese warship. I explained that to the crew, what I had decided and why. And to be sure they have just told me that if the ship would be attacked by pirates, an attack now almost one hours can be long. The pirates have become more tenacious and do not fast anymore. I explained the crew about the plans, which were all aware of the situation and why I made the decision, I remind the crew that in case of a pirate attack, this attack could take over 1 hour and there is a good

So no crew were allowed to stay in the outside cabins, and certainly not looking through the porthole to see what's happening outside. Our galley by its central location would be the safest place on board, so anyone who would not be needed on the bridge or engine room when under attack should go to the galley. But I never thought that my advice would be really useful; I saw it more as a beautiful leaf-litter on the report that I had to write about the safety

chance that the pirates will shoot on the ship, in an attempt to intimidate the crew and to bring the ship to a full stop.

meeting.



This all changed when I received the next day (December 30) at 09:15 in the morning a call from the mate on the bridge: there was a fishing boat in our neighbourhood. Well we were right in the Arabian Sea; days steaming from the coast and normally you can't see fishing boats in that area. But as we now that the Somali pirates are using fishing boats as mother ships: that way they can operate more than 600 miles from shore. These boats are specially equipped with a fast boat called a skiff which is a polyester speedboat from 5 to 6 meter long and are equipped with a powerful outboard motor with which they do 25 knots speed in calm

Because i did not trusted the situation I went straight to the bridge. I was surprised that the fishing boat was already on our beam at a distance of approx 3 miles and if that was a pirate mother ship she would surely have her skiff already launched so time ago to us, this situation was giving me the hope that I still had it wrong but not for long, yet not ten minutes later we saw the skiff come to us. The fishing boat (an old, wooden Arabic dhow) was already 3 $\frac{1}{2}$ miles behind us and I kept hoping looking at the waves that the skiff was not able to reach us and or overtake us, To be sure, I changed the ships course 90 degrees and headed direct into the seas

Doing this, the skiff should not be able to find a good lee-side on the port and starboard of our ship with the 2 meters wave height on the location. But the skiff slowly came closer, so I warned the crew that we were attacked by pirates. Anyone who had no special mission, went to the galley. The helmsman was at the wheel, and I put the handle of the telegraph a little higher: every extra RPM could help us. The engineers started and extra generator, so we had enough auxiliary power to operate both steering gear engines (the rudder moves faster).

We also started the two fire pumps to supply the water on deck to feed the fire hoses, and the Chief mate came with the idea to open up the ballast tanks, so then we could start the large ballast pump and within a few minutes a lot of seawater was pumped from the ballast tanks over our deck, All that water was intended as a repellent against the pirates, not because they would hate to get wet, but they are in open skiffs and other boats and they do not want them to get filled with water.

I think that the pirates will not have any difficulties to maneuver between the waterjets and yet to come alongside, but all we can do to make their lives more difficult is should be done. There is a kind of clamps you can in a nozzle and then you can remote control the spraying direction, That is of course a thousand times better than if you like onboard

our vessel, just the fire hose in a fixed position to the railing. I did not want to take the risk with any of my crew on deck to assist with such firehose / nozzle in his hand: the pirates could shoot easily the person.

In the meantime, the radio operator was busy in all ways (through MF / HF short wave radio and via two different satellite systems) to send a distress signal. I was very glad that in our company we still had a radio operator onboard, this man was the money worth it, I tried even to call the office to inform them about the office, but it was too early in the morning in Cairo.

And although there day and night someone sitting at the desk and the phone, I got somebody on the phone that seemed to understand a little English only, so decided to keep my attention to the ship and situation.

The skiff came really close and we could count five men onboard. They waved their arms that we had to slow down our speed, and we could even hear them calling "Stop, stop!" Probably they hoped that we would think they would need help and would stop for them, I did not, of course, soon afterwards they show their weapons. They first fired an RPG (rocket propelled grenade), as a kind of warning in a wide arc high over our ship before it exploded over the vessel at about 80 meter height with a black smoke cloud.

When I was still not impressed and the ship was not stopped, the game became more seriously, The ship was bombarded with more RPG that's now focused on the accommodation. It gave big explosions, the engineers told me later that they had heard the in the engine room the bangs and it felt as if the whole ship was shacking.

The pirates also used their AK-47 to shoot at the ship, and they were getting closer in an attempt to board the vessel.

Now came a little further down on my art of steering and handling the ship, and an even higher proportion of pure luck. For example, if the pirates try to board the vessel on portside, you can turn the wheel hard starboard.

You then change course to starboard, and if you go to the surface of the sea, you will see that the starboard roughly the entire length of the ship the waves are eliminated, while the sea state near the port hull is becoming very much rougher, And I hoped to use this tactics against the pirates. But the soon you start turning with the ship you also loose speed, and the lower the speed, the easier it is for the pirates to climb on board.



So on the end the decision to give hard rudder was only in an extreme emergency, It is important to keep the speed as high as possible to avoid that the pirates could get their ladders on the vessel, it was a matter of "now or never". I have given therefore no more than two times the order to turn the rudder "hard over" and both times only when the pirate skiff was almost alongside almost succeeded in positioning their ladders. And once I saw that the skiff was 10 of 20 meters again away from our hull, the rudder went back amidships not to loose more speed.

Later we collected the remains of the RPG's and reviewed the damage to the ship, and I feel that the pirates have just shot at us as an attempt to intimidate us. They had the possibility to shoot at the windows of the wheelhouse with their AK-47 (I saw at one point that the radio operator and the helmsman as a precaution where hiding under the table in the radio room) but they did not do this. So I have the impression that they were not looking to hurt people, and even deliberately avoided that risk.

