Number 343 * COLLECTION OF MARITIME PRESS CLIPPINGS *** Monday 09-12-2013**

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The MAERSK CAIRO arriving in Cape Town – Photo : Capt Neil Johnston – Master Terasea Hawk ©

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EVENTS, INCIDENTS & OPERATIONS

The dredger **SWALINGEN** riding high off Westkapelle during the "Sinterklaasstorm" December 5th.
Photo : Hans Koster ©

Uptime delivers access system to Vroon Offshore Services

Uptime in Norway recently delivered a 12m wind turbine access system as part of a rental agreement with **Vroon Offshore Services.** The unit will be utilized on **VOS SWEET** to access turbines at the **Global Tech 1 windfarm**. **Vroon** already has experience of using a prototype 8m gangway by Uptime. The 12m gangway is suitable for larger vessels, where a greater stand-off distance is required. The unit can connect to a boat landing on wind turbines at 9m and telescope +/- 3m and tilt +/- 45 degrees. This ensures a large operating window, and means personnel can be landed directly from a larger vessel. Uptime said the 8m unit will be enhanced and will be tested on a smaller vessel.

A much larger 23.4m unit is being installed on vessels in China, the US and Norway that will be used for wind turbine projects and in the offshore oil and gas industry. **Source : offshore shipping online**

JACK & ST MALO MOORED IN GULF OF MEXICO

Four **Crowley** Ocean class tugs **OCEAN WIND, OCEAN WAVE, OCEAN SUN** and **OCEAN SKY** made up in the star pattern for mooring Jack & St. Malo.
Heerema **DVC BALDER** in pattern making tendon connections supported by Boskalis **UNION MANTA** – in one photo you can see Harvey Gulf **HARVEY WAR HORSE II** in the role of stand by vessel along with Signet Maritime **SIGNET RELIANCE.**
Photos : Tim Burdick ©

Infamous Cosco Busan Pilot Will NOT Get His License Back

John Cota, the former San Francisco pilot who infamously crashed the **M/V Cosco Busan** into the San Francisco-Oakland Bay Bridge on a typical foggy morning in November 2007 causing the discharge of some 53,000 gallons of oil, will not be getting his license back. The San Francisco Chronicle reports that U.S. District Judge Jeffrey White on Monday dismissed a lawsuit from Cota and his team lawyers seeking to renew his Coast Guard-issued merchant mariner license. **John Cota** surrendered his license following the accident and in July 2009 was sentenced to 10 months in prison after pleading guilty to two misdemeanor charges of illegally discharging oil into the bay and killing thousand of birds.

Photo : USCG

In 2010, Cota asked the Coast Guard to have his license reinstated, but was denied due to factors that went beyond his criminal record from incident. Since then, Cota has been working through the Coast Guard appeals process and considering all options in hopes of one day sailing commercially again. The lawsuit dismissed this week was filed in February.

The NTSB final report into the 2007 allision found that **John Cota** had "degraded cognitive performance from his use of impairing prescription medications", among other contributing causes, but also mentioned a the U.S. Coast Guard's failure to "provide adequate medical oversight of the pilot in view of the medical and medication information that the pilot had reported to the Coast Guard" as a contributing factor.

Last year it was rumored that Cota had been working shoreside for a local tug company in the bay area. **Source : gCaptain**

The **BBC NINGALOO** with the famous table mountain in the background
Photo : Ian Shiffman ©

Minister: Govt Not At Fault Over Cruise Ships' Inability To Dock

Bahama's TRANSPORT and Aviation Minister Glenys Hanna-Martin insisted that the government was not at fault for the inability of three large cruise ships to dock in Nassau harbour last Monday. The incident, which prevented the landing of 10,000 visitors from the **ALLURE OF THE SEAS, CARNIVAL CONQUEST** and **DISNEY DREAM** cost downtown businesses nearly $700,000 in revenue. Mrs Hanna-Martin explained to parliamentarians that the ships were battling adverse weather conditions on that day, which she said saw 35 to 40 knot winds. She later admitted that two tug boats responsible for berthing cruise ships had been problematic for some time and needed serious work after years of neglect. However, the Minister did not make clear whether the tug boats were undergoing maintenance when the incident occurred. Placing further blame on the previous Ingraham administration, Mrs Hanna-Martin said both tugboats, the **SNAPPER** and **AMBER JACK,** had not been maintained for years. The tug boats had been inoperable for six months and 12 months respectively, she claimed. She said: "It was agreed between these stakeholders – the cruise ship captains and the pilots – among all parties that for the safety of the vessels and our port no attempt would be made to enter the harbour.

"Since taking office 19 months ago the **SNAPPER** was placed on dry dock for fundamental works, the first time in a long time. And the **AMBER JACK** has completed parts replacement and servicing." Mrs Hanna Martin also criticised The Tribune for what she referred to as citing a "phantom source" for its information about the harbour incident. However, this newspaper was informed of the critical situation by a high level government source.

