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**28-10-2013 : The 2006 built 54193 gt MAERSK DELLYS - IMO 9301330, departing Melbourne with Melbourne VTS tower in the background**

Photo : Andrew Mackinnon – [www.aquamanship.com](http://www.aquamanship.com) ©

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## EVENTS, INCIDENTS & OPERATIONS



23-10-2013 : The **Raroa FPSO** op Maari field during hook up the **Mearsk Seeker** at bow bridle and **Pacific Runner** at emergency bridle for disconnection from STP /ALP buoy and towage to Port Nelson. At the stern **Mearsk Promotor** is hooked up (not visible) This all offshore New Zealand. Photo : Capt Ton Dams MWS GL.ND ©

## Ex-Noble trader Banga plans commodities splash with Caravel

By Keith Wallis

Harindarpal "Harry" Banga, a billionaire businessman who carved out a 20-year career at commodities trader Noble, plans a return to the industry in a new trading firm with his two sons. The 63-year-old former sea captain has amassed a \$1 billion war chest to splurge on the newly formed **Caravel Group** while luring 10 to 20 former **Noble Group Ltd** colleagues to join the venture, sources said. They include former Noble staff in Hong Kong and at its iron ore business in Beijing.

The move will put Banga - once described as "the heart and soul of Noble" by company founder Richard Elman - in competition with his former employer, which reported operating income of \$624 million in the first half of 2013.

Banga was Noble's vice chairman emeritus until he stepped down as a non-executive director in April 2013 and he still holds about \$116 million worth of shares. He sold 225 million Noble shares in November 2012 for \$248 million (\$202 million).

Banga will formally launch Hong Kong-based Caravel on Friday. The firm - named after a 15th and 16th century Portuguese exploration and trading vessel - has already set up its headquarters, including trading desks, in a swish building in Hong Kong's Wan Chai district, less than 500 metres from Noble's offices. Caravel will rate as "a very sizeable company. It's not kid's stuff, it's the real deal," said Martin Rowe, managing director of shipping services and shipbroking firm Clarksons Asia.

Indian-born Banga joined Noble in 1989 to head up its ship chartering division two years after the company was founded in Hong Kong by Elman, a former scrap metal man in Britain. The firm specialised in ores, steel products, coal and coke, before listing in Singapore in 1997 and expanding into grains and physical assets such as mines and farms.

Banga, well respected in shipping circles for his business savvy, told Reuters that Caravel will trade commodities and related derivatives, and will also be active in shipping, asset management and private equity investment.

But Caravel would not follow Noble into agribusinesses or investing in commodities assets, Banga said. This is a target growth area for Noble, which has invested in facilities such as oilseed processing plants in China and sugar mills in Brazil.

"It will be like the old Noble used to be," Banga said in a phone interview. Caravel will concentrate on trading and shipping commodities such as iron ore, thermal and coking coal, nickel ore and manganese, mainly in the Asia Pacific, he said. Elman declined to comment on Caravel or Noble's business.

## **BANGA AND SONS**

Banga said he formed the new firm because his two sons, Guneet and Angad, "didn't want to join Noble".

Guneet was a management trainee at Noble in 2006-07 before joining first Citigroup and then investment fund Lexdale International. Angad worked for GSO Capital Partners LP, the former Blackstone Group credit hedge fund group.

Some 10 to 20 Noble staff are joining Caravel, sources close to both companies said. The exact number was unclear as some Noble staff were waiting for non-compete clauses to expire, one source said.

"A lot of friends and colleagues from Noble have moved with me," Banga said.

They include Henrietta Lee and Anaurag Bhatnagar, former co-heads of Noble's iron ore business, who are working at the Caravel office. Neither was available for comment.

Kerry Deal, a former derivatives broker at Clarkson Asia and Jefferies Bache, joined Caravel about a month ago to head up the firm's freight derivatives business including iron ore swaps. Caravel is in the final stages of negotiating shipbuilding contracts for its first six ships, which should be confirmed in the next month, Banga said.

The vessels, which will be used to carry Caravel's commodity cargoes, will be delivered in 2015 and 2016.

Caravel was also looking at new and secondhand ships as well as chartering ships from other owners. These are expected to be large Capesize dry bulk ships which mainly haul iron ore and smaller Panamax vessels used to carry coal and iron ore.

It was "too early" to estimate how large Caravel's owned and chartered fleet would become, Banga said.

Banga bought **Fleet Management**, a company specialising in day-to-day shipboard operations, for \$75 million from **Noble** in March 2011. Fleet, which manages around 300 vessels for third party owners and is supervising construction of 28 another ships, is expected to manage the Caravel vessels.

Clarksons' Rowe said he expected Caravel would soon take ships on long-term time charter, and would be an aggressive competitor for established firms. "We are following them like a hawk. All the indications are they are going to make a big splash," Rowe said. "I don't think they are going to be shy." **Source : Reuters**



The **NILEDUTCH DURBAN** riding on the swell near Cape Finnisterre - **Photo : Jan van Vuuren ©**

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## New video of Newhaven lifeboat search

RNLI lifeboats and Coastguard helicopters were used in the search for a 14-year-old boy swept out to Newhaven on October 27. The boy disappeared while playing in the surf around 4.15pm while the rest of the UK braced itself for severe storms, forecast to be some of the strongest to hit the UK in years. Credit: YouTube/Paul Appleto

See : <https://www.youtube.com/watch?v=uaMn-6G1bw>



2 Fast crewtenders 'MAURICIO' and 'ANNY MV' speeding to Cuida del Carmen, Mexico.

Photo : Capt. Joren Meijer – Master UNION PRINCESS ©

## Hapag-Lloyd shareholder breakup unlikely to affect carrier operation

THE Albert Ballin consortium, which held a 78 per cent stake in Hapag-Lloyd, has dissolved ahead of schedule, but it is unlikely to have immediate operational impact on the world's fifth biggest container carrier.

The move is likely to strengthen the arm of incoming chief executive Rolf Habben-Jansen, giving him a freer hand, commented London's Lloyd's list.

The dissolution will also allow former participants to dispose of their shareholdings individually if they so wish. Control of Hapag-Lloyd passed to the consortium in 2008, after Singapore's Neptune Orient Line withdrew its offer to purchase the company from German tour operator Tui following the financial crisis.

TUI, which has long been keen to dump Hapag and back to its core business selling package tours, retains a 22 per cent interest and has long been hoping to mount an initial public offering for Hapag-Lloyd.

Sources aware of the situation said the consortium had from the outset been regarded as something with a five-year lifespan, which had been due to end by January anyway. In the event, participants decided to pull the plug a few months early. A looser co-operation framework agreement has been prepared, but German media reports suggest it is unclear whether or not it will be signed.

The Albert Ballin consortium is led by the city-state authority in Hamburg, which owns 36.9 per cent, and logistics entrepreneur Klaus-Michael Kuehne with 28.2 per cent.

Other participants are insurers Signal Iduna with 5.3 per cent and Hanse Merkur with 1.8 per cent; HSH Nordbank with 2.9 per cent; and private investors Friedhelm Behn and Detlev Meyer, both in the fashion business, who together hold 2.9 per cent.