Also the way they used their RPG's These things are designed for the military to be used against tanks, but these RPGs did not make more damage than a good scratch at the plates from our accommodation, Most probably the pirates removed the warheads from the explosive missiles, so she still hit the vessel with a stunning bang but could / did not explode.

All in all, the attack lasted about 45 minutes, then suddenly the skiff stopped and moments later she turned around and set course towards where his mother had to be somewhere. I hardly dared to believe that it was over now, would they really not get back to try again? They nearly boarded several times, did they gave up so easily??

Well, I waited for about fifteen minutes before I finally dared to believe they indeed did not came back anymore, when I could finally answer all calls with the good news that the attack was over. All of the distress signals were apparently picked up by a number of Maritime Rescue Coordination Centres, I got (satellite) phone calls from the MRCC from England, Norway, from Australia, from India, from Dubai to the Netherlands and even with questions what the situation were on board, whether we were safe. Luckily I could confirm this to all of them

Then began the inevitable paperwork: everybody wanted a report, and as much information as possible about the attack because this might be good advice for other vessels. It looks like that their is not much coordination with the rescue centres, and they wanted everything extensively documented (the ISM rules which I mentioned a few days ago) so I was busy for more then $1 \frac{1}{2}$ day with writing reports and filling forms.

Positive was that immediately after the attack the chief engineer surprised me (and thanked me) with a delicious plate of dates from Iraq, all in a peanut sauce. That sounds like a strange combination, but it's really nice (although it will be quite nutritious, and just when I already have to loose one. two pounds or three ©). And even it was not nice to eat I would have eaten it anyway, in appreciation for the gesture. Furthermore, the whole crew came to my cabin to thank me that we did not stop for those pirates, some were in tears, so emotional. Which I can understand, later that night I was awake the most of the night thinking about everything and what happened.

Just a refresher about the way the pirates climb onboard since they use two types of ladders, First they have a real rope ladder, a light thing that is completely out ropes, At the top of that ladder is a kind of small anchor, they throw up in the hope that it hookes on somewhere on deck. Then they have a light aluminium ladder (four or five meters long) which has two hooks on one side, if the above mentioned rope ladder is in place, then they hook the aluminium ladder to the rope ladder and when this is completed the vessel is lost.

We had been lucky, but once keeping of the pirates from the vessel and crew is enough for me. So when I got our office on the phone, I told them that I changed my mind regarding the navigation through the Gulf of Aden. I decided to drop the idea to sail with that group of five tankers on January 1, Instead I choose the greater security of the convoy with the Chinese warship on January 2, and if we so about 18 hours late to arrive in Yanbu, so be it.

Better a few hours late to arrive a few months late (after a few months hostage in Somalia). Fortunately, the office agreed in this, and I even got one hour later a call from the General Manager itself (the big boss) which gave me a nice pat on the shoulder. He took the time to listen to my whole story and asked how the situation with the crew was.

Unfortunately I don't know him personally, otherwise when he asked my whether there was anything he could do for me i had said increase my wages, But perhaps he has no such sense of humour, so I have not tried this out ©



But it appeared that this was not necessary I had asked him to send an email to the ship with the confirmation of his expressions of appreciation for our success so I could hang this e-mail in the crew mess.

And when that mail came in, stood there (except once a pat on the master and the whole crew) that as a token of appreciation, all aboard get an extra month's pay. I have paid out this direct to the Pakistanis which had all smiling faces everywhere.

As the damage to the ship: a 6.9 mm bullet from an AK-47 went through the hand railing on the C-deck, and two bullets went through the port lifeboat. Fortunately, this are really small holes, and the boat is made of polyester so that we can easily repair our self. These bullets also went through the wooden peddles that you still need a lifeboat, and one of these peddles has been completely destroyed. We also have quite a few (mostly shallow) dents in the steel sides of the accommodation, but not a single bullet went through. One of the AK-47 bullets must have come close but there: the bullet is still stuck in the steel of the accommodation still sticking out on the outside, it was good that the bullet did not went through, otherwise the chief engineer had a small present in his cabin when coming back from the engine room. The RPG's caused just some big scratches in the steel of the bulkhead.

In about 2 hours onboard it became midnight December 31 and we hope that the New Year is giving much as luck as we had during the last day. – **Story by the (Dutch) master of the attacked tanker**





The **SMIT TIGER** arrived from Vietnam in Rotterdam, a delivery trip done by **REDWISE**

Photo: R&F van der Hoek - LEKKO © Photo: Nico Ouwehand ©

Attractive escort

With pirates stepping up their activity once again AP Moller-Maersk took the unusual step of hiring a warship to escort one of its tankers to Kenya. It chartered a Tanzanian navy vessel to protect the 29,000-dwt **Brigit Maersk** (built 2008) for five days in December while it delivered vegetable oil to Kenya, national media reports.

Steffen Jacobsen, technical director at Maersk Tankers, told Jyllands-Posten: "I can't tell you how much it cost, but it was small change for the protection we got." He adds Maersk is open to repeating the move in the future.

In November the 1,098-teu **Maersk Alabama** (built 1998), which fell victim to a high-profile hijacking last April, was again attacked by pirates as it sailed to Mombasa. **Source : Tradewinds**

STENA DON ARRIVED IN ROTTERDAM



Photo top: Aart van Bezooijen ©



Photo: Fred Vloo ©

Pirate Paradise Prevails

After more than a year of warships patrolling the Somali coast, the piracy problem has not gone away. In some respects, it's gotten worse. In 2008, there were 111 attacks on ships, with 38 percent of them successful. Last year, there were 216 attacks, with 22 percent of them succeeding. In effect, the pirates have more than doubled the number of attacks, to take the 12 percent more ships (42 in 2008, 47 in 2009). The warships are interrupting many

attacks, but the nations they are from lack the laws to prosecute pirates, so the pirates are free to go out and try again.