For nearly 20 minutes, Mrs Hanna Martin defended the government's position in the matter. But when The Tribune attempted to ask the Minister several questions pertaining to the tugs on Tuesday she refused to entertain the questions. Instead she left the Cabinet office completely ignoring reporters who had asked for a comment.

Last week, this newspaper also asked Port Controller Commander Patrick McNeil to shed light on the situation, he shrugged off the request. Instead, he said he was in charge of the Port and not the downtown business owners who wanted explanations after losing hundreds of thousands of dollars. He later released a statement saying that the three cruise ships were scheduled to dock at the Port of Nassau on Monday, November 25 at 6am, 7am, and 8am. However, Commander McNeil said the captains of the **ALLURE OF THE SEAS** and the **CARNIVAL CONQUEST** decided to cancel in advance their visits to Prince George Wharf because of a weather system that had entered the northwest Bahamas late Sunday evening.

The **DISNEY DREAM – Photo : Rene Hofstee ©**

Cmdr McNeil also said that the **DISNEY DREAM** did enter Nassau Harbour at 8am, assisted by the tug '**SNAPPER**' and two private tug boats. However, as the vessel was attempting to dock, it was unable to complete the manoeuvre because of strong wind gusts of about 38 knots. The Captain of that vessel decided to leave the Port of Nassau.

Source : Tribune 242

05-12-2013 : The **TYNE** IMO 9433274, 2009/9627gt ex BBC Montana till 08-2013, off Portsea cliff top
Photo : Andrew Mackinnon – www.aquamanships.com ©

Indonesia Sees 40 Percent Spike in Cruise Ship Passengers in 2013

Indonesian cruise tourism has experienced its highest ever growth with a more than 40 per cent increase in the number of calls and passengers during the year as more cruise liners, both long standing and new players, entered the country's ports. The Tourism and Creative Economy Ministry's marketing director general, Esthy Reko Astuti, said 309 ports-of-call were made throughout 2013, up by 44 per cent compared to 2012, while the number of foreign tourists brought to Indonesia aboard the cruise ships totaled 159,578, a 40.2 per cent increase from last year. "These are the best figures that have ever been recorded in our cruise industry's history, and this is the result of continuous effort by all relevant stakeholders, and local governments and ministries," Esthy said in Jakarta on Tuesday.

She said that Indonesia's attendance at several major international sea-trade exhibitions, such as Cruise Shipping Miami that is the world's premier annual event for the cruise industry, as well as port development across the archipelago, had resulted in cruise liners stopping off in Indonesia. The country's membership of the Cruise Down Under Association, which has allowed Indonesia to proactively promote itself in Australia, New Zealand and other countries across the Oceania Pacific region, has also played a role in this year's growth.

In addition, the opening of the Marina Bay Cruise in Singapore benefitednearby countries, including Indonesia, as it was the home port of many people who wanted to explore Asia Pacific, she said."We want everyone to keep up the good work on further developing this sector, particularly port infrastructure, because this is a niche market that contributes a lot of revenue to the country," she added. The government did not have data on how much income was generated by this sector.

However, according to state-owned port operator PT Pelabuhan Indonesia (Pelindo III), a cruise ship would pay US$60,000 to make one stop in Benoa, Bali. Moreover, Esthy said, the government remained optimistic that the cruise sector would see further significant growth next year, despite temporary data showing that 385 calls — corresponding to 203,000 passengers — were confirmed for 2014, which would mean around 25 per cent growth.

She said the Transportation Ministry was working on dredging projects, while port operators Pelindo I through IV were expanding their ports. Erlan Abbas, head of dredging and reclamation at the Transportation Ministry, said the ministry had allotted $77.2 million next year for dredging work at 19 ports nationwide, including seven ports that were popular with cruise companies, including Benoa; Tanjung Emas in Central Java; Kumai in Central Kalimantan; and Palembang in South Sumatra. "Every port channel is going to be deepened by 1 to 2 metres next year so that larger cruise ships can safely enter them," Erlan said. Cruises represent one of seven special-tourism sectors that are being developed by the government to better promote Indonesia to the world. **Source : The Jakarta Post**

Anthony Veder's **CORAL ACTINIA** navigating the Westerschelde outbound during last Thursday gale
Photo : Henk Nagelhout ©

A rare time in recent shipping market history: Both dry bulk and VLCC tanker earnings are on the rise

Around this time of year, back in 2008, i.e. five years ago, the shipping markets were plagued with the aftermath of the global financial crisis that caused the biggest crash in freight markets in decades. Most carriers, both dry bulk and tankers were sidelined by their owners who chose not to operate them, as it was consting them more to run the vessels, than what the market was offering at the time.