A spokesman for Hapag-Lloyd said the issue was entirely a matter for its shareholders and declined further comment.

Whatever TUI might want, an IPO seems pretty much excluded before this time next year, following a recent pronouncement from TUI chief financial officer Horst Baier. For an IPO to take place, "all the ingredients have to be right," he told a seminar earlier this month, adding, "That won't happen before autumn 2014."

Owing to state government involvement, there is also concern that an IPO any sooner would see local taxpayers lose out on their investment, the report said. Source : Asianshipper



VROON's **IVER EXPRESS** moored in Melbourne – Photo : Dale E.Crisp ©

## Kyodo News International

### 2 Chinese navy ships sail just outside Japan waters between Okinawa islets

Two Chinese navy frigate ships sailed through a zone just outside Japanese territorial waters between Yonaguni and Iriomote islands in Okinawa Prefecture on Tuesday, the latest in a series of increased Chinese maritime activities in recent days. When passing through the area from 5 a.m. to 9 a.m. while en route from the Pacific Ocean to the East China Sea, the frigates headed for the Senkaku Islands at one point but changed course, Japan's Defense Ministry said.

The same ships were spotted Thursday around the area off Okinawa, according to the ministry.

The ships were again sailing in the contiguous zone outside Japanese waters on Tuesday despite Japan the previous day lodging a protest with China over a series of intrusions by Chinese ships into territorial waters around the Japan-administered Senkaku Islands, which China claims and calls the Diaoyu. Japan has been on alert as China continues to send patrol ships and airplanes into the area in apparent protest against Japan's purchase in September last year of some of the islands from a private owner. The Air Self-Defense Force scrambled fighter jets on Sunday to respond to four Chinese military aircraft flying over international waters between Okinawa's main island and Miyako Island.

Conflicting territorial claims over the islands have been one of the bottlenecks for the two countries to hold summit talks. Prime Minister Shinzo Abe has said Tokyo will not make concessions regarding sovereignty over the islets, while leaving the door open for dialogue. Source : Global Post

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## BIMCO 2013 Hull Fouling Clause For Time Charter Parties

A time charterparty will usually allow the vessel to trade worldwide, within Institute Warranty Limits ("IWL"). This will permit the charterer to order her to ports in waters that present a risk of hull fouling if the vessel remains idle there for

a long time. In several areas, a vessel can be expected to wait for as long as one to two, or sometimes even three, weeks to berth – so fouling of her underwater parts will not be uncommon.

The owners of such a vessel may well expect the charterers to pay for the hull cleaning and to bear the risk of the vessel's resulting underperformance. In London Arbitration 24/05, the Owners recovered the cleaning costs under the NYPE clause 8 implied indemnity in respect of fouling caused by a 14-day stay at three Brazilian ports.

This is not, however, a straightforward area, due to two English Court decisions.

#### **The Kitsa [2005]**

The Kitsa was on a seven to nine month NYPE charter and was allowed to trade worldwide, within IWL. She sat for 22 days at Visak, India while waiting to discharge coal. Her hull was fouled, causing her to underperform. The Owners claimed the cleaning costs under the clause 8 implied indemnity.

In arbitration proceedings, the Tribunal rejected the Owners' claim. In accordance with The Island Archon [1993], whilst an expense to the Owners might in a broad sense be a consequence of the Charterers' lawful order, there was no implied indemnity if the expense arose from a risk which the Owners had agreed to bear. The Tribunal held that:

1. The Charterers' order to call at Visak was an ordinary consequence of the charter service, the 22-day wait there was within the reasonable expectation of owners of such vessels, and the consequent risk of fouling was foreseeable and foreseen when the charterparty was entered into.
2. With this in mind, the Owners had cleaned the hull in accordance with their on-going charterparty maintenance obligation and had impliedly agreed to bear the risk and expense (an ordinary trading expense) of such fouling, which precluded an implied indemnity.
3. There were possible exceptions. For example, if the risk of fouling was not known, or the delay which caused the fouling was due to a cargo dispute not concerning the owners, the hull fouling would not be a risk which the owners had agreed to bear – in which case a clause 8 implied indemnity claim would be possible.

On appeal, the Court felt compelled to uphold the Award on the basis that it was for the Tribunal to decide what risks the Owners had impliedly agreed to bear with regard to an implied indemnity claim.

#### **The Pamphilos [2002]**

The Pamphilos was chartered under the NYPE form for a trip carrying iron ore from Sepetiba, Brazil to Bourgas, Bulgaria.

Her hull had been painted four months previously. Her underwater parts were fouled while waiting for berthing instructions at the Sepetiba anchorage for 21 days and while at the berth for a further three days. The Owners claimed: (1) reimbursement of the Charterers' hire deduction for the underperformance during the charter voyage (on the ground that there was no basis for it given Owners had complied with their charterparty description/maintenance/seaworthiness/fittedness obligations); and (2) the cost of the hull cleaning (on the basis that Charterers had failed to redeliver the vessel "in like good order and condition" under clause 4).

In arbitration proceedings, the Tribunal allowed the Owners' claim in (1) on the basis that the underperformance was the consequence of the fouling, but it rejected the Owners' claim in (2).

On appeal, the Court upheld the Tribunal's decision with regard to the Owners' claim in (2) on the basis that the fouling was an occupational hazard for the Owners that qualified as "ordinary wear and tear" under clause 4 (for which the Owners had to pay) unless it resulted from an extraordinary event such as serious fouling resulting from compliance with the Charterers' order immediately or shortly after drydocking.

#### **BIMCO 2013 Hull Fouling Clause for Time Charter Parties**

In light of this, time charterparties often contain clauses requiring the charterers to clean the hull at their time and expense following a prolonged stay in port. In consultation with representatives from the industry and paint manufacturers, BIMCO has produced its own clause providing that:

1. If the vessel "remains at or shifts within a place, anchorage and/or berth for an aggregated period" exceeding 15 days in tropical or non-tropical waters (or such other period as may be agreed), her performance warranties are discontinued pending an underwater inspection.
2. The underwater inspection can be required by either party and will be arranged jointly – but at charterers' risk, cost and time.
3. After the inspection, if either party requires underwater cleaning, this must be done by charterers at their risk, cost and time – in consultation with owners, under the master's supervision and in accordance with the hull paint manufacturers' guidelines.



4. If the cleaning is not permitted or is not possible where the inspection took place, or if charterers postpone the cleaning, the vessel's performance warranties will remain suspended until the cleaning takes place. If owners refuse to allow the cleaning despite the availability of suitable facilities and equipment, the vessel's performance warranties will be reinstated.

5. The cleaning must take place before redelivery. If, however, charterers are prevented from doing so, the parties will agree a lump sum in respect of the cost to owners of doing so.

6. If charterers show that the vessel is performing as warranted despite the prolonged stay referred to in 1 above, her performance warranties will be reinstated and charterers' inspection/cleaning obligations will no longer apply.