Currently, the pirates are holding a dozen ships (and 260 crew) for ransom. The exact amounts of the ransoms are not usually made public, but it appears that the pirates made over \$100 million in each of the past two years. This is big, not as big as the billion dollars a year that expatriate Somalis send home each year, but the ransoms are going to thousands of people, not millions. Moreover, less than half the ransom money gets to the pirates themselves (the guys with the guns and grappling hooks in the speedboats). The rest goes to various middlemen and warlords. Meanwhile, there is still a people smuggling business, that carries people from Somalia to Yemen, and brings the smugglers about two million dollars a year. The trip is becoming more dangerous, because many of the smugglers have gone on to the more lucrative piracy trade. This leaves the smuggling boats in the hands of less experienced people.

The piracy trade is costing ship operators several billion dollars a year in extra expenses. Higher insurance (to pay the ransoms) rates are only part of that. Most of the additional cost is for more fuel (to send ships at high speed through pirate waters), danger pay for crews and additional security measures on ships. Then there's the cost of more than three dozen warships and maritime patrol aircraft operating off the Somali coast.

Then there's the political cost. The nations that own the ships, or supply the sailors, have a PR problem each time one of their ships, or citizens on the crew, is captured. There is a popular outcry for something to be done (to stop the piracy). But the pirates know that, as long as they keep the body count real low (very few crew are killed in the attacks or while in captivity), there will not be huge public backing for attacks on the few coastal towns that serve as bases for the pirates (and anchorages for the captured ships). That would be bloody, and no nation wants to go to war with the Somalis (who fight each other, when there are no foreigners to go after.) **Source:** strategypage



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South Africans may save oldest passenger ship





REPRESENTATIVES of a South African company are expected in Singapore next week to assess whether the world's oldest operating passenger ship could have a life beyond its decommissioning today . Floyd Bascones, a media relations officer on the MV Doulos, said yesterday that the company's representatives would decide whether the ship, built in 1914, could be converted into a maritime training facility and museum. If the company takes over the ship, it would be able to make a final voyage to SA by the end of March, he said. "But failing which, we would still negotiate with at least two other companies on keeping the 95-year- old Doulos afloat," Bascones said.

Photo's: Piet Sinke ©

The ship was built two years after the **Titanic**. If talks failed the **Doulos** would be scrapped at an Indian shipyard from March 31, he said.

The ship is owned by Christian charity **Gute Bücher für Alle**, or **Good Books for All**, which is based in Mosbach, Germany. The ship has been operating as an international floating bookshop since 1978. It took affordable books to ports where cheap books were not available, and has sailed to 104 states.

Listed in the Guinness Book of World Records as the world's oldest active ocean-going passenger ship, the **Doulos** was declassified during its last dry-docking in Singapore under a new maritime law that prohibits vessels with combustible material from sailing from next year. Much of the vessel is wood.

Bascones said an estimated 14m - 17m would be needed to extend its life. In previous incarnations it has been the cargo carrier **Medina**, the passenger ferry **Roma** and cruise liner **Franca C**. **Source : businessday.co.za**



CASUALTY REPORTING



South Korean cargo vessel sinks

A South Korean cargo vessel sank off the coast of the northern Philippines, but all 22 crew members were able to abandon the ship, police said on Friday. One of the 22 South Korean nationals was injured by the ship's propeller as they fled the cargo vessel Nam Yang 8 on late Thursday, said Chief Superintendent Roberto Damian, a regional police director.

Mr. Damian said the ship was carrying wet magnetite when it capsized off the coast of Claveria town in Cagayan province, 405 kilometres north of Manila. The accident occurred more than two hours after the ship left the nearby port of Aparri. Mr. Damian said the injured South Korean was taken to a clinic for treatment, while his companions were resting at the house of the village captain. **Source: expressnews.lk**

Brand aan boord Urker visserkotter.

Uit contact met de **UK 143** die maandagochtend brand in de machinekamer meldde, is nog niet duidelijk of de brand



eventueel assistentie te verlenen.

uit is. Men heeft de machinekamer afgesloten en probeert de brand te doven door CO2 in de machinekamer te pompen. De twee helikopters zijn inmiddels ter plaatse en één daarvan heeft uit voorzorg 2 personen van boord gehaald. Zij worden naar Den Helder gebracht.

Photo: Bemanning Arie Visser (c)

Ook het koopvaardijschip 'Polfoss' is gearriveerd en blijft in de buurt om

Laatste update: De brand aan boord van de visserskotter **UK 143** is gedoofd. Twee personen van een bergingsbedrijf hebben de machinekamer geïnspecteerd. De reddingseenheden zijn inmiddels terug naar hun respectievelijke stations. Een bergingsvaartuig blijft ter plaatse. Het ligt in de bedoeling de netten binnen te halen en het vaartuig naar Terschelling te slepen **Bron: Nederlandse Kustwacht**

Boat ablaze at shipyard

A FIRE broke out at Singapore Technologies Marine's shipyard in Tuas Road at Saturday on Sunday night. A 60m-long fishing vessel, the **Pacific Princess**, was ablaze for more than 40 minutes before the fire was brought under control.

A guard at a nearby factory in Tuas Basin Link, who wanted to be known only as Mr Tan, said he saw the fire from afar, blazing up to two storeys high. No one was injured in the incident. The SCDF is investigating the cause of the fire. **Source:** asiaone.