Fast forward five years later and both the dry bulk market, as well as the wet one are experiencing positive signs of improvement, although the fundamentals aren't equally positive for the long run. Starting with the dry bulk market, the BDI has firmly rebounded once again above the 2,000-point mark, poised to end the year on a high note, with the final months of the year proving to be a happy period for most ship owners active in the dry market. ++++

According to shipbroker Fearnleys this week, "the spike in Capesize rates that was expected and anticipated for this quarter finally became a reality and the average tc rates are approaching $30,000 p/d. The iron ore is the main driver, with Brazilian, Australian and South African exports active at the same time. This has resulted in a lack of early tonnage, and rates are still improving at the time of writing. The period rates are improving accordingly, with one year rates presently being concluded in excess of usd $20,000 p/d".

In the Panamax market, Feanleys noted that "the firm tendency continues. The Atlantic is tight for tonnage with Owners increasing their rates or holding back for the better deal tomorrow. Charterers paying $16.000 p/d for T/A and $26.000 p/d for fronthaul to cover prompt requirements. US grains is still moving at about 55 pmt. The firm sentiment is also reflected in the Eastern Hemisphere, predominantly by Indonesian coal and some short period activity. Levels from $12.000 p/d up to healthy $15.000 p/d for Aussie rounds reported. Short period up to a year at about $12.000 p/d. Seasonal social activity has not reduced activity considerably - yet".

Similarly, in the wet segment, oil demand from Asia and especially China has intensified over the past couple of months and especially during the end of October, providing solid ground for gains across most of the large crude oil tanker Eastbound routes. As such, the Far East oil demand has provided the foundation for a strong boost in freight rates for several routes, like the TCE for MEG/Japan, which almost doubled at the start of November, reaching levels of $42,000/day. Similarly, the WAF/F.East route gained by around 40% in just one day, touching the very lucrative level of USD 98,939/day.

According to Intermodal's analyst George Lazaridis, "the VL's were the first to show the major gains from the seasonal spike in demand, with interest from the Far East clearing much of the excess tonnage and leaving prime conditions for even a profitable spike in freight rates. Despite similar not having spilled over completely to the Suez and Afras there have been notable gains there two and with the new wave of fresh inquiries rapidly poring in, November could end up being the "hottest" month yet. Suez and Afras also shoed a bit of difficulty in the first weeks of the month especially in the Black Sea/Med region, although this seems to have reversed fairly quickly and earning seem to have now returned back to normal". **Source : Nikos Roussanoglou, Hellenic Shipping News Worldwide**

The **SANTA ELEONOR,** grounded in the Shoal Passage just West of the Strait of Magellan, South Chile.
Photo : Harm Jongman ©

EU antitrust shipping probe includes COSCO, Hanjin -sources

By Foo Yun Chee and Jonathan Saul

China's **COSCO** and South Korea's **Hanjin Shipping** are among 14 container shipping companies under an EU investigation for allegedly influencing prices for European routes, two people with knowledge of the matter said.

The European Commission opened a probe into the group last month for appearing to alert each other of price increases via press releases and on their websites, saying they may be acting in concert in breach of competition rules.

The investigation, which could lead to formal charges and fines of up to 10 percent of a company's global turnover, comes as the global industry struggles with an excessive number of vessels and weak demand due to the economic downturn.

Container ships transport consumer goods such as electronics and food in metal boxes, with a standard length of 20 feet.

Consultancy **Alphaliner** said a negative decision could be highly detrimental for the sector by curbing "the avenues for communicating future price increases and prevent carriers from implementing uniform rate hikes simultaneously".

The European Union competition watchdog did not identify the companies, in line with its usual policy. But the two biggest container line operators AP Moller Maersk and Mediterranean Shipping Company both said last month on the day of the EU announcement that they were under investigation.

Taiwan's **Evergreen Marine**, Germany's **Hapag-Lloyd** and **CMA CGM,** which is the third-biggest operator, all confirmed on Thursday they were included in the probe.

The sources said the group also includes South Korea's other top shipper **Hyundai Merchant Marine, China Shipping Container Lines** and Japan's No. 1 **Nippon Yusen Kaisha** and No. 2 **Mitsui O.S.K. Lines.**

The others are Hong Kong-based **OOCL (Orient Overseas Container Line), United Arab Shipping Co (UASC)** and Israeli company **Zim Integrated Shipping Ltd,** they said.

A spokeswoman for Zim declined to comment. Officials at **COSCO, China Shipping Container Lines, Nippon, Mitsui, Hanjin, Hyundai** and **UASC** could not immediately be reached for comment

"Prima facie evidence suggest that the EC (European Commission) may have a case against the carriers for price signaling," Alphaliner said.

According to Alphaliner data, carriers on the benchmark Asia-to-Europe route have announced at least 34 rate increases since 2009. In most cases, the timing and amounts of increases were largely similar for the main carriers, with announcements made by lines within a few days of each other.

