DAILY COLLECTION OF MARITIME PRESS CLIPPINGS 2013 – 146

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News reports received from readers and Internet News articles copied from various news sites.

The ISKES tug SATURNUS assisting worlds largest stern trawler the KW 174 ANNELIES ILENA upon arrival in the port of Ijmuiden last Friday – photo : Piet Sinke (c)

EVENTS, INCIDENTS & OPERATIONS

24-05-2013 : Celebrity cruises ship **CELEBRITY MILLENNIUM** outbound in Vancouver harbour
Photo : Robert Etchell (c)

Maersk rate hikes hitting the high notes

Do we sense a touch of desperation from the executive corridors of Maersk Line as the Triple-E delivery dates approach? Maersk Line boss Nils Smedegaard Andersen was in a confident mood after his carrier posted a decent US$204 million profit in the first quarter.

Making a profit when Asia-Europe is a disaster and many other carriers are wallowing in red ink is impressive enough, but the Maersk CEO raised eyebrows when he addressed the rates issue. He told Reuters he had "no doubt" the carrier could increase rates from their current level of $730 to $1,481 per TEU on July 1. That means doubling freight rates in a market that is being flooded with shipping capacity and has very little to put on the vessels. Seriously?

It is belligerent stuff, but maybe this is why: Next month, the first of a series of 20 triple-E container ships will be launched in the blue Maersk Line livery. By the end of the year, another five 18,000 TEUs vessels will be delivered, and all 20 will be in service by 2015.

That is a tremendous amount of capacity all headed for the Asia-Europe trade, currently embroiled in a rate war that has seen freight rates plummeting to record lows. Lines are desperate to raise rates to more sustainable levels but are finding it particularly difficult. One carrier, Hyundai Merchant Marine, has already postponed a planned May 15 GRI, saying the weak market cannot sustain that sort of increase. The Korean carrier will now try to impose the GRI on

June 1. The market is still trying to digest Hapag Lloyd's announcement a couple of weeks ago that it will bludgeon customers with a July 1 general rates increase of US$1,000/TEU and $2,000/FEU. MSC is also trying to extract a GRI of $750/TEU and $1,500/FEU on Asia-North Europe from July 1. When pigs fly past your office window you will know they have all been successful.
The market has resisted rates increases for the better part of a year and Maersk Line must be looking on with mounting concern as it prepares to enter the megaship era, so the aggressive stance on freight rates is understandable. It also happens to be the second time this year the carrier has pushed its rate boat out, so to speak.
On January 1, the carrier began levying an additional US$1,500 per reefer FEU on all trades, a sudden increase that shocked the market. Tired of pouring money into reefer investment while losing money on the trades, the line raised prices and said it was prepared to lose business if that's what it took. Whether the strategy will work long term is open to debate, but Maersk has been standing by the new rates with mixed results, with other carriers following suit.
The difference is that there is sustained demand for reefers on many trades with the huge investment required a barrier to entry. But for dry boxes, this latest price hike has been announced at a time when rates are at their lowest, volumes are weak and the once traditional peak seasons now appear to be an anachronistic concept. You will search hard, but in vain, to find a Maersk executive making negative comments about the carrier's new Triple-Es. However, as the line gets closer to opening its newbuilding floodgates, the pressure to increase rates and ensure the profitability of the giant vessels must be mounting. Maybe there is something in the pipeline that we don't know about, like a significant capacity withdrawal of some kind. Because in the absence of any real demand, that is about the only thing that would support such a radical increase in freight rates. **Source: Maritime Professional**

The **OCEANA** visited Gibraltar – **Photo : Francis Ferro (c)**

More CSC Phoenix assets frozen by creditors

CSC Phoenix announced that it has received a civil ruling from Wuhan Maritime Court that 23 of its vessels will be seized due to its inability to pay offa RMB420m loan to Minsheng Bank. Just one day earlier, part of its equity in one of its subsidiaries had been frozen by the court which was requested by another creditor, China Everbright Bank. So far there has been five creditor banks including China Exim Bank, Shanghai Pudong Development Bank, China Merchants Bank, China Everbright Bank and Minsheng Bank entering lawsuits against CSC Phoenix. Total liabilities involved in the lawsuits have reached RMB2bn. According to board secretory of CSC Phoenix, Li Jiahua, total liability of the company is about RMB6bn, and the company has been meeting with the banks every week in a hope to solve the issues through negotiations.
In a board meeting on the same day, the board also announced that it has transferred a 92,500dwt chartered vessel to Shanghai Changhang Shipping as it is unable to pay the charter fees. Wang Tao, general manager of CSC Phoenix, said the company has been making great efforts to save itself. It laid off 6,167 employees in 2012, and disposed of RMB3.37bn in assets. The senior management's salary also has decreased by nearly 80%. **Source: Sino Ship News**

The **STOLT CAPABILITY** enroute Rotterdam – **Photo : Ria Maat (c)**

First quarter revenues rise at SBM Offshore

Floating production specialist **SBM Offshore** has reported a rise in consolidated revenues of 35% to $1bn in the first quarter of 2013. Revenue climbed at both its turnkey and lease and operating divisions, by 46.0% and 10.3% respectively to $765m and $236m.

Bruno Chabas, ceo of SBM Offshore said, "Our on-going projects are on track, as is turnover and we continue to pursue new prospects to take full advantage of the opportunities within the industry, while at the same time continuing our transformation activities." The group's orderbook increased by 49% to $21bn, spurred by $7.6bn of letters of intent from Petrobras. Debt at the company stood at $2.3bn on 31 March 2013, up from $1.8bn 31 December 2012.

The $470m negative impact of the termination of the Yme MOPUstor project with Talisman Energy Norge was limited by a $200m provision being set aside in 2012, leaving the $270m remainder charged to the group's 2013 results.