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China's naval base proposal may raise suspicion

Just when you think that unmanned drones, "asymmetric warfare" and the "hi-tech battlefield" have taken over theories of modern warfare, China always seems to pull you back to the 19th century, with its emphasis on mammoth standing armies and sprawling naval armadas.

But Beijing's preference for these traditional means to project power appeared anything but a throwback last week, when a Chinese admiral proposed the construction of a naval base in the Gulf of Aden.

Although Rear Admiral Yin Zhou, a senior official at the navy's Equipment Research Centre, did not specify where a hub might be built, any base would deepen the Asian superpower's presence in the Arabian Sea and the western Indian Ocean, already the farthest westward advance of Chinese naval power since the waning days of the Silk Road 600 years ago.

Then, as now, Beijing's goal for establishing a more permanent military presence far from its borders is to ensure the safety of trade routes. More recently, this has included the continued flow of crude oil and other raw materials. There is no gainsaying China's increasing strategic and economic stakes in the region. Since the beginning of 2009, China has sent four naval flotillas to help escort about 1,300 Chinese and foreign ships through waters menaced by pirates operating off the coast of the East African country of Somalia, according to the Chinese news agency Xinhua. Each time, Chinese patrol ships have been forced to rely on access to a French naval base in Djibouti for resupply.

There is little question either about the growing peril to shipping in the Gulf of Aden and the Arabian Sea. China is the world's largest importer of crude oil and last year, the number of pirate attacks and hijackings of oil tankers hit a high, according to the International Maritime Bureau's Piracy Reporting Centre in Malaysia.

Pirates last year attacked 42 oil-laden tankers around the world, a 40 per cent rise from 2008, the centre said, and most of the attacks occurred off the coast of Somalia and the Arabian Peninsula. Finally, there is little doubt about the direct dangers to Chinese shipping, where trade not only in oil but in goods and raw materials with African countries has soared in recent years. Only last week, a Chinese cargo ship, the **De Xin Hai**, and its crew of 25 were rescued from Somali pirates after being held since October. Their release followed the payment of a ransom of US\$4 million (Dh15m) to their kidnappers.

Given China's involvement in the region, a proposal to establish a military base was probably inevitable. "I believe that a relatively stable, relatively solid base for resupply and repair would be appropriate," Adml Yin said sensibly, adding that such a base would provide a steady source of fresh food, along with facilities for communications, ship repair and recreation.

How much Adml Yin's comments, part of an interview posted on the Chinese defence ministry's website, reflected the views of other more senior Chinese officials was not clear. But he notably distanced himself from any decision to establish a base, saying it was "entirely a matter for the country's foreign policy circles" and the Communist Party.

If his proposal was intended as a trial balloon to test other Chinese government or foreign reaction, it was not immediately clear how well it went down. Governments have largely been shut down the past week. Still, attention immediately turned to India, Beijing's long-time rival and Asia's other economic colossus.

China's neighbours in the South China Sea – in particular Taiwan, the Philippines, Vietnam and Malaysia – are accustomed to Beijing's aggressive use of its naval forces to assert its claims in ongoing territorial disputes and to underline the prerogatives it regards as its due as a rising world power.

But New Delhi has been especially alarmed as Beijing builds a chain of naval installations – dubbed a "string of pearls" strategy – across the Indian Ocean. China has established a maritime reconnaissance and intelligence centre on the Coco Islands, leased from Myanmar. It is also building a major deepwater port on the Arabian Sea at Gwadar in Pakistan that could become a key naval base for China's expanding submarine fleet.

Furthermore, despite an avowed policy of not maintaining foreign military bases, China is also reported to be interested in establishing naval bases in Bangladesh, Sri Lanka, Cambodia, Myanmar, Pakistan and Thailand to protect its maritime supply routes from the Middle East and Africa.

It remains to be seen whether Beijing can persuade New Delhi and other sceptical governments that its motives are benign. In his comments last week, however, Adml Yin appeared sensitive to suggestions that the establishment of a base in the Gulf of Aden was the tip of an iceberg, part of a Chinese government plan for an extensive network of foreign naval bases.

"We are not saying we need our navy everywhere in order to fulfil our international commitments," he said. He added he hoped the nations in the region "would understand" China's need for a "permanent, stable" base for anti-piracy operations.

Then, to underscore how much he is aware that Chinese naval ships in the waters of the Indian Ocean and Arabian Sea have aroused suspicions, Admiral Yin noted that the first Chinese frigates deployed to the Gulf spent more than four months at sea without docking. "We didn't want to arouse unnecessary suspicion from some western countries," he explained. **Source: thenational.ae**

Surface Forces - Russian Panthers Head South



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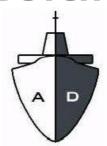
Vietnam has bought two Russian Gepard (Panther) class frigates. These 2,000 ton warships were designed for export sales, although the first one is in Russian service, as flagship of the Caspian Sea flotilla. Moreover, when Vietnam receives its two Gepards, it will decide, based on performance of the ships, whether to buy two more (built in Vietnam). The first two Vietnamese Gepards will cost about \$200 million each, and the first of these will enter service in 2010.

These ships are 102m (316 feet) long, have a crew of 98 and endurance of 15 days. Top speed is 50 kilometers an hour. These frigates are meant for coastal patrol. They carry eight 8 SS-N-25 anti-ship missiles, one, SA-N-4, twin rail anti-aircraft missile

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launcher (with 20 missiles). There is a 76mm cannon and two, six barrel, 30mm anti-missile autocannon, four 533mm torpedo tubes and a 12 barrel anti-submarine rocket launcher. The ship also carries up to 20 naval mines. Electronics include navigation and air defense radars, as well as sonar. There is an option to provide a helicopter platform (but no hangar.) **Source:** strategypage

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Hyundai Heavy misses ship order target

Hyundai Heavy Industries Co., the world's biggest shipbuilder, missed its target for new contracts for a second year as the credit crisis and shrinking global trade reduced demand for vessels. The shipyard won \$10.6 billion worth of new orders for ships, marine engines and other products this year, compared with the \$21.1 billion target, the Ulsan, South Korea-based company said today in a regulatory filing. This year's new contracts are 61 percent less than a year earlier, it added.