Although carriers in some instances varied the rate increases by $25 to $100 per teu (20 foot-equivalent unit), their pricing could still come under the Commission's ambiguous 'concerted practices' rules as tacit collusion, which does not require an explicit agreement to fix prices, Alphaliner said.

Analysts expect further headwinds next year for the container shipping industry, with no respite from depressed rates. **Source : Reuters - Additional reporting by Steven Scheer in Jerusalem, Cho Meeyoung in Seoul, Arno Schuetze in Frankfurt, Clare Jim in Taipei and Keith Wallis in Singapore**

The **PHANTOM** outbound from Rotterdam during the NW-ly gale last week – **Photo : Frans de Lijster ©**

Chinese banks to continue enlarging ship lending

Chinese banks will continue to enlarge its shipping loans portfolio, driven by demand from the domestic market and the retreat of European banks, industry players observed.

"It is inevitable that Chinese banks will come in mainly to serve their customers in their home market, driven by demand from the large shipping market of China," said Russell Beardmore, head of ship finance North East Asia, Standard Chartered Bank.

"But European banks are not exiting the ship finance market totally," Beardmore said, adding that they are very cautious about injecting fresh funds into the sector.

George Xiradakis, managing director of XRTC Business Consultants, believed that the stepping up of Chinese banks into ship financing will soon give them a stronger presence in the international stage.

"The color of money is changing. Chinese banks are very focused on serving the international transport chain which includes shipping, aviation and railways, while the market in Europe has been difficult," Xiradakis told delegates at the Marintec China 2013 conference in Shanghai on Thursday.

"European banks still have a very good understanding of the shipping market. They may have no fresh funds but they will maintain their portfolio for their existing clients," he explained.

He highlighted that Greek banks have reduced their lendings into shipping from an average of $12bn a year between 2003 to 2008 to about $1.5bn a year at present.

Lee Mun Keng, head of shipping Asia at HSH Nordbank, said: "Compared to the height of the shipping market, admittedly the numbers are very different. Chinese banks are definitely stepping up which I think it is great."

The global shipping market has plunged into a prolonged recession since the 2008 global financial crisis, as it is inundated by severe oversupply of ships, low freight rates, tight cashflow and higher counterparty risks.

The lack of funds from European banks, in fact, has been seen by industry players as a good sign so as to curb the number of new shipbuilding orders and reduce the overcapacity problem.

"The banks are doing the right thing now – we shouldn't finance too much," said Logan Chong, managing director, transportation group – shipping & offshore Asia, BNP Paribas. However, Xiradakis believed that the shipping market's light can already be seen at the end of the tunnel, and the current market conditions present a "good opportunity for bank to invest in ships", due chiefly to bottomed out newbuilding prices. **Source: Seatrade Global**

South Africa: Creating an attractive Ship's Registry - the draft South African Maritime Policy

The overriding objective of the Department of Transport is to develop South Africa into one of the world's top 35 maritime nations. This bold goal is set out in the Draft South African Maritime Transport Policy of 10 August 2010. Barely a week goes by without the South African Maritime Safety Authority commenting on the need for a national shipping fleet to carry the ever-increasing quantity of cargo moving out of this country. The policy aims to increase the number of vessels under the South African flag and to create employment in the maritime transport sector.

There are currently no cargo ships of any description on the South African Register. As the law currently stands, there is little to attract any potential customers. There is also little to encourage banks or other private equity interests to invest in ships.

The maritime transport policy and the drive for a South African ships register has been hailed by many in government as a bold new dawn for the maritime industry. But many who are involved in the hurly-burly of the commercial maritime world regard it as the misguided chasing of a rainbow.

The more demure view, is that if South Africa wants to raise its maritime profile and encourage employment in the maritime transport sector, it must take a broader view of the maritime transport sector and appreciate that South Africa is in a position of strength as a supplier of cargo and ship related services, but not of ships themselves. It follows that South Africa must develop a maritime transport policy that encourages and incentivises local industry to "think South Africa", when negotiating the sale of South African cargo, and to encourage the training of South African mariners, surveyors and port authority personnel.

Having ships on the country's ship register is an emotive issue that arises out of antiquity. When a ship sails under a country's flag, it is regarded as being part of that state when it is plying the high seas. The modern day link between shipowner and the state in which a vessel is flagged is a tenuous and artificial link. Flagging a ship is a business relationship. The benefit to the flag state is the possibility of increased revenue. But in a developing country like South Africa, it is unlikely that even a moderately-sized ships register will be viable, and the cost will be the abandonment of the interests of our workers, shippers and ship suppliers.