**Comment**

Overall, the BIMCO clause is clear and seems to strike the right balance. Owners will welcome the 15-day default period where it is shorter than the period in their current charterparty clauses, though BIMCO's Circular accompanying the clause urges the parties to agree the period(s) by reference to: (1) the trading areas/climates; (2) the quality/type of the vessel's hull paint and when its manufacturers say that its effectiveness becomes compromised; and (3) the fact that frequent/excessive cleaning reduces the paint's effectiveness.

However, it does not say that it applies to a stay of more than 15 days at two or more different ports. It refers to a stay at "a place" (singular tense) for more than 15 days, and its reference to an "aggregated period" presumably adds time spent at an anchorage in a port to the time spent at the berth and whilst shifting. So if a vessel is at port A for 10 days and at neighbouring port B for six days, the clause apparently does not apply.

Further, if fouling results from a stay of less than 15 days so that the clause does not apply, it should follow that the owner's maintenance obligation then operates – requiring him to clean the hull at the earliest reasonable opportunity (rather than him being liable for underperformance simply because the clause is not triggered). It would, however, have been preferable for the clause to say so. Finally, similarly to its "Slow Steaming Clause for Time Charter Parties", BIMCO's clause does not address the issue of fouling caused by slow steaming. This may be a problem if the hull paint requires a minimum speed to remain effective. **Source: INCE & Co**



The **SCM ELPIDA** moored in Bonaire – **Photo : Henk Ram ©**

**Dry bulk newbuilding deliveries to fall way short of expectations, favorable fundamentals to prevail in 2014**

One of the major dry bulk ship owners, Pacific Basin, declared in its latest results' announcement that newbuilding deliveries in the full-year 2013 to fall significantly short of the planned deliveries as scheduled at the start of 2013, and R.S. Platou forecast 7.9% overall dry bulk net fleet growth for the full year – marginally below their forecast of 8.1% demand growth. Pacific Basin also anticipates more favourable fundamentals to prevail starting in 2014 when dry bulk supply is forecast to grow at below 5% in the context of around 7% growth in demand.

The company noted that the pace of newbuilding deliveries in all four dry bulk segments has continued to slow, as has the rate of dry bulk capacity growth despite a slow-down in scrapping from record highs in 2012. The global fleet of 25,000-40,000 dwt Handysize vessels registered zero net growth during the third quarter while dry bulk capacity overall expanded by 1% net.

Demand-wise, **Pacific Basin** said that dry bulk transportation demand in the first and second quarters of 2013 is estimated by R.S. Platou to have increased by 5.0% and 5.5% respectively year on year. Chinese imports of iron ore set new all-time highs in July and September and, in the first nine months of the year, were 9% greater than in the same period in 2012. "We observed continued solid imports of key dry bulk commodities overall despite reduced Chinese GDP growth forecasts at the start of the quarter which resulted in less optimistic sentiment surrounding China's market-driving appetite for dry bulk commodity imports.

Chinese imports of seven key minor bulks increased 19% year on year in the first eight months of 2013, or a still healthy 10% if we exclude bauxite which registered particularly strong growth from an unusually low base last year. Chinese log imports continue to expand and, in the first nine months, increased 16% compared to the same period last year", the company said.

As a result, "Handysize and Handymax spot market rates averaged US\$7,500 and US\$9,300 per day net respectively in the third quarter of 2013, reflecting a gradual upward trend in Handy rates since the fourth quarter low in 2012. Rates for these smaller bulk carriers in which we specialise traded within a narrow band in the third quarter and have improved since August to reach their highest levels since mid-2012.

Overall dry bulk freight market developments were dominated by a strong increase in Capesize spot rates from US\$5,000 per day just four months ago to over US\$40,000 at the end of September –levels last seen in late 2010 – despite significant expansion of Capesize capacity over the past three years. While pre-winter stock building for key commodities often leads to a seasonal improvement towards the fourth quarter, this increase in Capesize earnings has come sooner and stronger than expected due to the combined effect of iron ore restocking in China, increased exports from expanding mining capacity and significantly lower net fleet growth in the Capesize segment, which has led to improved dry bulk market sentiment overall. The sharp rise in Capesize rates – which is most likely a short-term seasonal improvement to be followed by a softer first quarter in the new year – highlights the much greater volatility in the market for large bulk carriers and demonstrates that freight market conditions can change quickly even in dry bulk market segments widely perceived to be oversupplied" it said.

### **Orderbook**

The surprising level of new ship ordering activity in the first half of the year continued through the third quarter with a particular focus since mid-year on Capesize and large Handymax vessels. New orders in the year to date (relating mainly to 2015 and increasingly 2016 deliveries) are up 110% year on year (source: Clarkson) albeit from restrained levels in 2011-2012. The scheduled orderbook for 2015 and 2016 deliveries as a percentage of the overall fleet remains relatively small by historical standards, but continued ordering at this pace would be a cause for concern. As at 1 October, the published orderbook for Handysize vessels stood at 18% as compared to 20% a year ago. The orderbook for dry bulk vessels overall has also reduced to 18%.

### **Ship Values**

Clarksons' valuation of their benchmark five year old 32,000 dwt Handysize bulk carrier stands at US\$18.5 million – up 3% since mid-year and 19% since the nine-year low point at the start of the year. The recent increase reflects improved sentiment and a general lack of good quality sales candidates. Traditional bank financing is showing renewed interest in the dry bulk sector on a selective basis. Investment capital has increased via public market fundraising and private equity funds seeking increased exposure to dry bulk shipping.

### **Market Outlook**

"We expect seasonally stronger demand combined with reduced newbuilding deliveries late in the year to support a stronger Handysize and Handymax spot market in the fourth quarter of 2013 before the typical January rush of new ship deliveries and Chinese holiday and weather-related disruptions cause rates to soften early in the new year.