CMA CGM SA and China Ocean Shipping Group Co. are among companies that canceled orders and sought delays in delivery as a slump in rates pushed sea-carriers into losses. Global orders have slumped since September last year because economic recession caused consumers to spend less and an overcapacity of new vessels from five years of record orders caused shipping lines to cut sailings.

Hyundai Heavy's sales this year rose 6.9 percent to a record 21.3 trillion won (\$18 billion), the company said. That lagged behind a target of 22.9 trillion won. **Source: Bloomberg**

South Korean shipbuilder Hanjin Heavy to cut workforce by 30%

Hanjin Heavy Industries and Construction Co., South Korea's fifth-largest shipyard, said it plans to slash its shipbuilding workforce by at least 30 per cent to help overcome a management crisis arising from a worldwide recession in the industry. The plan calls for the company to begin layoffs in its shipbuilding unit in February next year and spin off part of its technology group.

"The company did not receive any new ship orders this year and we are not structurally capable of taking on low-priced orders at the moment," it said. "For the survival of the company, layoffs and workforce restructuring are inevitable." **Source: Asia Pulse**

Indian Government to set up international shipyard worth up to 4k cr

The government plans to set up a shipyard to produce large-sized vessels under public-private partnership with an investment of Rs3,000-4,000 crore, in lieu of the Hindustan Shipyard going to the Defence ministry. "The government

will set up another shipyard, most likely on the east coast (of the country) under the the PPP mode to make VLCC and other large vessels ... the total investment will be at Rs 3,000-4,000 crore," a senior government official said. This will be the only facility in the country after Pipavav shipyard to produce huge vessels such as very large crude carriers (VLCCs).

"The government will hold anywhere between 26-49 per cent in the project...land will be acquired (for the project) by the private developer to expedite the project," he said. The government will appoint a consultant to work out the detailed project report and then invite bids. "The project is likely to be awarded by February-March next year ... It will take three-five years for the shipyard to come up," he added. The Cabinet last week approved transfer of Hindustan Shipyard Ltd from the Ministry of Shipping to the ministry of defence to meet the country's security requirements of building vessels for the Indian Navy. Source: PTI

ROUTE, PORTS & SERVICES



Gazprom orders 4 tankers for Shtokman

The South Korean shipyard Daewoo will by year 2015 or 2016 deliver four tankers for the Shtokman project, Gazprom's deputy chief Aleksandr Ananenkov announced in a meeting last week.

The vessels will have a joint cost of two billion USD, Anenenkov said, the Moscow Times reports. In addition, Gazprom also plans to order two supply ships for a combined two billion rubles, the company deputy confirmed.

Meanwhile, Gazprom confirms that the Shtokman project will face delays. As reported recently by BarentsObserver, Russian First Deputy Prime Minister and Head of Gazprom's Board of Directors Viktor Zubkov in a meeting late December said that the Shtokman project start-up will be delayed. He did however not specify any new time for the project launch.

The news from Mr. Anenenkov was announced during Prime Minister Vladimir Putin's visit to the Russian Far East last week. The government leader then announced plans for major investments in regional shipyards and infrastructure. Among the projects announced were two major infrastructure projects by the state-run United Shipbuilding Corporation together with foreign partners. Combined investments in the projects will be 700 million USD, Putin said, a meeting transcript reads.

According to the new deals, the Korean Daewoo will be responsible for the construction of a dry dock at the territory of the Zvezda shipyard. The new dock will enable the yard to construct tankers and LNG carriers. **Source :**BarentzObserver

Jeddah port opens new US\$530m terminal

A new US\$530 million terminal in Saudi Arabia's main shipping hub will ease congestion and help lure back trade which had gone to other ports in the past few years, a senior executive said. Aamer Alireza, chief executive of Red Sea Gateway Terminal Co, said the 2 billion riyal (S\$749 million) facility has already started operating.

Jeddah, on the Red Sea, is the main port for the world's top oil exporter but congestion has led to hefty charges for many delayed ships as well as the diversion of some shipping lines to other ports over the past two years.

'The Red Sea Gateway Terminal is part of the solution to address that problem by adding capacity and more importantly, next generation ship-handling capability,' Mr Alireza said in an interview. 'We received our first vessels on Dec 22.'

Red Sea Gateway is a majority owned unit of Saudi Industrial Services Co (Sisco) and led the expansion under a 40-year scheme that allows it to build and operate the facility. The new terminal is ramping up its volume and expects to run on its full capacity of 1.8 million TEUs (twenty-foot equivalent units) by September of next year, Mr Alireza said.

Container trade is measured in TEUs.

Jeddah's Islamic Port (JIC), the largest in the kingdom with a capacity of 3.2 million TEUs, represents 73 per cent of the country's container traffic. It is expected to nearly double its capacity to 6 million TEUs by 2011 as the port's two other terminals are undergoing expansion as well.

'We will represent roughly 64 per cent of that expansion, taking Jeddah (container port capacity) from 3.2 million to 5 million TEUs,' Mr Alireza said. While the capacity has increased this year, container volumes at the port are estimated to have dropped due to the global economic slump.