Register does not mean employment

For South Africa to attract ships onto its register, a drastic change of regime is required, and this begs the question - why do it? We are not traditionally a ship-owning nation. The few shipowning companies that we had are no longer South African but have their head offices in Antwerp or Singapore. There is little cargo moving between Southern African ports, so even if some sort of cabotage is introduced, there is insufficient cargo to sustain it.

There is no correlation at all between ship registries and the employment of seafarers. The Indonesians have no register to speak of, but provide crew at "economic" rates to vessels flagged all over the world. If South Africa wanted to encourage employment opportunities for seafarers it needs to provide the appropriate training facilities and possibly to amend its labour laws which are applied to seafarers. The necessary amendments to the existing labour regime would probably be opposed by the labour unions and the International Transport Worker's Federation (ITF). Therefore, the focus should be on training. There will always be a demand for well-trained English-speaking seafarers, who are prepared to work for competitive wages.

How to create employment

The objective of creating employment opportunities could equally be achieved if South Africa promoted the land-based side of the maritime sector. The maritime transport policy identifies a number of employment opportunities ashore that are related to shipping, for instance, ship and cargo agents, forwarding and clearing agents, marine insurance, stevedores, and ship repair. Most of these land-based maritime sector jobs are not dependent on whether a ship is flagged under a South African or foreign flag.

For some reason, the Government believes that a vast tonnage of cargo should be carried by South African owned ships. But the reality is that ships that leave Richards Bay or Saldanha are unlikely to return until much later, given that the huge bulkers are not in any demand for a laden return journey to South African ports. It follows that South African flagged ships will still be obliged to trade in competition with other flagged vessels.

South Africa is a major exporter of bulk products, such as coal and iron ore. Furthermore, the local industry players usually export on a "Free On Board" (FOB) basis. In this instance, the foreign buyer nominates the cargo carrier and arranges for the insurance of the cargo for the voyage. As importers and buyers of cargo, local industry tends to import cargo on a "Cost Insurance and Freight" (CIF) basis. In terms of a CIF sale, it is the foreign seller who nominates the cargo carrier and insurance of the cargo.

If local industry players were encouraged to sell on a CIF basis and to purchase on a FOB basis, opportunities for employment in the land-based maritime sector would be created. These jobs would be promoted irrespective of whether the cargo is carried on a South African flagged vessel or not. The determining factor lies with who is arranging for the carriage of the cargo and dealing with the ancillary support services.

There are other maritime industries that the Government could promote that do not require a South African ship register. The prime example is the ship repair and bunker supply industry. South Africa's geographic location and supply of raw materials, places it in an inherently advantageous position to be an important supplier of ship repair and bunkering services. Ship repair services have the benefit of being a labour intensive industry. "Think cargo" and the local maritime industry will grow.

If the Government persists with its goal to attract vessels onto the South African register, a shipowner may have the following questions:

How are ships registered in South Africa?

Registration of ships in South Africa is governed by the Ship Registration Act 58 of 1998. This Act establishes and regulates the South African register of ships; the entitlement to register; formalities of registration; charges, levies and penalties. The Office of the Ship Registrar is created in terms of s33 of the Act. The Registrar's office is based in Cape Town.

Only ships that have a South African nationality, and ships that are entitled to be on the South African register, may be registered. Ships that are entitled to be registered are, a 'South African-owned ship' and any ship on a bareboat charter to a South African national. A South African national may be, inter alia, a citizen or a body corporate established and with a place of business in South Africa.

- A 'South African-owned Ship' is one which is:
- wholly owned by a South African national;
- is owned as an undivided whole by three or more joint owners of whom the majority in number are South African nationals; or has a majority of its 64 shares owned by South African nationals as part-owners (or co-owners) in 'common'.

The facility of being able to register a ship in South Africa where the majority of the owners are South African nationals is a far reaching provision of the system created by the South Africa Ship Registration Act.

In South Africa, a company is a resident if it is incorporated in South Africa under the Company Act 71 of 2008. In terms of the Company Act, the directorship of the company must be made public and a company is obliged to have a shareholder register which is kept at its principal place of business. A member of the public is entitled under the Company Act to request a copy of the shareholder register. These provisions may be unattractive to shipowners who have favoured the development of "one-ship owning companies", in order to avoid ship arrests.

How would a South African shipowner be taxed?

South African shipowners are subject to the general taxation laws of South Africa. At present the corporate income tax is 28 per cent, with a further dividend tax of 15 per cent payable on dividends paid by a company. A shipowner may also be subject to a capital gains tax.

In 2005, the Government proposed introducing a tonnage tax regime. Essentially, the 2005 proposal sought to tax shipping activities at a fixed rate according to the size of the ship and not the company's taxable income. The proposed tonnage tax regime was to be modelled on the Dutch tonnage tax regime.

Recently, in the draft Taxation Laws Amendment Bill, 2013, the Government has abandoned the proposed tonnage tax in favour of an out-right exemption to pay tax for South African shipowners. The new shipping tax regime will exempt qualifying shipowners from income tax, capital gains tax, dividend tax, and a withholding tax on interest.