The investigation into potentially improper sales practices at the group continues, the company was unable to make any further comment. SBM Offshore continues to predict an 8% growth in revenue to $4bn for 2013. **Source: Seatrade Global**

Amalia Tankers sees poor outlook for product, chemical segment

The recurring boom and bust problem of over-ordering and over-leveraged shipping companies will continue to plague the market and the product and chemical tanker markets will be in a worse position because recovery there is very dependent on consumer demand, which will take a long time to return in Europe, Amalia Tankers managing director Diran Majarian told Seatrade Global. He believes that the perceived recovery in the tanker market in the first half of last year was an aberration because the increase in crude liftings that filtered into increased cargoes in the product and to some extent chemical sectors was not based on fundamentals.

"The big question is once they finish their production runs what will they do with the products," he asked. Marjarian pointed out that until the Western economies recover there will be little real demand and production runs will drop off again and lead to poor rates as cargoes disappear. **Source: Seatrade Global**

Samudera plunges deeper into the red

PT Samudera Indonesia (SMDR), a company providing end-to-end cargo and logistics transportation services, suffered a net loss of US$3.2 million in the first quarter of the year as rising operating costs ate up the company's revenues.
The loss rose from $2.32 million in the January-March period, 2012.
Masli Mulia, the president director of Samudera Indonesia, said that the shipping industry was going through a "challenging" period. "The market demand for freight is currently low. On top of that, the global fuel prices have gone up," he said.

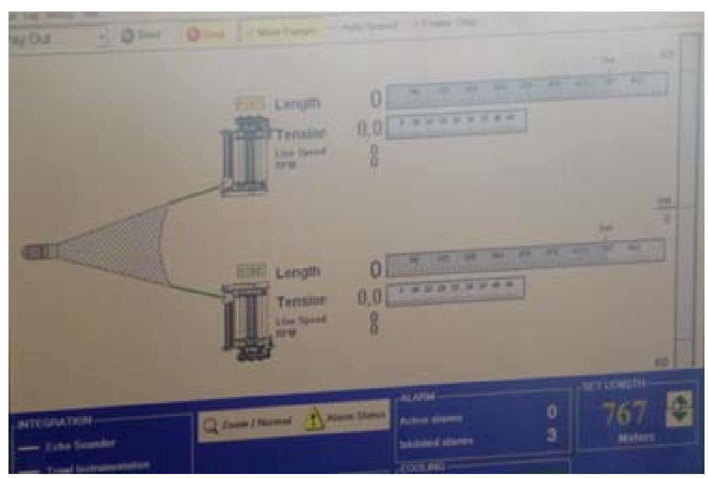
Samudera's **SINAR BUSAN** anchored off Johor (Malaysia) – **Photo : Piet Sinke (c)**

Anwarsyah Batubara, the chief financial officer of Samudera Indonesia, attributed the loss partly to the rise in the cost of fuel. "Roughly 20-30 percent of our costs of services is fuel related," he said. In the first quarter of the year, the company spent $122.2 million on costs of services, 40 percent of which was related to shipping and vessel expenses.
The cost of services, in addition to the $10 million general and administrative expense, $3.4 million financial costs and $2 million income tax expense, wiped out the $133 million service revenue the company booked in the first quarter.
Anwarsyah added that to cut losses in the next half of the year, the company would cut losses on business activities that generated low profits.
"We will be more efficient with our costs and improve the utilization of our assets," he said, adding that this included increasing the shipment load within their vessels. "This will enable us to increase our earnings while using the same volume of fuel," he said. He further said that the company would put more focus on domestic-oriented business activities encompassing terminals and logistics. "This is because the domestic economy has been picking up," he said.
Samudera Indonesia provides services including regional and domestic container shipping, project logistics, container depot, inland logistics, third party logistics, terminals, warehousing, as well as bulk carrier, offshore and tanker.
As much as 76.5 percent of revenues come from shipping and agency, with another 24.8 percent from logistics and terminals. He added that capital expenditure this year would focus on terminals and logistics. However, considering their financial condition, the company would decrease capital spending. "We are spending $15 million this year. In 2012, we spent $41 million," he said. **Source: Jakarta Post**

ANNELIES ILENA (KW 174) WORLD LARGEST STERN TRAWLER

Last Friday world largest stern trawler, the 144 mtr long **KW 174 ANNELIES ILENA** returned in the port of Ijmuiden loaded with 7500 tons fish from the fishing grounds West of Ireland where the trawler was fishing for several weeks

The **ANNELIES ILENA** is built as the **ATLANTIC DAWN** in 2000 at **the Umoe Sterkoder AS** - Kristiansund Yard under hull No.: 190 and was acquired bij **Parleviet & vd Plas** in Katwijk (the Netherlands) in March 2007, the wheelhouse of the trawler is equipped with the most modern navigaton fish finding equipment, and other computers



The wheelhouse is designed for 1 man operation during fishing, all winches operating the fishing nets are operated from the wheelhouse, onboard the trawler are several lengths of nets this in view on what type of fish the crew is fishing , the longest nest are having a length of over 650 mtr , after fishing the nets is retrieved by several hydraulic winches , when the net reaches the trawler the fish is pumped by a large fish pump in to several ships cool tanks

Above seen the storage reels loaded with the several fishing nets and on the left seen the hydraulic driven fish pump which pumps the fish from the net into the ships cool tanks, from the tanks the fish is transported to the Stainless steel factory where the fish is sorted " on the size"

See
http://www.youtube.com/watch?v=BCb2TT5GW7k

before being transported to the large freezers which are

able to deepfreeze the fish within 3 hours to -21 degrees Celcius

After the fish is frozen " frozen blocks" are fully automatic packed in carton

boxes and transported by several forklifts to the large freezing holds in the vessel for storage until the offloading which can be done in a port or at sea towards other ships which can transport the fish to the destination, dur to this large holds the trawler can stay at sea for many months without visiting a port, as also at sea fule can be loaded from a supply tanker, the **Annelies Ilena** is having a capacity of 3850 cbm IFO by a consumption of 44 cbm in 24 hours whilst fishing, the fuel is used by the 2 MAK mainengines of nearly 10.000 hp each (total installed power for the propulsion 14,400kW (19,578hp) which are both driving a large shaft generatort, which power is able to give the trawler a Max. Speedof 20. kts and Service Speed of 14 kts, further more 2 MAK aux 8 Cy. 430 x 610, 3600 kW (4,750 hp) at 514 rpm engines are installed