'This year Jeddah will (handle) 3 million TEUs because of the global slowdown,' Mr Alireza said. 'The transshipment businesses have come down in Jeddah.' He added that Jeddah expected to see a 10 per cent drop in volumes from its 3.32 million TEUs in 2008, when the port operated beyond its capacity.

'It will be very difficult to quantify exactly how much Jeddah is able to attract because of the expansion,' Mr Alireza explained. 'That will depend on the global financial situation because the shipping business is, probably after banking, the second largest industry affected by the financial crisis.' **Source: Reuters**



Sri Lanka port expands ship fuel facilities

The Sri Lanka Ports Authority (SLPA) said it has expanded facilities for bunkering or ship fuel at Colombo port with the addition of another berth for oil tankers that will reduce delays. Colombo Port's New North Pier, which has been developed as a multi-purpose berth, handled its first oil tanker on December 30, 2009 with a call by the vessel 'MT Haven', an SLPA statement said A new oil pump pipe line system has been built connecting the pier with other facilities for oil transportation. "With this latest project, extra berthing facilities will be provided for the oil tankers reaching Colombo for bunkering purposes," it said.

The shortage of berths for tankers has been a critical issue the shipping community had been complaining about and had held back the expansion of the ship fuel market. The extra berth will reduce delays in loading and unloading oil tankers, and eventually reduce costs. The SLPA said it hopes the new facilities will boost bunkering business at Colombo port and improve foreign exchange earnings. It said it was building two new oil storage tanks at the Colombo port 'oil bank' to boost capacity in order to improve bunkering facilities at the port. **Source: LBO**

Negotiations on port deal set for next week

The next round of negotiations on the Colombo Port Expansion Project is scheduled for this Wednesday between the China Holdings Merchant International (CHMI) and Aitken Spence (AS) Shipping Limited consortium and the Cabinet

Appointed Negotiating Committee (CANC).



Informed sources told the Business Times this week that negotiations will focus on the draft Build, Operate and Transfer (BOT) agreement to which CHMI/AS is seeking amendments. A government source said that the CANC, which will be assisted by the Technical Evaluation Committee (TEC), is amenable to minor amendments but not those that will affect the competitiveness of the bid.

A source close to AS said representatives from CHMI were in Colombo a few weeks ago to iron out some disagreements with AS on the terms of the BOT agreement and that a consensus has now been reached, allowing the consortium to take up a joint stand on the agreement. Chairman and CEO of AS Shipping Parakrama Dissanayake declined to comment. The CANC has also accepted the US\$150 million net present value financial bid submitted in late October 2009 by CHMI/AS after negotiations. The government which had initially been looking to get US\$240 million had revised that figure to US\$160 million during negotiations and accepted US\$150 after an earlier proposal of US\$125 million

by the consortium. Chairman of the Sri Lanka Ports Authority (SLPA) P.B. Wickrema could not be reached for comment. The CHMI/AS consortium were the sole bidders for the development of the south container terminal after the government called for a fresh round of bidding was called in January 2009. The first round was marred by allegations of impropriety and a lack of transparency regarding the tender process. The Colombo Port Expansion Project is partially funded by the Asian Development Bank (ADB) to the amount of US\$300 million. Source: Sunday Times

Cutter suction dredger Clair de Lune shipped to Nigeria

Damen Dredging Equipment in The Netherlands has delivered a cutter suction dredger, type CSD500, complete with what it called "many options" to MFW Dredging in Nigeria.

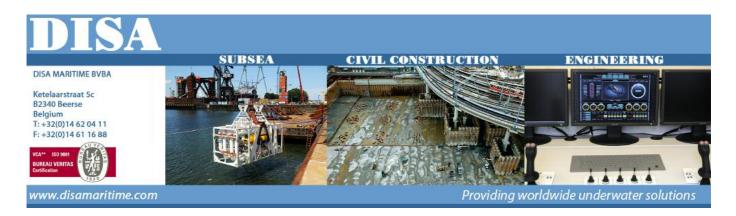
The delivery package also included a workboat and personnel carriers. The dredger was transported to Nigeria by BACO Liner to Port Harcourt, and will be set to work in the sand mining industry. **Clair de Lune** has been enhanced by a large number of options, including a spud carriage pontoon and an anchor boom system were added to enhance efficiency. An accommodation unit, VHF system and navigation lights were added, plus a gate valve in the discharge pipe line. As mentioned above, the contract also included four Damen FAC540 personnel carriers and a Damen MiniCat1003. MFW Dredging has operated only Damen vessels in the last decade. **Clair de Lune** is due to arrive on site in January, where it will start winning sand for infrastructure projects. **Source: Dredging News Online**



Above seen the barge **SUBTECH INKONKONI** during the laying of the latest fibre optic cable in Mozambique on behalf of Alcatel. The barge has been fitted with omni-directional thruster units and modified to lay the 40km of cable in one run. As seen in the picture, the barge had to be manoeuvred through a extremely narrow gap in Xefina Island off Maputo while laying cable. The cable was then manhandled onto the RPL and buried to the required depth after being fitted with split pipe. What makes this project even more interesting is that the barge is towing a burial tool which is currently burying the cable to an average depth of 1.3m while laying it at up to 0.5kts, thus saving considerable time on diver burial.

The burial tool has achieved consistent runs of in excesses of 1.5m burial. While most of the readers have been shivering in the snow, the Subtech team have been toiling in 35C weather over the Christmas and New Year period!

Photo: Grant Bairstow - Marine Manager - Subtech (Pty) Ltd ©



Azerbaijan to announce tender for Baku Port canal dredging

The Ministry of Transport in Azerbaijan has reportedly received the first part of technical documentation for the construction of the Baku international port on Alat settlement in south off the country's capital.