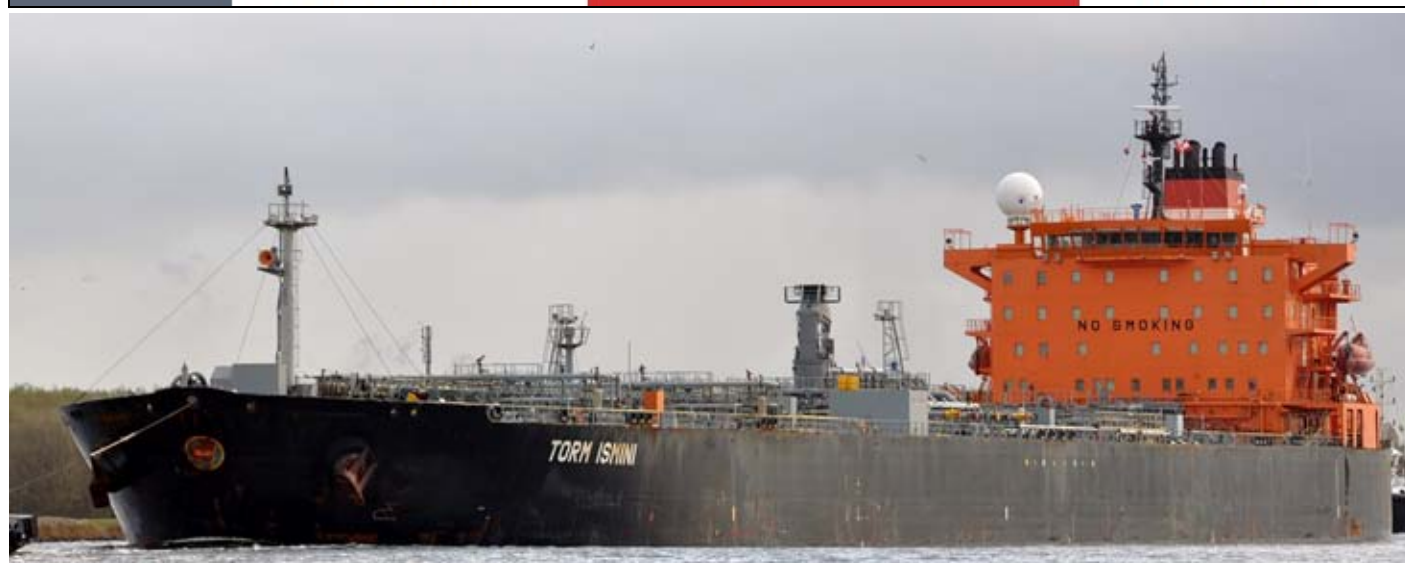
With the minor bulk segments less volatile than large vessel types, we expect the Handysize and Handymax spot markets to continue to demonstrate gradual recovery in the medium term.

While dry cargo demand is likely to remain similarly healthy as in the past year, and notwithstanding the current seasonally high Capesize rates, it will take some time for the market to absorb the over-supply of larger dry bulk ships



and for a sustained recovery to take hold. We believe the positive long-term demand fundamentals for dry bulk remain intact", the company concluded. Source : Nikos Roussanoglou, Hellenic Shipping News Worldwide

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The **TORM ISMINI** outbound from Amsterdam – Photo : Marcel Coster ©

## Dorian LPG Ltd. Announces Agreement with Scorpio Tankers Inc. to Acquire its VLGC Fleet

**Dorian LPG Ltd.** announced that it has entered into an agreement with **Scorpio Tankers Inc.** whereby Scorpio Tankers will contribute its entire Very Large Gas Carrier ("VLGC") newbuilding contracts, together with a cash contribution of \$1.9 million, in exchange for newly issued shares representing 30% of the Company's pro-forma outstanding shares immediately following the transaction. As of the date of the transaction, Scorpio Tankers will have paid \$83.1 million in installment payments for the 11 VLGC contracts. As part of the transaction, the Company will grant Scorpio Tankers certain protection rights customary for significant shareholders, which will terminate upon Dorian LPG's listing on the NYSE or NASDAQ, which is expected to take place within 2014.

John Hadjipateras, Chairman of the Board of Dorian LPG commented: "We welcome Scorpio Tankers as our major investor and are pleased to have their vote of confidence in contributing to Dorian LPG all of their VLGC newbuilding contracts. The consolidation of these additional, high quality, fuel-efficient, ECO newbuildings further enhances and validates our commitment to be a very high quality owner and operator in this sector of LPG transportation."

The above-mentioned transaction, which is subject to the execution of definitive agreements and satisfaction of customary closing conditions, is expected to close within the fourth quarter of 2013, at which time the Company anticipates to commence a capital raise. **Dorian LPG** is a pure-play LPG shipping company, combining the LPG shipping activities of **Dorian (Hellas) S.A.** and **SEACOR**, and is set to be a leading owner and operator of modern fuel-efficient VLGCs. Dorian LPG currently owns and operates three modern VLGCs and one pressurized LPG vessel. Dorian LPG previously ordered three fuel-efficient VLGC newbuildings from Hyundai Heavy Industries Co., Ltd. with

deliveries in July and August 2014 and January 2015, and holds options for an additional three newbuildings with 2015 deliveries. After conclusion of the above-mentioned transaction, Dorian LPG will have a total of 14 firm fuel-efficient VLGC newbuildings on order at Hyundai Heavy Industries Co., Ltd. and Daewoo Shipping and Marine Engineering Ltd. Dorian LPG will also hold options for a total of five VLGCs. Dorian LPG has offices in Connecticut, USA; London, United Kingdom and Piraeus, Greece. **Source: Dorian LPG Ltd.**



Wagenborg's **AVONBORG** in Gibraltar anchorage having taken bunkers whilst on a voyage from Izmir to Windsor (Canada) on 20th October. **Photo : Chris Brooks - [www.ShipFoto.co.uk](http://www.ShipFoto.co.uk) ©**

A banner for Van Beest B.V. featuring a ship at sea and two workers in orange gear handling a large white object. The banner includes the Van Beest logo, a 'Green Pin' logo, and a row of various wire rope and chain fittings. Text on the banner includes 'VAN BEEST B.V. Manufacturer and Supplier of wire rope- and chain fittings. Registered trade marks 'Green Pin' and 'Excel'' and contact information: 'Tel. : +31 184 41 33 00', 'E-mail: sales@vanbeest.com', and 'www.vanbeest.com'.

## Small Aircraft Lands On a Cargo Ship



Below seen an unique video showing a small aircraft landing and taking off from the deck of the **OCEANIC** in the English Channel. With footage of six cameras including from inside the aircraft, the amazing feat is performed using one of the most amazing aircrafts, the extreme short takeoff and landing (STOL) Foxbat A22.

During the landing, the ship was sailing at 9 knots speed over ground, the true windspeed was 14 knots.

The ship is a 3,500 tonne multipurpose

vessel with total length of 99 meters and deck in front of bridge 60 meters x 15 meters. The ship, due to its unique design, has twice the deck space of conventional ships. Watch the video : <http://www.youtube.com/watch?v=pUdzVnZBaoY#t=278>





HAL's **OOSTERDAM** IMO 9221281, 2003/82305gt, kicking off the Melbourne cruise ship season, bit cool and windy about to berth at Station Pier, 29-10-2013 **Photo : Andrew Mackinnon – [www.aquamanships.com](http://www.aquamanships.com)** ©

www.vlierodam.nl' with a small Vlierodam logo."/>

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## Last chance saloon as Philippines awaits EMSA audit results

For the Philippines crewing industry it is a time of waiting after the **European Maritime Safety Agency (EMSA)** wrapped up its second audit this year of the country's maritime training institutions for compliance with STCW.

The audit lasted from 7 – 24 October and Philippine government and crewing industry officials now face an anxious wait for a draft report due to be sent to Manila in mid-November. In a process that has now dragged on since 2006, the October audit does really seem to be the last chance saloon for Philippines to get its act together, before a long threatened ban on seafarers.

Not surprisingly Philippines government officials have been expressing confidence in public that it will pass the audit. Philippine Ambassador to Belgium and the European Union Victoria Bataclan expressed confidence last week that the country would pass the audit.