A qualifying shipowner must be a company that is resident in South Africa and holds at least one or more vessels that is flagged in South Africa, in terms of the Ship Registration Act, and is designed for international transport of goods or passengers for reward.

What law governs the employment of crew, and is South Africa a party to an international crewing convention?

In terms of the Merchant Shipping Act 57 of 1951, all South African ships over 100 tonnes must have on board a written employment agreement with each crew member. The Master of a South African ship must ensure that his crew is properly certified. The South African Maritime Safety Authority (SAMSA) has the discretion to recognise certificates of foreign Masters and officers. The Labour Relations Act 66 of 1995 will also apply on board a South African ship. In case of conflict between this Act and the Merchant Shipping Act, the Labour Relations Act will prevail.

South Africa has ratified The Maritime Labour Convention, 2006 which will enter into force for South Africa on 20 January 2014.

Where does a mortgagee's claim rank if ship is sold in South Africa?

The Ship Registration Act allows for the registration, transfer and deletion of a mortgage, on the prescribed form, in respect of a South African ship. No notarial bond over a ship may be registered in the Deeds office. A 'necessaries' claim ranks above a mortgagee's claim in terms of the Admiralty Jurisdiction Regulation Act 105 of 1983 (AJRA). Therefore a necessaries claimant will receive preference to the proceeds of a vessel sold by way of a judicial auction in terms of the AJRA. Internationally, the norm is to give preference to a mortgagee's claim. The mortgagee's ranking in the AJRA is seen as a hindrance to attracting more ships onto the South African ship register. There is proposed draft legislation to reverse the ranking of necessary and mortgagee claims and give preference to the later.

Conclusion

The proposal by the Government may well be misdirected, but the topic of an attractive domestic ship's register seems destined to dominate the agendas of SAMSA-sponsored conferences for some time to come. The generous proposed tax exemptions for South African shipowners, are not enough to attract foreign shipowners. South Africa's labour laws will, most likely, prove too burdensome to a foreign shipowner, and the requirement to disclose the company's directorship and shareholding may be too much of a commercial risk for such a shipowner, in view of South Africa's "arrest-friendly" ship arrest provisions under the AJRA. In truth, South Africa will probably have to amend its company and labour laws before it can create a registry that will attract foreign shipowners.

Source: Norton Rose Fulbright Australia

The **SEA GOLF** entering Menai Strait. **Photo : Oliver Missiaen ©**

Cargo ship ran aground on Mull after look-out fell asleep on duty

A 2000-tonne cargo ship ran aground off the coast of Scotland after the look-out fell asleep.

Fri Ocean was sailing between Corpach near Fort William and Sweden when it ran aground on Mull. The 48-year-old second officer was on duty by himself and had fallen asleep, waking just moments before the ship grounded at 3.22am on June 14. He tried to change the course but it was too late.

A report from the **Marine Accident Investigation Branch (MAIB)** said the second officer had been "fatigued" when he started his watch and despite propping the door of the cabin open to try and stay awake, his lack of sleep caught up with him. The vessel had been set on course by the master and put on autopilot before the second officer was left on his own. While he was asleep, the ship missed a waypoint where the course had to be changed and it had gone two and a half miles off course by the time he awoke. The MAIB report said the alarms on the navigation system were "insufficiently loud to wake the sleeping second officer". Once grounded, the crew managed to repair the fix enough to sail it to Liverpool to be fully repaired. The report recommends that the company who own the ship, Kopervik Ship Management, make sure their vessels have two people on duty overnight. **Source: STV News**

The **CAP CLEVELAND** IMO 9620607, 2013/42789gt Commissioned 2nd Sept 2013, in to Swanson Dock Melbourne in Yarra River, 7-12-2013. **Photo : Andrew Mackinnon – www.aquamanships.com ©**

Worldwide, many satisfied customers use the efficient **Pronomar - Top Trock drying systems** to dry various kinds of protective work wear, such as survival suits, diving suits, coveralls, boots and gloves. A great number of vessels, rigs, platforms, navies, coast guards, training centers, refineries, chemical plants, cooling houses and other on-shore work safety companies value the many advantages the drying systems provide.

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www.pronomar.com

ABS Consulting completes design review for new approach to LNG storage tank construction

ABS Consulting recently completed design review services for an approval in principle of the design of **Hyundai Heavy Industries' (HHI) Modular Liquid Natural Gas (LNG) Storage Tanks**.

ABS Consulting reviewed the system design for HHI's Modular LNG Storage Tank and its construction with onsite assembly. During the design review process, ABS Consulting reviewed the design against applicable rules and standards. HHI's design methodology has been confirmed to be technically equivalent to standard onshore LNG storage tanks.