Deputy transport minister Musa Panakhov told local news sources that the package of documentation relating to dredging of a new port canal is under active consideration. "If no grave issues appear on documentation, then already in 2010 it will be announced a tender for construction within the first stage of new port project," Panakhov said.

Earlier, the company's transport minister Ziya Mammadov said that Royal Haskoning was completing development of the masterplan for the new facility. **Source: Dredging News Online**



The **KOTA WAJAR** seen moored in the port of Dar-es-Salaam for a crew change after being released by the pirates **Photo: Anton Klaassen** ©

Forecast: 2010 will be brighter year for ports

After two and a half years of year-over-year declines, import cargo volume at the nation's major retail container ports is expected to see three straight months of gains in early 2010. The forecast is included in the monthly Port Tracker report released Christmas week by the National Retail Federation and IHS Global Insight.

"We've been seeing hints of a turnaround in our past few reports, but this is starting to look like a clear trend," said Jonathan Gold, NRF vice president for Supply Chain and Customs Policy. "If retailers are starting to import more merchandise, it's because they expect to be able to sell more, and that's a good sign for our industry and the overall economy."

That's especially good news for Savannah's port, which - after holding on to positive year-over-year numbers until October 2008, about 10 months beyond the national trend - began putting turnaround-type numbers in the books just a year later. In October 2009, Georgia Ports posted a 1.7 percent increase in retail container volume compared to October 2008. November also showed a year-over-year positive bump, albeit small at .03 percent, marking the second straight month of growth. The ports surveyed by Port Tracker - Los Angeles/Long Beach, Oakland, Seattle and Tacoma on the West Coast; New York/New Jersey, Hampton Roads, Charleston and Savannah on the East Coast, and Houston on the Gulf Coast - handled 1.18 million Twenty-foot Equivalent Units, or TEUs, in October, the most recent month for which all numbers are available.

That was up 4 percent from September as retailers hit their busiest shipping month of the year, but nonetheless down 14 percent from October 2008 and marked the 28th month in a row to see a year-over-year decline. November was estimated at 1.09 million TEUs, down 12 percent from last year, and December is forecast at 1.05 million TEUs, down 1 percent from last year. January 2010 is forecast at 1.02 million TEUs, down 4 percent from January 2009. The January figure would mark the 31st month of year-over-year declines, but the trend is forecast to be broken in February 2010 - traditionally the slowest month of the year - when cargo is expected to total 972,391 TEUs, a 16 percent increase over February 2009. March 2010 is forecast at 1.02 million TEUs, a 6 percent increase over March 2009, and April 2010 is forecast at 1.08 million TEUs, a 9 percent increase over a year earlier. Port Tracker forecasts only six months in advance, so later numbers aren't yet known.

The report expects 2009 to end with a total volume of 12.6 million TEUs, a drop of 17 percent from last year's 15.2 million and the lowest since the 12.47 million imported in 2003.

One of Savannah's portside businesses, the NuStar asphalt refinery, has yet to feel the recession's pinch, staying true to its company's "no-layoff" policy and actually rewarding all employees with bonuses in 2009. Now, the San Antonio-based company that's No. 44 on Fortune Magazine's list of the best 100 companies to work for, has received another accolade - one that may explain the others. Retired NuStar Chairman Bill Greehey has been ranked No. 12 on the Harvard Business Review's list of the 50 best-performing CEOs in the world, based on his tenure at the company between 1997 and 2005. The CEOs of 2,000 publicly traded companies from 33 nations were ranked according to key performance indicators, such as shareholder return and change in market capitalization. During Greehey's time as CEO, the company enjoyed a shareholder return of 613 percent and a \$33 billion increase in market capitalization. Source: SavannahNow

Damco wins two contracts

Damco, a leading freight forwarding and supply chain management services company, has clinched two contracts to manage warehouse operations for international brands AB Food & Beverages and Michelin in Thailand.

With the appointments, Damco will meet AB Food's warehousing needs in the area of handling raw materials for its Ovaltine and Twinings brands in Bangkok. Damco will also handle warehousing activities for the export of bicycle tyres for Michelin, one of the world's largest tyre manufacturers, in Laem Chabang.

Damco attributed the wins to its cost-effective customised solutions and expertise in operating warehousing and transport services for many international clients. "We are very pleased with the series of contract wins. Both AB Food and Michelin are global brands with high expectations of their business partners and they have clearly demonstrated

their trust in us through the appointments. We are committed to serving them with our best," said Kiattichai Pitpreecha, country manager for Damco Thailand, in a statement.

Damco is an independent business activity within the AP Moller-Maersk Group which employs more than 10,000 staff in over 270 offices around the world. **Source : The Star**



The HS SMETANA seen in Rio Grande - Photo: Marcelo Vieira (c)





The **VUNG TAU 01** seen off Vung Tau (Vietnam) **Photo: Capt. Henk Nagtegaal (c)**

Shipping industry incurs historic losses

THE shipping industry has been to hell and back in 2009. And by most accounts it is still in purgatory as the world economy continues to limp. The container lines have been worst hit, with all the majors bleeding red ink at some point - and some falling by the wayside. Intra-Asia specialist New Econ Line, for instance, suspended operations indefinitely in February.

2009 started badly, with throughput and freight rates plunging and lines warning of losses. The overall trade slowdown was exacerbated by the global credit crunch, which squeezed the container trade through the sudden drying-up of letters of credit. The situation got so bad that it gave rise to zero freight rates in January, which must have been the low point of the year for the liner industry. Lines in the beleaguered Asia-Europe trade were so desperate that some resorted to charging shippers just the cost of fuel - taking containers on board literally for free.