It should be noted similar statements were made at the time of April audit, which in retrospect did not go as well as officials had hoped. There is actually some precedent for the European Union banning Philippines transportation related activity on safety and competency grounds. It is, however, in the aviation sector. In mid-2010 all Philippines airlines were banned from flying to the EU on the grounds of "serious safety deficiencies" joining a blacklist of 27 countries. The ban was only partially lifted in July allowing Philippines Airlines to once again fly to Europe, which it is set to do so from next month.

While it does show that Europe is willing act where it believes safety is truly compromised cynics would also note that at the time ban was instituted there were no Philippines airlines were actually flying to Europe so there was no real



impact beyond a requirement by European travel agents to warn passengers of the blacklisting if the booked an onwards connection outside Europe on a Philippines carrier.

The situation if the Philippines fails the EMSA audit would be rather different as it would have very real impact particularly in terms of officers. Even if there was a grace period for owners and managers to make other arrangements

A ban would be a very major step, but if the Philippines does not make the grade, there would seem to be limited options in terms of what EMSA can do while remaining credible given the number of chances it has already given the country's maritime training industry. **Source: Seatrade Global**



Seen in Auckland Sir James Dyson's 1930 built 250ft yacht "NAHLIN"

Photo : Larry Tompkins ©



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## NAVY NEWS

# China decommissions first nuclear submarine

China has decommissioned its first nuclear-powered submarine after more than 40 years of service amidst the maiden display of its fleet of atomic submarines. The **Long March No.1's** nuclear devices were properly disposed of and scientists have decontaminated the warehouse where atomic items were stored during the past 40 years, the People's Liberation Army (PLA) Daily reported today.

The submarine will be used as an exhibit after it is released from military service. China displayed its nuclear submarines for the first time to showcase their "excellent safety" record as part of a naval drill.

The **Long March No.1** was launched in 1970 and commissioned in the navy four years later. It is a **Han Class** nuclear submarine, which was produced based on technologies of the 1950s and 1960s and has short range weapons.

With a displacement of 5,000 tons, this class is usually equipped with six torpedo tubes.



The submarines were shown as taking part in exercises along with naval ships and helicopters. The manoeuvres in the west Pacific went on "despite foreign disturbance", the PLA said. Though the media has not revealed the number of nuclear submarines, international defence experts estimate China has eight to 10 such vessels backed by 50 to 60 diesel and electric submarines. The strength of

Chinese naval personnel is estimated at around 2.25 lakh. The decision to display the atomic submarines for the first time shows China's confidence in its defence build-up and capability, a defence analyst said on TV. It also demonstrates the transparency of China's nuclear assets, he said. The nuclear triad consisting of land, air and underwater capability is an important deterrence, he added. **Source : Indiatimes**



## New Russian Nuclear Submarine Completes Sea Trails

Russia's new nuclear-powered submarine, the **Alexander Nevsky** has completed sea trials, keeping up with the Borey-class project schedule, the Sevmash shipyard were quoted as saying by RIA Novosti.

In early September, Russia put on hold the trials of two Borey-class submarines following an unsuccessful launch of a Bulava submarine-launched ballistic missile (SLBM).

Russian Defense Minister Sergei Shoigu also ordered that the **Alexander Nevsky** and the **Vladimir Monomakh** submarines, designed to carry the Bulava, hold five additional launches of the troubled SLBM, the report said.

The **Alexander Nevsky** was expected to be handed over to the Navy on November 15, while the other Borey-class sub was due to be commissioned in mid-December, Sevmash chief Mikhail Budnichenko said in July **Source : DefenseWorld**



## Women to be assigned to fast-attack submarines by January 2015



The [USS Virginia](#) and the [USS Minnesota](#) will be the first two gender-integrated fast-attack submarines, the Navy announced. Six women — four nuclear-trained officers and two supply corps officers — will report to the subs by January 2015, after completing the nuclear submarine training pipeline, according to the Navy.

Women are already serving aboard the ballistic missile subs the [USS Wyoming](#), [USS Louisiana](#) and [USS Maine](#), and the guided missile subs [USS Florida](#), [USS Georgia](#) and [USS Ohio](#).

The Navy in 2010 officially changed the policy that had previously prohibited women from serving aboard submarines.

Since then, 43 women have been integrated into the sub force.

"Female officers serving aboard Virginia-class submarines is the next natural step to more fully integrate women into the submarine force," Navy Secretary Ray Mabus said in a written statement. "There are many extremely talented and capable women with a desire to succeed in this field and the submarine force will be stronger because of their efforts."

In an all-hands call last week, Chief of Naval Operations Jonathan Greenert told sailors that the Navy will lay out a plan by May 2015 for integrating enlisted women into the submarine force. It is important to add female officers first, he said, so that younger sailors will have role models at sea.

"But the fact of the matter is, we're going to do this," he said.

Vice Adm. Michael Conner, commander of Navy submarine forces, said he plans to integrate two more fast-attack submarines in fiscal 2016. [Virginia](#) and [Minnesota](#) are both home-ported in Groton, Conn., so he said he plans to choose two Pacific Fleet submarines home-ported in Pearl Harbor, Hawaii, in early 2014.

In May 2012, some of the first women to serve aboard U.S. submarines said the transition was going smoothly.

"At first, the guys were a little more timid just because they hadn't worked with females on a day-to-day basis, but after a week they warmed up and were just like brothers and sisters fighting for the bathroom, to get in in the morning," Lt. Britta Christianson said then. "We're all sailors, if I'm on a surface ship or a submarine." [Source : Star & Stripes](#)



## Vietnam ready to receive its first Kilo-class submarines from Russia

The Vietnam People's Navy is ready to receive the first of its six Kilo-class diesel-electric submarines purchased from Russia on Nov. 7 according to the Kanwa Defense Review, operated by Andrei Chang, also known as Pinkov, a military analyst based in Canada. An official from the [Admiralty Shipyard](#) in Saint Petersburg said the first Kilo-class diesel-



electric submarine designed for Vietnam is called Hanoi. The second boat, Ho Chi Minh, is currently undergoing sea trials in the Barents Sea and will be delivered to the Vietnamese navy by the end of this year. The other four

submarines will be turned over to Vietnam in 2016. The official also stated that dozens of Vietnamese sailors began training in Russia in April.

The contract to purchase the six Kilo-class submarines, worth US\$2 billion, was signed when Vietnam's prime minister, Nguyen Tan Dung, visited Moscow in 2009. A total of 33 Kilo-class subs have already been exported to seven nations, including China.

China's PLA Navy currently has 12 Kilo-class submarines in service.

While Russia is strengthening its ties with China, the Kanwa Defense Review noted that the Kilo-class submarines sold to Vietnam may be more advanced than those sold to China, in that they have better periscopes, an electronic recognition system and are lined with anechoic tiles which make the sub harder to detect.