HHI is applying spin-off technology and concepts from LNG shipping to onshore storage for the construction and assembly of the Modular LNG Storage Tanks. With the demand for energy storage increasing, especially in remote and harsh environment areas, innovative approaches such as those of HHI create new possibilities for various industries.

These tanks will have most of their construction completed in the controlled environment of a shipyard with those sections then shipped to where they may be needed around the world. This approach allows for a minimal amount of construction effort and time at the final installation site.

"We are proud to help HHI with this new approach to LNG storage tank construction," said Tom Nolan, Vice President, Global Maritime Services at ABS Consulting. "This method may play a significant role in decreasing the time it takes to complete construction in arctic areas where extreme weather conditions limit the timeframe during which construction can take place."

HHI expects that the new modular LNG storage tank will reduce both the EPCC cost and the construction period. "It is to be one of the solutions to overcome excessive investment cost and can also enhance the compatibility of the ground LNG liquefaction plant in the developed markets such as Australia, Canada and the US," said Chun In-soo, COO of HHI's Industrial Plant & Engineering Division. **Source: ABS Consulting**

Spliethoff's **DAMGRACHT** outbound from IJmuiden last Friday as seen from the DFDS ferry **PRINCESS SEAWAYS** , right seen the result in the pantry after a large wave hit the stern of the **PRINCESS SEAWAYS** whilst enroute from Newcastle to IJmuiden last week Friday **Photo's top + right: Bert Knorr ©**

The IJmuiden based KNRM lifeboat **Koos van Messel – Photo : R van Helden**
http://scheepsspotter.punt.nl

STORM PHOTOS

I have received many photos of vessels Riding High during the NW-ly Gale which was blowing over Western Europe last week Thursday and Friday, from which photos herewith a small compilation

Left seen the Dutch pilot cutter **POLLUX** stand by at Steenbank Pilotstation – **Photo : Willem Zomer ©**

The **MSC MANU** passing the Hoek van Holland breakwaters - **Photo : Kees Torn ©**

The tug **SD JACOBA** and **SMIT CHEETAH** operating in Rotterdam Europoort – **Photo's : Kees Torn ©**

The **PAULA** at Steenbank Pilot station – **Photo : Willem Zomer ©**

The **JOCO III** passing the Breediep
Photo : Jan Oosterboer ©

The **NORWEGIAN GETAWAY** outbound from a windy Bremerhaven – **Photo : Olivier Louwage ©**

Sunken ship in Tacoma too deteriorated to lift

The Department of Ecology says it could take weeks or months before a sunken vessel in Tacoma's Hylebos Waterway can be removed. Crews working to lift the **Helena Star** determined the vessel was too deteriorated to be raised as planned.

Ecology said Friday that U.S. Coast Guard, state and local officials are figuring out the safest way to clean the vessel and remove it from the waterway. Officials hope to tow the vessel to a dry dock in Seattle where it will be dismantled and disposed of. Crews lifted the ship for a first look on Thursday and set it back down. A few gallons of oil spilled, but were contained within boom placed around the vessel. **Source : Seattle PI**

Jan de Nul's CSD **ZHENG HE** at anchor in Nha Trang port on 05-12-2013 - **Photo : Julian Wigman ©**

NAVY NEWS

Sailors man the rails on the flight deck of the aircraft carrier **USS George Washington (CVN 73)** as the ship returns to Commander, Fleet Activities Yokosuka, Japan, following its 2013 patrol. **George Washington** and its embarked air wing, **Carrier Air Wing (CVW) 5**, provide a combat-ready force that protects and defends the collective maritime interest of the U.S. and its allies and partners in the Indo-Asia-Pacific region. **Photo : US Navy**

HMS BULWARK L15 - Landing Platform Dock- Royal Navy (UK) - 061213 - short visit on her return to UK after completion of Cougar 13. More importantly she conveyed Lt Gen Sir James Dutton, Royal Marines, the new Governor of Gibraltar. **Photo : Francis Ferro ©**

SHIPYARD NEWS

China Rongsheng ghost town reflects shipbuilder's struggle to survive

BY ADAM JOURDAN AND KEITH WALLIS

Deserted flats and boarded-up shops in the Yangtze river town of Changqingcun serve as a blunt reminder of the area's reliance on China Rongsheng Heavy Industries Group, the country's biggest private shipbuilder.

Like Rongsheng's shipyards, the area is struggling to survive.

The shipbuilder this week predicted a substantial annual loss, just months after appealing to the government for financial help as it reeled from industry overcapacity and shrinking orders. Rongsheng lost an annual record 572.6 million yuan ($92 million) last year, and lost 1.3 billion yuan in the first half of this year.

The company has become a test of China's market reforms.

While Beijing seems intent to promote a shift away from an investment-heavy model, with companies reliant on government cash injections, some analysts say Rongsheng is too big for China to let fail.