The impressive trawler is operating with a multi national crew of 65 to 70 people which are accommodated a modern accommodation with every cabin attached a shower and toilet, and the food onboard is prepared by Dutch " chef cook to feed the hungry crews ahich are working 6 hrs on / off in the fish factory , which is capable to process upto 500 ton fish daily

Herewith i would like to thank the crew of the **KW 174 ANNELIES ILENA** for the hospitality last Friday whilst onboard and the cooks thanks for the the Pizza ☺ , and i have to say i was impressed about the beautiful vessel , the size and how clean the vessel was for everyday fishing operations,

The trawler sometimes operates for upto 11 months in the Pacific Ocean

All photo's : Piet Sinke (c)

See also : http://www.youtube.com/watch?v=JN4vpzQ-sgE

Parlevliet & Van der Plas was founded in 1949 by **Dirk Parlevliet** and the brothers **Dirk and Jan van der Plas**. Buying herring at the Dutch fish auctions and trading same on the Dutch market were the main activities at that time. The small family company soon grew too big to serve only the Dutch market, so other markets, outside The Netherlands, became more and more important. During these years of expansion, the fishing company was founded. The first trawler of the fishing company, "**JAN MARIA**", came into service in 1959. Over the years **Parlevliet & Van**

der Plas started fishing many other species of Pelagic fish. In 1967 **Parlevliet & Van der Plas** took their first freezer-trawler into service, "**ANNIE HILLINA".** As the whole fishing industry expanded during the eighties, so did **Parlevliet & Van der Plas.** After several locations, the company founded its headoffice in the municipality Valkenburg (ZH) in March 2002. This city is very close to Katwijk, where the company has its roots.
Parlevliet & Van der Plas vessels are operating around the globe: The fishing grounds of the North Sea, Gulf of Biscaye, around United Kingdom and Ireland, Iceland, West-African waters and in the South Pacific in search of pelagic and bottom fish.

MT SPRING NOTE seen manoeuvring in the Taiwanese port of An'ping **Photo : Bert de Ruiter (c)**

Supply/demand: Asia-Med-More misery in the Mediterranean

Ocean carriers are still paying a heavy price for not withdrawing vessel capacity between Asia and the Mediterranean since January.

Westbound:

Cargo shipped from Asia to the Mediterranean in March reached 362,000 teu, taking the monthly average for the first quarter up to 366,000 teu, which was only just above the previous quarter's 356,000 teu, and 3Q12's 355,000 teu. At this time of year it is more meaningful to compare quarterly cargo flows than monthly volumes due the disruption caused by the Chinese New Year in February. The small cargo growth was shared equally between the Western and

Eastern Mediterranean, although the Eastern Mediterranean unusually remained the dominant player for the second quarter running.
France officially slipped into recession in 1Q13, joining Italy, Spain, Greece, Cyprus and Portugal, whereas some Eastern European countries, including Turkey, still managed to keep their heads above water. The Slovenian port of Koper, in the Adriatic, which acts as a small gateway into much of central and eastern Europe, saw its traffic grow by 4% between 4Q12 and 1Q13, up to 147,000 teu, for example, whilst Fos-Marseilles experienced a 2% drop, down to 265,000 teu. Unsustainable sovereign debt remains the central problem of many countries in the Mediterranean, which requires severe austerity measures, for which there is no quick fix.
Despite this, ocean carriers appeared to continue in 'wait and watch' mode, as few changes were made to their schedules in 1Q13. Only port rotations were tweaked, vessels upgraded, and sailings cancelled. March's effective westbound vessel capacity of 449,126 teu was slightly less than that available in October, but then climbed to 461,995 teu in April. While carriers cancelled seven sailings in March, only one was cancelled in April.
Pulling loops is not easy in this tradelane, as MSC, the biggest player only operates two, as does the G6 alliance and Zim Line. Maersk/CMA CGM and the CKYH alliance have three, however, so could more easily rationalise them, but would then expect the others to also reduce capacity. Be that as it may, the consequence of not doing anything is that average utilisation of all vessels sailing from Asia to the Mediterranean only rose from a poor 71.2% in February to a less poor 80.5% in March, but purely due to the recovery of cargo after the Chinese New Year. Failure to take enough corrective action on vessel capacity meant that westbound freight rates dropped sharply, as shown in the following graph, although other forces appear to have been present .

Eastbound

As in the westbound trade lane, there was little cargo cheer for ocean carriers from the Mediterranean to Asia. March's 174,000 teu took the monthly average for the first three months of the year up to 162,000 teu, which was slightly less than 4Q12's 166,000 teu, but 5% more than that shipped in 3Q12. Being less than half of what was imported, ocean carriers continued to be stuck with a major container equipment problem, compounded by the fact that exports and imports seldom use the same ports, or equipment. Eastbound cargo was evenly split between the Eastern and Western Mediterranean, as was their rate of change. Hopes that China would start using its new found wealth to buy more from the Mediterranean were again dashed in 1Q13, with the value of China's imports stagnating compared to 4Q12, so still remaining 20% less than in 3Q12. Commodity wise, there were no big 'movers and shakers', apart from wool and animal hair products (including yarn and woven fabric), the third largest export, which continued to spiral downwards.