The Vietnamese Kilo-class submarines will also be equipped with 3M-54 Klub submarine-launched anti-ship missiles. The sale of these six submarines will bolster the nation's navy as well as putting it in a better position in any confrontation with China over the disputed South China Sea. With this new submarine fleet, there will be more pressure on China to defend its sea supply lines if any conflict should arise. **Source : Want China Times**

## SHIPYARD NEWS



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## Hanjin Heavy's Yeongdo Dockyard Wins 4 Bulk Ship Order

The **Yeongdo (Busan) Dockyard** of **Hanjin Heavy Industries** said on October 28 that it won a US\$220-million order to build four dry-goods bulk carriers of 180,000 deadweight tons. This is the first time for the dockyard to clinch a deal from overseas since 2008. As the contract comes with an option to build four additional vessels, Hanjin Heavy expects to win follow-up orders. Earlier in July this year, the company had won an order to build four bituminous coal carriers from **Hyundai Merchant Marine**. If the shipbuilder can succeed in landing the four optional ship orders, its total order booking amount would be \$600 million.

The management and employees of the **Yeongdo Dockyard** are excited that the order drought for five years would be finally ending and they will be able to normalize their operations. Currently about a half of 750 field workers at the dockyard are on unpaid leave. A company official said, "This is owing to our company-wide cost-cutting effort as well as the global shipbuilding market showing signs of gradual recovery. We hope to normalize our operations and get

back our reputation as the No. 1 shipbuilder in the world. The Subic Dockyard in the Philippine has also won an order for ten mid-sized container ships from a European ship owner." The company set its order booking target amount for its Yeongdo and Subic dockyards at \$1.2 billion and \$1.7 billion, respectively. **Source: Korea Times**

## Third PSV 'World Pearl' delivered to World Wide Supply

**Damen Shipyards Galati** has handed over the third Platform Supply Vessel in a series of six to **World Wide Supply** of Norway.



This six-ship order heralds a new era in offshore construction for **Damen Shipyards Group**.

**World Pearl** is built to Damen's entirely new PSV 3300 design. The first of the Class PSV 3300, **World Diamond**, was delivered in July to the Norwegian company.



"Delivery of the first PSV 3300 represents a new era in Damen's continuing offshore supply vessel story," said **Arnout Damen** commenting at the time of the first delivery.

"This has been a truly collaborative project, with Damen drawing on expertise from the client and within the group, as well as from partners among leading research institutes and subcontractors to deliver a 'first in class vessel' designed, built and equipped to European standards for a world class customer."

### Meeting future demand

Delivery of the new design involved extensive CAD/CAM modelling by **Damen Shipyards** Gorinchem in the Netherlands and model testing at **Maritime Research Institute Netherlands (MARIN)**. The 3300 is part of an entire new range of Damen PSVs.

With an 80.1m length, the PSV 3300 has a deck load of 1,500 tonnes. The new type can be used to transport crew and equipment to and from offshore platforms but it also offers fire-fighting and oil pollution recovery capability. Equipped with azimuth thrusters and dynamic positioning (DP2), the design is distinguished by slender hull lines to meet challenging conditions, minimise fuel consumption and to enhance crew comfort.

### Long-term contracts supporting Petrobras

Four of the six **World Wide Supply PSV 3300s** have secured long-term contracts supporting Petrobras, offshore Brazil. The remaining two are expected to be offered to the North Sea spot charter market.

## Spanish Naval Industry Faces Uncertain Future

The private Spanish naval industry is currently facing a uncertain future after the European Commission outlawed Tax-Leases granted between 2007 and 2011. The European Union may force shipbuilders to pay back billions of euros in



disputed state subsidies. Six Spanish shipyards have already closed in recent years, leaving just 19 standing which employ approximately 87, 000 workers. Gondon is one of the 19 private shipyards in Spain facing an uncertain future, the **EDDA FERD** (hull C-444) Platform Supply Vessel (PSV) was the last vessel funded with the European Tax-Leases.

## Cosco Shipyard grabs bumper order worth \$403m



State-owned **Cosco Shipyard Group** has clinched a bumper order worth \$403.3m comprising of the construction of a jack-up drilling rig and a cargo vessel, and a conversion job.

Cosco (Dalian) Shipyard will build a jack-up drilling rig valued at over \$180m for an Asian company, with delivery slated in the third quarter of 2015. The same yard will also construct a 30,000 dwt cargo and training ship priced at RMB325m (\$53.3m) for a Chinese buyer. The ship is scheduled for delivery in the third quarter of 2015.

**Cosco (Nantong) Shipyard**, meanwhile, secured a \$170m job to convert one semi-completed hull to a high end floating accommodation unit. The unit is due to be delivered in 24 months.

Source : SeatradeGlobal



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## China Shipyard Delivers Drill Rig 'Sevan Louisiana'



**COSCO (Qidong) Offshore Co.**, has delivered the third Sevan 650 Ultra-Deepwater Cylindrical Drilling Rig it has built for **Sevan Drilling**.

The **SEVAN LOUISIANA** measuring 99 meters in LOA, 75 meters in breadth and 24.5 meters in depth, has a working depth of 3,800 meters and drilling depth of 12,000 meters. The deep water drilling rig will start the transit to the US Gulf of Mexico, and is expected to commence operation for LLOG Bluewatert onwards the



end of Q1 2014, following completion of mobilization and certain additional equipment installations. [Sevan Drilling](#) add that in connection with the delivery of [SEVAN LOUISIANA](#), the company has also closed and drawn USD 1,400 million of its new USD 1,750 million bank facility as announced on 23 July 2013. These funds have been used to repay and settle the existing bank facilities related to [Sevan Driller](#) and [Sevan Brasil](#) and to settle the remaining installment and other payables to Cosco. **Source : marinelink**

## Extreme drilling

SOUTH KOREA'S shipyards are having a busy time at the moment welding the behemoths of the shipping industry



into shape. Clustered around Busan, the country's second city, the big three yards—[Samsung Heavy Industries \(SHI\)](#), [Daewoo Shipbuilding and Marine Engineering](#) and [Hyundai Heavy Industries](#)—are churning out Maersk's "Triple-E" class, which at 400 metres in length are the world's biggest container ships; an oil barge that at 460 metres long is just under half the height of England's tallest mountain, Scafell; and some of the largest-ever jack-up oil



rigs. Equally impressive are the latest "ultra-deepwater" drill ships. These are being built at SHI, and were described to your correspondent on a visit to the yard as "giant Black&Deckers" by one engineer. The first of these, the [MAERSK VIKING](#), was christened recently by Maersk, the ship's owner.

**Photo top /left : Peter Spoelstra ©**

As inland and offshore wells nearer the coast run down after decades of exploitation, so Big Oil is being forced ever farther out to sea. The new type of drilling vessel is specifically designed to work in the very deepest of waters, mostly in the Gulf of Mexico or off the coast of west Africa. At 228 metres they are relatively short compared with the giant new container ships, but what



they lack in length they make up for in technical wizardry. The **MAERSK VIKING**, which is going to be used by ExxonMobil, can operate in depths of more than 3,000 metres of water and then drill down through another 12,000 metres of earth. The centrepiece of the vessel is the **66-metre high derrick**. Overall the ship measures more than 100 metres from top to bottom. As Maersk points out the derrick alone is bigger than a Boeing 747-400 jet, which is a mere 56 metres in length with a wingspan of 60 metres. So far, so tall. But what really floats the boats of the engineers are the six thruster engines, three forward and three aft, that keep the ship in a fixed position, and thus able to continue drilling even in the most severe weather conditions. They claim that with this "advanced positioning control system" they can keep the drill ship steady against heavy winds in waves up to ten metres high (fortunately your correspondent wasn't taken out to test this.) The drilling process is controlled by just two men sitting in front of computers on the work deck. All together 240 people work on the ship in 12-hour shifts (only 13 men sail on the biggest container ships).