Neptune Orient Lines (NOL) first put out a profit warning for its fourth quarter last year. This subsequently panned out, with NOL posting a US\$149 million net loss for that quarter. There was worse to come, as NOL management warned of a full-year loss for 2009. By February, cost-control measures began to be implemented as demand fell through the floor - and rates with it. Industry estimates put the number of ships laid up at around 10 per cent of the global fleet, with the figure expected to rise to 20 per cent in 2010, as more new capacity comes on stream.

2009 proved to be just as forecast, with NOL's Q1 loss of US\$245 million being worse than its guidance of US\$240 million, as well as the company's biggest quarterly loss in at least seven years. Maersk posted a US\$540 million half-year loss and has forecast a full-year loss. Overall, broker Drewry expects industry losses to hit US\$20 billion for 2009.

'We will look back on 2009 as being the most challenging year in the history of our industry,' says NOL group president and CEO Ron Widdows. 'A year when the industry incurred historic losses and, in spite of our best efforts, and the fact that many of our competitors fared worse, NOL recorded losses that were very disappointing. 'We moved swiftly to make some tough decisions going into 2009 and focused on protecting our book of business and managing costs. Those steps, along with taking advantage of strong customer support to grow our position in two of our key markets, allowed us to avoid even worse losses.

'There were other positives as we moved through the year. For example, we began to see an uptick in volumes, as well as rate levels, in some trades. We stuck aggressively to the tasks of protecting revenue, as well as reducing and mitigating costs in all areas of the business.' Maersk Line Asia-Pacific chief executive Jesper Praestensgaard says: '2009 has been the worst year for both the shipping industry and Maersk Line since World War II. This is evident from the fact that 2009 is the first time in our 100-year history that the AP Moller-Maersk Group has posted a half-yearly loss.'

The drop in demand and drying-up of letters of credit was the first shock of the year, and the lines, led by the big players, panicked and slashed rates, says Singapore Shipping Association (SSA) president SS Teo. 'They then decided that accepting lay-up costs but being able to get higher rates was better than putting up with the bad low-rates situation.' On average, container volumes are believed to have dropped 20 to 30 per cent on the main trades during 2009. And this has been aggravated by capacity coming on stream due to the completion of new vessels ordered in the boom years. Capacity expansion is expected to grow in excess of 8 per cent a year over the next few years, meaning the supply overhang will not go away any time soon.

The port industry has also been hit badly. Industry sources estimate that the Port of Singapore will end 2009 with overall throughput of between 25.5 million and 25.7 million twenty-foot equivalent units (TEUs) - about 15 per cent down from 2008. This essentially sets it back to the level of 2006. Assuming no further external shocks, things are still expected to be slow, with single-digit growth forecast at best. At this pace, throughput next year may not even match that in 2007. The lines know that they have their work cut out in 2010. The recovery of the container sector depends on freight rates, and these in turn depend on the recovery of the global economy, since 90 per cent of international trade moves in containers. The indications are that rates have returned to normal levels in some trades. But a huge problem on the horizon is the huge number of new vessels that are due to come on stream in 2010 and 2011.

'Many shipping companies have postponed existing orders for new vessels, idled existing vessels and increased their scrapping programme all in an effort to take cost out and match capacity better to the prevailing demand,' says Mr Praestensgaard. 'I expect this to continue in 2010, and we therefore expect the current tight capacity situation to continue. This, in turn, will help us increase rates further.

According to Mr Widdows: 'Next year will be challenging, and we will likely continue to see losses, at least during the first half. But our swift and decisive actions in 2009, and our improved market position in some key trades, as well some positive signs in terms of volume and rate rises, have established a platform we believe will help us improve our performance.

'We are not seeing significant order cancellations as yet, but with such a massive amount of ships on order not being financed, one would expect many ships not to make it to market - it's just not possible to accurately forecast the number.' Mr Teo, who is also Pacific International Lines' managing director, says that rates returned to normal levels in the current Q4. But higher bunker costs are putting a strain on carriers, unless they can raise the bunker adjustment factor again. Operating results have improved in Q4, but many lines are still not making money, he says. The annual trans-Pacific rate negotiations are also expected to be concluded at slightly better rates from this year.

Recovery remains elusive and industry players are hesitant to make predictions. 'It is very difficult to predict,' says Mr Widdows. 'Despite some positive signs in the market, it's premature to talk of a full recovery. This will be impossible until there is a substantial and sustained recovery of freight rates across all trades and demand, which are still only showing a slight uptick at this point. Mr Praestensgaard says: 'We believe there is a positive momentum for growth, due to a pick up in demand and efforts to curb capacity increases. But it will be a modest growth rate compared with an industry yearly average of 10 per cent in the past 30 years. It will be a while more before traditional consumer markets like the US and Europe return to their former strength, and this contributes to the modest growth rates we must expect in the near future in container volumes.'

Mr Teo reckons that it will take two to four years before volumes return to pre-crisis levels. Cancelling new vessels and accelerating the scrapping of older vessels is the only way to restore supply and demand balance, he says. The bigger lines, which have placed large orders for new vessels, are likely to suffer the most in the new year, he feels.

Source: Business Times Singapore

.... PHOTO OF THE DAY



The 2008 built **WELL ENHANCER** [IMO 9421996] , 8,400gt, 7,950 dwt, Deepwater Constructor, Well Ops UK, seen moored in Leith 3rd January 2010

The IHC built **Well Enhancer** is a purpose built light well intervention vessel for subsea wells. With its advanced intervention tower and generous deck space the vessel can reduce intervention time and provide a cost effective method of maintaining subsea productions systems. **Photo: Iain McGeachy** ©

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