Eastbound Asia-Mediterranean Container Traffic ('000 teu)

Eastbound vessel capacity evolved in much the same way as from Asia, with ocean carriers only tweaking port pairs, sailing cancellations and vessel upgrades. The end result is that March's effective eastbound capacity rose 3% above that of February, up to 356,913 teu, rising to 356,913 teu in April. The average utilisation of all eastbound vessels sailing from the Mediterranean back to Asia in March reached a poor 50.2%. Although much better than January's 46.9% and February's 45.6%, this was only due to the improvement in cargo flow after the Chinese New Year. **Source: Drewry Maritime Research**

New Hapag-Lloyd service for Italy, Turkey and Egypt

Hapag-Lloyd is launching the new Levante Express Service (LEX). First sailing of the weekly service which further enhances Hapag-Lloyd's port coverage in the Tyrrhenian Sea and Levant will be June 18 from Cagliari. The LEX links ten ports in Italy, Turkey and Egypt including the hub ports Cagliari, Damietta and Port Said for connectivity to Hapag-Lloyd's global service network. Mainliner services from/to Asia, the Middle East, the Indian subcontinent, North, Central and South America, Africa, Northern Europe and Australia are calling at these hubs. The Levante Express Service will be operated with three vessels with a capacity of approximately 1,400 TEU each. The port rotation will be: Cagliari, Alexandria, Damietta, Port Said, Mersin, Izmir, Cagliari, Genoa, Leghorn, Naples, Salerno and Cagliari again. **Source: Hapag-Lloyd**

The **RIO CHICAGO** during loading / unloading in Brisbane. With in the tug **PB DAINTREE** in front as seen from the arriving **DONAUGRACHT – Photo : Capt Bert Boutsma – Master Donaugracht ©**

No new reports of drifting ghost ship Lyubov Orlova

Four months after an empty Russian cruise ship snapped a tow line and drifted into the North Atlantic off Newfoundland her trail has gone cold. The Canadian Coast Guard says it has received no reported sightings of the **Lyubov Orlova** since March 12. At the time, one of the empty vessel's emergency radio beacons flashed an unconfirmed location almost 1,300 kilometres off Newfoundland. The beacon could have been activated after hitting water or another object. The ship was drifting toward Iceland or Ireland but there have been no recent sightings reported by European officials or other maritime agencies.

"The owners of the **Lyubov Orlova** remain responsible for their vessel," Sam Whiffen, a spokesman for Fisheries and Oceans Canada, said. On Jan. 24, the **Lyubov Orlova** snapped her tow line as she was being hauled by the tugboat Charlene Hunt to the Dominican Republic for scrap. 'It has ruined me,' co-owner says

An increasingly glum Reza Shoeybi, co-owner of the wayward ship, said in February that his life's savings were lost with her. "It has ruined me," he said in an interview at the time. "I don't have anything else. I've lost 12 years of my savings." Shoeybi said he and an uncle, both of Toronto, became co-owners of the once popular Arctic cruise ship named for a revered Russian actress from the 1930s. They took over payments after a family friend bought it for $275,000 in a Federal Court process last year.

Canadian authorities had seized the **Lyubov Orlova** in September 2010 as part of a lawsuit by Cruise North Expeditions against its Russian owners.

The badly neglected, rat-infested ship sat listing in its prime harbour berth in St. John's for more than two years before Shoeybi arrived to get it ready for tow. He said he and his uncle spent about $400,000 and had hoped to make between $700,000 and $800,000 in the Dominican depending on metal prices. **Source : CBC**

The **FIORANO** approaching the Ijmuiden locks – **Photo : Marcel Coster ©**

Dry bulk tonnage oversupply could be coming to an end in the next couple of years

The dry bulk market was once again down on Thursday's session, as the Baltic Dry Index (BDI) closed marginally lower to 828 points, or 0,12% lower on the day. The main reason was the dip of the Baltic Panamax Index, which was down by 17 points or 1.93 percent to 863 points. As a result, average daily earnings of Panamaxes were down to $6,878. By contrast, the Capesize Index was up by 0.45 percent to 1,339 points. Average Capesize daily earnings stood at $5,212 as of yesterday.

Despite the recent turmoil of the dry bulk freight market, there could be some positive developments in the future supply of the overweighed shipping segment. According to DNB Markets, an affiliate of the largest bank of Norway, the global fleet of dry bulk carriers is bound to expand in 2014, but at the slowest pace in a decade. According to DNB analysts, quoted by Bloomberg, the dry bulk fleet will swell by 5 percent in 2014, down from 7 percent this year. Ton-mile demand, calculated by multiplying cargo size and voyage length, will rise 10 percent in 2013, outpacing fleet growth for the first time in six years, they said. “We argue that optimism is slowly returning to the market, and that the bottom is behind us,” the analysts said.

In the meantime, demolition activity is crucial for offsetting part of this oversupply. According to the latest weekly report from shipbroker Golden Destiny, in the demolition market, "India is still dominating with China being out of the game and Bangladesh winning soft business, while Pakistan is trying hard to compete with Alang shipbreakers. Pakistan paid this week $450/ldt for a storage tanker, **M/T “SOUTHERNPEC 5**” 269,999dwt built 1989 with 34,534ldt asis Singapore with approximately 250tons bunkers. In India, container vessels are still grasping firm price levels. M/V “**GRAND VISION**” 44,013dwt built 1991 fetched $454/ldt for disposal in India. In the bulk carrier segment, capesize vessel **M/V “RUBIN LAUREL”** 176,573dwt built 1995 Japan was headed for disposal in Bangladesh for $450/ldt asis Hong Kong with approximately 2,000tons bunkers remaining on board" the report said.