The Viking cost Maersk more than \$600m. The Samsung yard is also building three sister ships and the bill for all four is around \$2.6 billion. No wonder the Koreans have energetically gone out to corner the market in these sorts of sophisticated vessels; customers spend much more on them than on even the biggest container ships, relatively simple bundles of steel that cost no more than \$200m. Maersk, and others, hopes to make a profit out of the drill ships by leasing them to oil companies for \$600,000 a day. A Maersk executive says that the offshore market is now worth \$44 billion. It is hard not to be impressed by the figures or the engineering. But there could be a hitch: hydraulic fracturing, better known as fracking. As one analyst reminds me, these very expensive ultra-deepwater ships were mostly designed before fracking took off in America a few years ago. Now energy companies hanker after "tight" oil and gas, rather than the deepwater stuff, as it is a much simpler process and less costly to extract. Gazing up at the Korean sky searching for the top of the **MAERSK VIKING's** derrick, it is not clear whether one is looking at a modern wonder or a dinosaur. **Source : The Economist**

## **The "Best Spanish Ship Built in 2012" award was granted to Zamakona Yards**

On Thursday October 24, the **Association of Naval Architects and Marine Engineers in Spain (AINE )** handed over the award for **Best Spanish ship built in 2012** to **Zamakona Yards**. The event took place as part of the 52nd Congress of Naval Engineering and Maritime Industry for the year 2013, under the theme "Engineers and Engineering. The sea as an opportunity. "

Our President Mr. Pedro Garaygordobil received the reward from Mr. Luis Vilches Collado, Dean - President of Naval Architects and Marine Engineers in Spain. The award certifies that the ship **ESVAGT AURORA** is the Best Spanish ship built in 2012. The event took place at a gala dinner held at the Club de Campo in Madrid.

Zamakona Yards won the final at **Metalships & Docks** with the vessel **North Ocean 105** and Armón Vigo shipyard with the ship **Angeles Alvariño**.

The shipowner is the company **Esvagt AS**, owned by the Danish multinational **AP Møller- Mærsk**. **ESVAGT AURORA's** primary mission is to provide immediate assistance to emergency situations and to provide support to deep sea operations. The ship is specially adapted to service in adverse weather conditions in the Barents Sea.

The vessel incorporates the latest cutting-edge technological developments for the launch and recovery of rescue boats, de-icing equipment to prevent accumulation on deck as well as equipment for pollution control. It meets the highest standards required by the Norwegian authorities for this type of vessels With this award, Zamakona Yards is positioned as market leader in Spain and Europe manufacturing offshore vessels.

**Zamakona Yards Group** has facilities in Santurtzi (Vizcaya), Pasajes (Guipúzcoa) and Las Palmas of Gran Canaria (Canary Islands), with over 41 years of experience in shipbuilding and repairs of all types of vessels. they specialize in offshore vessels, fishing boats and tugs. **Source: Zamakona Yards Group**

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From left to right: **SKANDI NEPTUNE**, Heerema **AEAGIR**, **DEEP ENERGY**, **HOS IRON HORSE**, **DEEP BLUE** moored in Mobil port. Photo : Bridge Team DCV Aegir ©

## Antwerp quarterly volume slips again, down 1.9pc to 2.1 million TEU

THE Port of Antwerp has posted a 1.9 per cent decline in third quarter container volume to 2.1 million TEU year on year, marking the third straight quarterly fall this year. In the first nine months of the year, the number of containers handled decreased 1.7 per cent compared to the same period a year earlier to 6.4 million TEU.

In tonnage terms for containers the port recorded a decline of 2.8 per cent to 76.5 million tonnes in the first nine months. Ro-ro volume was also lower, down 5.3 per cent year on year to 3,406,385 tonnes. Conventional breakbulk was off six per cent in the first three quarters to 7.7 million tonnes.

Antwerp handled a freight volume of 143 million tonnes in the first three quarters, three per cent more than in the same period last year.

The dry bulk volume fell by 25.6 per cent to 10.9 million tonnes, due mainly to reduced coal imports. From January to September, 57.4 per cent less coal was handled. Port authorities attributed the decline to rail freight rates to the German hinterland given that the rates offered in Antwerp were less competitive than in some neighbouring ports.

During the first nine months, 2.4 per cent fewer seagoing ships called at the port than in the same period last year, with the number down to 10,769.

But the port has attracted the P3 vessel sharing alliance formed by Maersk Line, MSC and CMA CGM, after gaining a call from the Far East, while the number of calls on the transatlantic route is being maintained, said a statement from



port authority. The port authority also said Antwerp has the capabilities needed to handle the very largest ships after the 18,000-TEU **MARY MAERSK** successfully berthed at the port on October 19.



The **MARY MAERSK** moored in Antwerp - Photo : Paul Struyf ©

"This definite choice in favour of Antwerp is a clear expression of confidence in the advantages offered by the port, and will result in even more calls by vessels of 13,000 TEU and over," the statement said.



## Syria seen as risk area for many shipping firms

War and sanctions are taking an increasing toll on Syria's vital sea-borne trade, with fewer vessels calling at its cargo ports as ship-owners shy away from the risks associated with a conflict now in its third year. The slowdown in deliveries of food and other essentials is piling pressure on the government of President Bashar al-Assad, which is struggling to keep commercial supply lines open.

Syria has failed for some time to procure strategic commodities such as wheat, sugar and rice through international tenders due to the civil war and an associated financing crunch. Shipping volumes have been hit despite the country's ports being open and operational, sources familiar with matter say. "Assad has support from his allies such as Russia and the regime continues to cling on. At the same time, the conflict is having an effect on supply lines which includes everything from commodities and goods," said Alan Fraser of security firm AKE.

"They are struggling on the shipping side, which is why they have tried to keep land corridors open."

Ship-tracking data from maritime analytics firm Windward shows that the number of ships - dry bulk, container and general cargo vessels - calling at the ports of Tartous and Latakia has fallen since the start of the year. Port calls made by dry bulk vessels have fallen from a peak of 108 in March to just 20 in September. Similarly, 120 general cargo vessels made port visits in March, falling to 52 in September, the data shows.

"Although sanctions have had an impact on Syrian trade, the dangers to inland transport may also curtail trade into Syrian ports," a shipping industry source said. "Ship tracking shows the major ports are receiving only four or five ships a day, nearly all of which are small local general cargo vessels."