It added that "overall, the price sentiment and scrapping appetite is subdued with political turmoil and upcoming budgets or monsoon season affecting the volume of business and price levels offered in the Indian subcontinent

region. Bangladesh and Pakistan are underway of elections with new budgets to be announced on June 10th and June 6th respectively and expectations for new import taxes to be applied up to 5% on new purchases.
The week ended with 24 vessels reported to have been headed to the scrap yards of total deadweight 1,137,474 tons. In terms of the reported number of transactions, the demolition activity has been marked with 71% increase from previous week, showing 75% and 33% weekly increase in the bulk carrier and liner vessel disposals respectively. In terms of deadweight sent for scrap, there has been 61% weekly increase with India winning 10 of the 24 total demolition transactions, 8 vessels' disposals reported at an undisclosed destination. In the disposal of large sized vessel categories, the week ended with one floating storage –ex very large crude carrier vessel, two capesize bulkers and two aframax tankers heading to the scrap yards. At a similar week in 2012, demolition activity was down by 16.6%, in terms of the reported number of transactions, when 20 vessels had been reported for scrap of total deadweight 1,323,154 tons with bulk carriers winning 65% share of the total demolition transactions. India and Bangladesh had been offering $440-$445/ldt for dry and $465/ldt for wet cargo", Golden Destiny concluded.
Meanwhile, according to the latest weekly report from shipbroker Fearnleys, in the Capesize segment, there was perhaps a slight increase in enquiry this week, "which has resulted in a slight uptick at the time of writing, both in the physical and paper market. As per usual, West Australia has been actively fixed, with the miners, traders and steel mills alike all active in taking ships for June dates, with rates varying between USD 7.05 and 7.35 PMT. An increased number of Brazil/China fixtures are always welcome, however this has had little impact on the C3 index to date - which remains at mid 17 PMT levels. Whilst the average 4TC number remains at about USD 5100, increased FH activity should keep this from falling and help to ease the tonnage surplus in the Atlantic basin.
In the Panamax segment, "even though temperatures leaves little impression of an approaching summer (at least in Oslo) the rates certainly are. The week started off on a very quiet note with little fresh business entering the market. The growing list of end May positions in the Atlantic has caused rates to slip with about 28.5% decline since last week. TA´s are now being fixed in region of USD mid/high 7´s with exception of some trades giving premiums at above 8k. In the Pacific we see the same trend with rates sliding for all trades and rounds are being fixed at USD very low 6´s. South American grain business still pays healthy but with approximately 300 Panamax ships laying in that area we expect these rates to slide as well. Presently fronthauls are paying around USD 14k bss Continent delivery. With Copenhagen Shipbroker dinner approaching, we expect the remainder of the week to continue on a slow note", Fearnleys wrote in its report. **Nikos Roussanoglou, Hellenic Shipping News Worldwide**

CNOOC completes Asia's biggest deepsea platform

China National Offshore Oil Corp — the country's largest offshore oil producer — said on Thursday it has completed construction of Asia's biggest deepwater platform in the South China Sea, marking a breakthrough for the company.
The project, known as the **Liwan 3-1** natural gas central offshore platform, will have an annual processing capacity of 12 billion cubic meters after completion and will be put into operation by the end of the year, CNOOC said.
"The processed natural gas will be mainly supplied to power plants and other industrial users in Guangdong province, which will contribute to diversifying the natural gas supply in the region," said Yang Zhuangchun, deputy director of the project, who is with the South China Sea deep water gas development department of CNOOC.

"The project's production capacity of 12 billion cubic meters accounts for about 10 percent of China's current natural gas output, and will ease the gas shortage in southern China," said Li Lingxuan, a natural gas industry analyst at Sublime China Information Co Ltd, which provides information on the commodities industry. The South China Sea's oil and gas reserves take up about one-third of China's total oil and gas resources.
"However, up to 70 percent of the reserves in the South China Sea are in deep waters which have high environmental and technological requirements for exploration," she said. "Thus, CNOOC's Liwan 3-1 project will help boost China's deepwater oil and gas resources exploration activities." Yang said the biggest challenge for the project is that the construction process has to be done in deepwater, which is highly susceptible to bad weather. After two and a half years of construction, engineers from CNOOC installed the topside of the central platform — the last step in the construction process — on Thursday morning while it was raining and under huge waves.
"The topside weighs more than 30,000 tons, which made it the largest floatover operation in the offshore oil industry in recent years," said Nie Min, a manager at CNOOC's project control department. The project combines a central platform, an onshore natural gas plant, seven underwater production facilities and a 419-km underwater pipeline.
"The platform was designed, built and installed domestically," said Nie. "That has reduced costs significantly. It also shows that China has the advanced technology to make equipment for offshore deepwater exploration activities."
Many steel parts were made by domestic companies including the Baosteel Group in Shanghai, he said.The quantity of steel used for the platform is four times that used in the Eiffel Tower in Paris, CNOOC said. The gas field, which was discovered in 2006 jointly by CNOOC and Canada's Husky Energy Inc, is 1,500 meters deep. CNOOC's $1 billion deep-sea rig — known as Offshore Oil 981 — was brought in for the construction of the Liwan 3-1 platform in March.
Source: China Daily

NAVY NEWS

RP second warship armedwith anti-ship missile system — DND official

The **BRP Ramon Alcaraz (PF-16),** the country's second Hamilton-class cutter due to arrive this August, is a far more potent weapon platform than her sister ship, the **BRP Gregorio del Pilar (PF-15),** a Department of National Defense (DND) official who asked not to be named bared. "Her weapons system is heavier and sophisticated than those of the BRP Gregorio del Pilar," he said. However, the DND officer declined to specify these weapon systems and stressed that such items cannot be divulged due to matters of national security. He made this announcement when asked if there is truth to reports that a Harpoon anti-ship missile system was installed as part of **BRP Ramon Alcaraz's** armament fit.
At present, the Filipino warship is believed to be carrying a 76mm Oto Melara automatic cannon, two 25 Bushmaster guns and assorted machine guns. In contrast, the **BRP Gregorio del Pilar**, which arrived in the country in December 2011, is only armed with the 76mm Oto Melara automatic cannon, making it prudent to install additional 20mm automatic cannons as her secondary weapons. **BRP Ramon Alcaraz** is presently carrying out sea trials off the waters of South Carolina in the United States. She is expected to depart for the Philippines by first week of June.
The ship is "fully mission capable" on her arrival. Maritime observers said this development speaks well of the PN efforts to modernize and boost its power projection capabilities. "With the arrival of our Hamilton-class cutters, which are being converted to frigates, the PN has started its first step in developing its blue-water capability or the ability to detect or engage intruders in the high seas," they said. **Source : PNA**

The Dutch OPV **Zr Ms HOLLAND** outbound from Willemstad Curacao –
Photo : Kees Bustraan – http://community.webshots.com/user/cornelis224 (c)

U.S. Coast Guard Cutter Transferred to Bangladesh Navy

Jarvis, a 378-foot High Endurance Cutter homeported in Alameda, decommissioned and transferred to the Bangladesh navy as the **BNS Somudra Joy.** The signing over ceremony took place on Coast Guard Island in Alameda.