Many of the vessels visiting Syrian ports are among the oldest in the global fleet, averaging 28 years old, the data shows, which sources say reflects the caution bigger lines have about sending more modern ships in. The threat of

Western attacks has faded as Assad has agreed to destroy his chemical arsenal, but “Syria is still not worth the hassle for many owners. You need to factor in potentially high-risk trade,” a European ship owner said. Earlier this year, Philippines-based International Container Terminal Services pulled out of operating the Tartous container port because of the war. **Source : Malaya Business Insight**



The ferry **VRONSKIY** on the Algeciras to Tangier service for Acciona Trasmediterranea. She is built as the **PRINSES BEATRIX** in 1978 at **Verolme Scheepswerf Heusden B.V.** under yard 959, named **DUC DE NORMANDY** in 1986 followed by **WISTERIA** in 2005 when she was sold to **Transeuropa** and was renamed in June 2013 in **VRONSKIY**.

**Photo : Chris Brooks - [www.ShipFoto.co.uk](http://www.ShipFoto.co.uk) ©**

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## Phantom Ships Expose Weakness in Vessel-Tracking System

Shippers, traders and researchers monitoring global vessel traffic in the past six months might have seen an imaginary U.S. ferry sail to North Korea, a tugboat go from the Mississippi River to a Dallas lake in two minutes and the path of a fake Italian yacht spelling out PWNED -- hacker slang for “defeated.”

These false signals, orchestrated by Trend Micro Inc., a Tokyo-based Internet security company, were designed to expose vulnerabilities in the mandatory system used to track merchant vessels worldwide. With the network that was built to improve safety at sea unprotected against hackers, phony tracks could lead to collisions and other accidents, according to the International Chamber of Shipping, a trade association representing more than 80 percent of the fleet.

International conventions require all ships to broadcast their identity, status and location to other vessels and coastal authorities. The signals, compiled by websites such as [marinetraffic.com](http://marinetraffic.com) and data services including Bloomberg LP, the parent of Bloomberg News, may be used to gauge how many ships are available to load a cargo or predict trade before official figures are released. The system needs security, according to Kyle Wilhoit, a Trend Micro researcher in St. Louis.

"This would be the equivalent of a house being wide open, windows open, everything wide open," Wilhoit said by phone Oct. 21. "We can literally move, create and modify existing boats, as well as boats that don't even exist. Some nerd in a basement can do that."

### Formal Review

Trend Micro wants to help secure the system and is working with U.S. government agencies to bring the matter before the International Maritime Organization, the United Nations agency that oversees shipping, Wilhoit said, declining to be more specific. The IMO can't consider the issue until a member state or organization formally presents it for review, spokeswoman Natasha Brown said by phone from London Oct. 21, declining to comment further.

Since 2004, an IMO convention required all ships to carry automatic identification systems, known as AIS. As an international standard, the actual technology isn't owned by anyone, much like the Internet. Ships carry transponders that communicate with shore-based antennae and satellites to report their identity, position, speed and status.

### Radio Interference

AIS isn't meant to replace navigation systems such as radar, according to IMO regulations. Data are either transmitted automatically or manually entered by a ship's captain. Authorities around the world who use the signals say they're generally reliable: A 2011 study by the Lisbon-based European Maritime Safety Agency found that fewer than 3 percent of ships were signaling invalid identification numbers.

A disclaimer on marinetraffic.com says the site isn't responsible for the underlying AIS data, which may be inaccurate or incomplete because of radio interference, weather conditions, incorrectly configured devices or negligent data entry by a vessel's crew.

The signals are aggregated and made available on websites and through paid services such as IHS Inc. (IHS)'s AISLive, which shows updates every three minutes from 70,000 vessels in more than 100 countries. While that's useful for analysts, ship owners generally resent AIS because it weakens their ability to win higher rates by bluffing about vessel availability, said Peter Sand, an analyst at the Baltic and International Maritime Council, whose members control 65 percent of the global fleet.

### 'DONT BE NOSEY'

"Ship owners would rather be without that," Sand said by phone Oct. 24. "With AIS available to everybody, it has limited negotiating power."

Shipping rates have declined since 2008 because owners ordered too many vessels before the global recession. The ClarkSea Index, a measure of industrywide earnings, averaged \$9,586 a day this year, tied with 2012 for the lowest since at least 1990, according to data from Clarkson Plc (CKN), the world's largest shipbroker.

The knowledge that signals are being monitored has sometimes affected the transmissions. Ships transiting Somalia's coast often broadcast "ARMED GUARDS" because of speculation that pirates follow the signals to target ships and won't attack those with security details. Others misspell or abbreviate their destination, or even display "NONE OF UR BUSINESS" and "DONT BE NOSEY." An Iranian tanker once reported its destination as "NEW YOURK" (sic), according to data compiled by Bloomberg.

### Iranian Silence

Some of Iran's fleet stopped signaling since U.S. and European sanctions started hampering the country's oil exports last year, according to the International Energy Agency. Vessels that switch off their AIS equipment will still be seen by radar, IHS said in an e-mailed statement.

The system has no way of verifying who's submitting data and whether the signals are plausible, according to the Trend Micro study presented Oct. 16 at the Hack in the Box conference in Kuala Lumpur.

Since shippers and traders monitor the signals to anticipate trade patterns, hackers could theoretically profit from betting on commodity or freight prices and manipulating AIS, said Roy Mason, the founder of tanker tracker Oil Movements, who has been using information from port agents, shipbrokers and AIS signals for 26 years. This would require significant effort because shipping markets are highly variable, he said.

### Suspect Signals

"In order to establish that something real has happened, something significant and out of the ordinary, three to four weeks is what's needed," Mason said by phone Oct. 24. "One extra tanker isn't news, but 10 is, or 20." Marine trackers know to discount signals that appear untrustworthy, Mason said. If data appear suspect, users should check the ship's flag, name and identification numbers, IHS said.

The U.S. Coast Guard hasn't received any reports of AIS hacking, spokesman Carlos Diaz said by e-mail.



AIS is vulnerable to hacking because it lacks any form of authentication or encryption, EMSA said in an Oct. 22 e-mailed statement. Updating the protocols is the responsibility of the IMO and the International Telecommunication Union, according to EMSA.

The ITU will consider enhancements to AIS at the World Radiocommunication Conference in 2015, the Geneva-based organization said in an e-mailed statement Oct. 28. The agenda does not include security, which is the IMO's responsibility, the ITU said in an e-mail today.

Equipment needed to transmit the false signals cost about 700 euros (\$965), Wilhoit said. Trend Micro found ways to stage fake emergencies, such as a man overboard or collision warnings, he said. They didn't attack any real vessels.

"AIS is now being used at the fringes of what it was intended for," John Murray, marine director at the International Chamber of Shipping in London, said by phone Oct. 21. "When signals can be spoofed or inaccurate for whatever reason, inevitably this is of concern."

## **MARITIME ARTIST CORNER**



This painting by Rotterdam & maritime artist **Willem Bijl**, is a view of the port of Rotterdam, called '**Varen op de vierkante meter**' ('Sailing on a square metre'). Size 80x100 cm, acryl on canvas, 2013. [www.willem-bijl.nl](http://www.willem-bijl.nl)

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## .... PHOTO OF THE DAY ....



Vroon's **MPI CARDENIO** inbound to Ostend from Northwind windfarm  
Photo : Ronald Ribbe – <http://www.rorifocus.nl> ©