A 20-member team from the Bangladesh navy, led by prospective commanding officer Capt. Mohammad Nazmul Karim Kislu, arrived in Alameda in March to begin preparations to receive the Jarvis. An additional 70 members of the Bangladesh crew arrived in May. Until the BNS Sumudra Joy's departure from California later this year, 26 former Jarvis crew members will serve as advisors and assist the Bangladesh crew.

Commissioned in 1972, the **Jarvis** was the fourth in its class of High Endurance Cutters to be replaced by the National Security Cutters which, compared to 378-foot cutters, is designed to provide better sea-keeping and higher sustained transit speeds, greater endurance and range, and the ability to launch and recover small boats from astern, as well as aviation support facilities and a flight deck for helicopters and unmanned aerial vehicles.

In the picture U.S. Coast Guard Vice Adm. Paul F. Zukunft, Pacific Area commander, and Vice Adm. Muhammad Farid Habib, Chief of Naval Staff for the Bangladesh navy, sign to transfer the Coast Guard Cutter Jarvis to the Bangladesh navy.

Near Iran, U.S. Hosts Huge Persian Gulf Wargame; 35 Ships, 41 Countries

Just nine months after hosting the biggest multinational mine-warfare exercises "ever" to be held in and around the Persian Gulf, the Navy's 5th Fleet and its foreign partners outdid themselves with a second, even larger wargame.

More than 20 nations participated in September's International Mine Counter-Measures Exercise 2012, collaborating against fictional ecoterrorists whose capabilities were suspiciously similar to the real-world arsenal of Iran.

This month, 41 nations and some private-sector companies participated in IMCMEX 2013, which despite the name expanded beyond minesweeping to practice protecting civilian oil tankers, oil rigs, ports, and even desalinization plants as well. **See also : http://www.youtube.com/watch?feature=player_embedded&v=rdZcSNl0PWA**

The U36: Biggest Fuel Cell EV So Far

This past week, the German town of Plauen became the official sponsor of the **U36,** the second in a new class of AIP (air-independent-propulsion) non-nuclear submarines to enter the Germany Navy. At around $525 million a copy, the 57 meter-long, 1,500 ton displacement submersible warship is powered by a diesel electric generator while running on the surface and Siemens-developed SINAVY PEM fuel cell stacks running on compressed hydrogen and oxygen when submerged.

As with all submarines since their practical incarnation a century ago, the **U36** is an electric boat that uses a diesel-powered 'range extender' to propel it on the surface at 12 knots and an impressive 20 knots (37km/h or 22 mph) submerged. As a warship, it carries a complement of torpedoes and mines.

But it's the electric drive system that sets it apart. Where the larger naval powers of the world rely on nuclear reactors to power their attack and ballistic submarines, smaller navy's, including Italy and Germany as well as the Israelis, look to this new class of fuel cell-powered submarines, which typically are manned by a crew of 28, for coastal water defense.

Built at the **ThyssenKrupp AG shipyards** in Kiel, where many of the infamous U-boats of both World Wars where launched, the Class 212A submarines are powered underwater by compact and highly efficient (+60%) proton exchange membrane (PEM)fuel cell stacks that use compressed hydrogen and oxygen to generate electricity. Like land-based systems in automobiles, the only by-produce of the process is distilled water. Operating at 80 C, the water can be used in the submarine or pumped overboard. The 212A boats use multiple 34kW stacks, while the similar Class 214 subs being built for the navies of Portugal, Korea and Greece use twin 120 kW units. **Source : EV World**

Chilean navy detects foreign submarine off northern coast

Navy confirms presence of one submarine while local media reports claim two may have been detected, including a nuclear-powered US vessel.

In a statement released Thursday, the Chilean Navy confirmed that a squadron performing exercises detected a foreign submarine off the coast of Antofagasta on May 14. The Navy said that the submarine came close to entering the Andean nation's territorial waters, and was tracked by the squadron until it left the area.

A Chilean squadron detected at least one foreign submarine off its coast earlier this month. Photo via U.S. Navy / Wikimedia.

The official response discounts the idea that the submarine belonged to the armed forces of a neighboring country. In accordance with its standard operating procedures, the Navy said it informed officials in nations near the area that the submarine was detected. Local media reports, however, claim an unnamed, high-level government source confirmed that two submarines were actually detected. One belonged to the United States and the other was a German-built

Type 209 submarine. The latter is a diesel-electric submarine built for export by the European country from 1971-2008 and used by seven South American countries, including Chile, Peru and Argentina. Neither of those facts were confirmed by the Navy, whose press release said only one vessel was detected.

An unconfirmed report in local media also said the submarine that accompanied the Type 209 was nuclear-powered. The United States is one of six nations whose navies operate nuclear submarines.

According to some local media reports the submarine, or submarines, did in fact enter Chilean waters, a possible confusion which may be explained by the two different types of maritime claims. Though territorial waters extend 12 nautical miles of a nation's coast, there is also an exclusive economic zone that extends up to 200 nautical miles. A country has special rights to the resources within that 200-mile zone but it is not part of its sovereign territory. Even in territorial waters, foreign vessels — including submarines — are generally granted "innocent passage" according to the U.N. Convention on the Law of the Sea.

In light of these reports, opposition politicians are calling on the Navy to give a more detailed explanation of the incident. "This is a very grave thing," Dep. Jorge Tarud of the left-leaning Party for Democracy (PPD) told 24 Horas. "The entry of nuclear submarines into our territory is prohibited... We have to raise a protest."

Dep. Ricardo Rincón, a member of the Chamber of Deputies' National Defense Committee, said the Defense Ministry must publish more information to help clarify what he described as a "tense situation."

"The northern border is a highly delicate area, and it always has been," Rincón, a member of the center-left Cristian Democratic (DC) party, told 24 Horas. **Source : Santiago times**

SHIPYARD NEWS

Hamburg Süd: Double christening in South Korea

On Thursday, 23 May 2013, Hamburg Süd celebrated the double christening of its container ships **Cap San Nicolas** and **Cap San Marco** at the Hyundai Heavy Industries yard in Ulsan (South Korea).

With a nominal slot capacity of 9,600 TEU, the two newbuildings are Hamburg Süd's largest-ever vessels and, with 2,100 reefer plugs, the ships with the largest reefer capacity worldwide at present. The sponsor of the **Cap San Nicolas** is Narcisa Oetker, wife of Ferdinand Oetker, Partner in Dr. August Oetker KG and Director of Bankhaus Lampe. The **Cap San Marco** was christened by Doris Deichmann, wife of Fred Deichmann, Managing Director of Hamburg Süd subsidiary Columbus Shipmanagement GmbH.

The container ships are the first of a series of six newbuildings of the new Cap San class. After her delivery, the **Cap San Nicolas** will be phased into the shipping group's liner service between Asia and South America East Coast in June. The **Cap San Marco** is to be deployed in the same service in July. Two more Cap San ships will be delivered at the Korean yard in the current year. The last two units of this series are then due to be handed over to Hamburg Süd in January 2014. **Source MarineLink**

No ships leave USC repair yards as scheduled – RF Navy Commander

At the meeting with Deputy Chairman of RF Government Dmitry Rogozin, Navy Commander Admiral Viktor Chirkov complained that repair yards of **United Shipbuilding Corporation OJSC** miss the construction deadlines.

“We are not satisfied with the repair terms today: no ships leave repair yards as scheduled, neither newbuids are delivered by USC on time,” Admiral Chirkov noted at the meeting with the Corporation management.

According to the Commander, it is often a fault of subcontracters, not of the USC itself. The delivery of ships’ fighting equipment, electronics and maritime air equipment is often delayed. Dmitry Rogozin, in his turn, noted that USC head Vladimir Shmakov has full capacity to adjust cooperation between the companies of different corporations.

United Shipbuilding Corporation (OSK OJSC) is the largest shipbuilding company in Russia. It was set up in 2007 with 100% federal ownership. The holding comprises 60 companies and organizations (major shipbuilding and shiprepairing companies as well as leading design bureaus). Currently, OSK consolidates about 80% of the domestic shipbuilding complex. The Russian market is the main focus of the state corporation though it also exports its products to 20 countries worldwide. **Source : PortNews**

ROUTE, PORTS & SERVICES

GAC pushes further into the Arctic with Polar Logistics Group

GAC Norway AS and **Polar Logistics Group ApS (POLOG)** have formed a strategic partnership to further strengthen GAC's network within the Arctic Circle. The move is the latest stage in the company's Arctic strategy to better serve the region by bringing together organisations and individuals to create a unified network of expertise, experience and local resources.

By combining GAC's shipping, logistics and marine expertise with POLOG's network throughout Greenland and ability to meet remote location logistical needs from ice runways to mountain-top camps, the alliance offers tangible benefits to the energy sector.

Leading the way

Since the opening of the LNG plant in Hammerfest, Norway, in 2007 GAC has supported the increasing number of oil majors looking to move further north. GAC Spitsbergen opened in 2010 supported by Pole Position AS, followed by a joint cooperation between GAC Norway and GAC Russia - GAC's branch in Murmansk - two years later. Also in 2012, GAC and Henriksen Shipping Service AS in Kirkenes began supporting offshore operations in the Barents and Kara seas. Last year, when the LNG carrier Ob River became the first vessel of its kind to transit the Northern Sea Route (ice-free for only two months of the year), GAC was the agent.

Jan Almqvist, Managing Director, POLOG says: “This partnership adds a new dimension to the services POLOG provides to the oil and mineral exploration industries in Greenland and Canada. Together with GAC, we shall further strengthen our focus on the Arctic market whilst also broadening our global perspective by taking our wealth of experience in complex remote location operations wherever it's needed."

Continued exploration and new frontiers

Herman Jorgensen, GAC Norway's General Manager, GAC Norway, adds: ”POLOG's skills are a perfect complement to GAC's, enabling us to jointly offer global customers the same unique solutions and support provided in the Arctic at any remote location. They are a professional and dedicated team which shares our values and our belief that integrity and quality are critical. We are excited to begin exploring the world's remotest locations together, to extend our portfolio of services to the shipping and energy industry and help our clients venture to new frontiers.”

China takes over operational control of Pakistan's Gwadar Port

China has successfully taken over the operational control of Pakistan's Gwadar Port.

After pull out by Port of Singapore Authority (PSA) of a 40-year port management and development contract signed in 2007, China will operate the port, which is strategically located close to the Pakistan-Iran border and the Strait of Hormuz in south-western Balochistan province, reports the Daily Times. The contract of operation of Gwadar Port has been given to China Overseas Ports Holding Company Limited. The business community is terming the deal a great success as it will offer an energy and trade corridor that will connect China to the Arabian Sea and Strait of Hormuz, a gateway for a third of the world's traded oil, overland through an expanded Karakoram Highway. They said it would cut thousands of kilometres off the distance, which oil and gas imports from Africa and the Middle East have to travel to reach China.

The port has the potential to serve as a secure outlet as well as storage and trans-shipment hub for the Middle East and Central Asia oil and gas supplies through a well-defined corridor passing through Pakistan.

China has contributed about 198 million dollars of the initial investment for the port project. It was expected that Chinese companies and exporters would handle their own cargo and this would make Gwadar Port one of the busiest in the region. China will likely re-launch the Gwadar oil refinery project, which was halted in 2009 because of security concerns in the province.

The refinery, which will have a total capacity of 19 million tonnes of oil per year, is actually a part of a planned Pakistan-China energy corridor.

The operational control of the port will enable China's access to the Indian Ocean, which is strategically important for China as it expands its influence across the region.

Gwadar Port will be connected with China's western province of Xinjiang through rail and road links. On January 30, 2013 the Federal Cabinet Committee had approved the transfer of Gwadar Port to China. **Source : Siasat daily**

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The **LOUISE VAN DER WEES** arrived with a new building hull of a yacht in Ijmuiden last Friday
Photo : Jan Plug (c)

Long way to go for cruise hub

Passing by the old Kai Tak airport runway on my way home after work over the past two years, I always saw construction work going on at the brightly lit new cruise terminal site. Time flies. I hear the terminal is now almost ready and scheduled to open next month.

The project had been mooted for some time before the government decided a few years ago to finance and build it by itself and to contract out its subsequent operation.

As work is still going on and the terminal structure does not seem ready, I asked someone familiar with the project how it could be opened so soon. He told me progress is actually more advanced than it seems as the terminal has many prefabricated components that can be put together quickly on-site.

When it begins operations, the initial arrangement is for cruise ships to pick up passengers from outside Hong Kong and use the terminal only for berthing.

As there will be no local boarding, the operation should be relatively simple. Furthermore, the facility's operator has experience running Ocean Terminal, so even with a new team no complications are expected. However, while the hardware will soon be operational, Hong Kong has to do much more to become a cruise home port.

For one thing, we have to win passengers from the mainland and other places in the region as our existing customer base is not big enough.

Many details have yet to be worked out including possible visa requirements for mainlanders to come here for boarding. I hear that the potential of Hong Kong, Taiwan and the mainland jointly developing cruise services was discussed when a Hong Kong Tourism Board delegation visited Taiwan earlier. Clearly, building a successful cruise business is even more challenging than building a terminal. Siu Sai-wo is chief editor of Sing Tao Daily

Source : Hong Kong Standard

he 180mtr Singaporean registered bulk carrier "**YANGTZE PIONEER**" departing Timaru for Tauranga **Photo : Tom Johnston (c)**

The Port of Rotterdam Authority against extra bureaucracy

The Port of Rotterdam Authority and Deltalinqs (the association of port industries) are afraid that the European Commission's proposal to appoint an independent supervisor for ports in every Member State will lead to a lot of unnecessary procedures and delays, said in the press release.

This supervisor would have to start checking ports in terms of such aspects as setting port tariffs and market access. The proposal forms part of the new port package, which the European Commission published on Thursday. Its purpose is to promote competition in and between ports. This must lead, among other things, to greater free market forces, more transparency, liberalisation and clarity regarding the financing of ports and the provision of service in ports.

There are a number of good aspects to the European Commission's proposal. For instance, the role of the Port Authority as custodian of the quality and availability of services in the port; promoting the operation of market forces in general and making the government's role in financing both the infrastructure and the services in the port transparent. According to the CEO, Hans Smits, the appointment of a new supervisor with a supervisory role would actually undermine the intentions of the EC and increase red tape. "In the Netherlands, such new supervision is totally superfluous. Following its autonomisation in 2004, the Port Authority signed a covenant with Deltalinqs, after it had been reviewed by the Netherlands Competition Authority (NMa). In it, highly efficient and effective procedures for setting port tariffs were agreed. Furthermore, anyone who has a complaint can report it to the NMa." The president of Deltalinqs, Steven Lak, agrees: "As clients of the port, we have a well-functioning consultation system with the Port Authority for setting the port tariffs every year. If we are unable to agree on these tariffs, there is an independent arbitration scheme." Both the Port of Rotterdam Authority and Deltalinqs believe that these instruments are more than adequate to safeguard the implementation of the new European port legislation. The introduction of extra supervisory measures will only result in a greater administrative burden and more bureaucracy. The Port of Rotterdam Authority is currently in consultation with the Commission and assumes that the Commission's proposal will be amended on this point, and that the 'Rotterdam model' will also be included in the new port package.Deltalinqs agrees with this.

Venezuela, Russia in joint oil venture

Venezuela and Russia formed a joint venture to produce 120,000 barrels of oil a day by 2016 in two fields in the Orinoco Heavy Oil Belt. Russia will loan Venezuela $1.5 billion to finance the development of the fields under the terms of the agreement, and put up $1.1 billion for a 40 percent share in Petrovictoria.

The agreement establishing Petrovictoria was signed by the president of the state-owned Petroleos de Venezuela (PDVSA), Rafael Ramirez, and the president of Russian state oil company Rosneft, Igor Sechin. PDVSA will sell to Russia 72 percent of the heavy and extra-heavy crude produced by the company, which has a long-term goal of producing 400,000 barrels a day. Three mixed capital companies are currently operating in the Orinoco Belt, producing

230,000 barrels a day in a huge area of southeastern Venezuela. The Belt has estimated reserves of 220 billion barrels of harder-to-refine heavy and extra-heavy oil, the largest in the world. **Source: AFP**

…. PHOTO OF THE DAY …..

On the left is the DSV **Crest Odyssey 2** mobilizing for **Kruez subsea** and has sailed for Brunei Shell . Seen on the right is the **Viking 2** Research/Survey vessel .She was in the international news back in June 2011 when The Norwegian registered vessel had been repeatedly harassed by foreign vessels off the coast of southern Vietnam while conducting seismic surveys for oil blocks. **Photo : David Styles (c)**