As ship orders and funding have dried up, the firm has delayed deliveries and now faces legal disputes, shipping and legal sources said. The company - whose market value has slumped more than 90 percent to around $1 billion since its Hong Kong listing in late 2010 - is in talks with bankers to restructure its debt.

Local media reported in July that Rongsheng had laid off as many as 8,000 workers as demand slowed. Three years ago, the company had about 20,000 staff and contract employees. This week, the shipbuilder said an unspecified number of workers had been made redundant this year.

GHOST TOWN

The local community, on the outskirts of the eastern Chinese city of Nantong, has mirrored Rongsheng's fall.

A purpose-built town near the shipyard's main gate, with thousands of flats, supermarkets and restaurants, is largely deserted. Nine of every 10 shops are boarded up; the police station and hospital are locked.

"In this area we're only really selling to workers from the shipyard. If they're not here who do we sell to?" said one of the few remaining shopkeepers, surnamed Sui, playing a videogame at his work-wear store. "I know people with salaries held back and they can't pay for things. I can't continue if things stay the same."

In the shadow of the shipyard gate, workers told Reuters the facility was still operating but morale was low, activity was slowing with the lack of new orders and some payments to workers had been delayed.

"Without new orders it's hard to see how operations can continue," said one worker wearing oil-spattered overalls and a Rongsheng hardhat, adding he was still waiting to be paid for September. He didn't want to give his name as he feared he could lose his job.

The uncertainty isn't only at the yard.

"Morale in the office is quite low, since we don't know what is the plan," said a Rongsheng executive, who declined to be named as he is not authorised to speak to the media. "We have been getting orders but can't seem to get construction loans from banks to build these projects."

A company spokesman said the shipyard had no confirmed new orders in the second half of the year.

RIVALS DOING BETTER

While Rongsheng has won just two orders this year, state-backed rival Shanghai Waigaoqiao Shipbuilding has secured 50, according to shipbroker data. Singapore-listed Yangzijiang Shipbuilding has won more than $1 billion in new orders and is moving into offshore jack-up rig construction, noted Jon Windham, head industrials analyst at Barclays in Hong Kong.

Some Rongsheng customers say the company is behind schedule in delivering ships.

Frontline, a shipping company controlled by Norwegian business tycoon John Fredriksen, ordered two oil tankers from Rongsheng in 2010 for delivery earlier this year. It now expects to receive both of them in 2014, Frontline CEO Jens Martin Jensen told Reuters.

Greek shipowner DryShips Inc has also questioned whether other large tankers on order will be delivered. DryShips said Rongsheng is building 43 percent of the Suezmax vessels - tankers up to 200,000 deadweight tonnes - in the current global order book. That's equivalent to 23 ships, according to Rongsheng data.

Speaking at a quarterly results briefing last month, DryShips Chief Financial Officer Ziad Nakhleh said Rongsheng was "a yard that, as we stated before, is facing difficulties and, as such, we believe there is a high probability they will not be delivered." DryShips has four dry cargo vessels on order at the Chinese firm.

Rongsheng declined to comment on the Dryships order, citing client confidentiality. "For other orders on hand, our delivery plan is still ongoing," a spokesman said.

At least two law firms in Shanghai and Singapore are acting for shipowners seeking compensation from Rongsheng for late or cancelled orders. "I'm now dealing with several cases against Rongsheng," said Lawrence Chen, senior partner at law firm Wintell & Co in Shanghai.

RISING DEBT

Billionaire Zhang Zhirong, who founded Rongsheng in 2005 and is the shipyard's biggest shareholder, last month announced plans to privatise Hong Kong-listed Glorious Property Holdings in a HK$4.57 billion ($589.45 million) deal - a move analysts said could raise money to plug Rongsheng's debts.

The shipbuilder's net debt to equity, a measure of indebtedness, climbed to 134 percent in January-June from 119 percent in 2012 and 85 percent in 2011. Talks with its banking syndicate are ongoing, with no indication when a deal could be struck, a person at one of the banks told Reuters this week.

Meanwhile, Rongsheng's shipyard woes have already pushed many people away from nearby centres, and others said they would have to go if things don't pick up. Some said they hoped the local government might step in with financial support.

The Rugao government did not respond to requests for comment on whether it would lend financial or other support to Rongsheng. Annual reports show Rongsheng has received state subsidies in the past three years.

"We have no further elaboration on government assistance and bank negotiations," a Rongsheng spokesman said on Friday.

The exodus has left row upon row of deserted apartments, with just a few old garments strewn on the floor and empty name tags to show for what was a bustling community before China's economic growth began to slow and credit tightened at a time when global shipping, too, turned down.

In a local lottery shop, workers sat around smoking as they waited to see if their luck was in. "The lottery has become increasingly popular," said a girl working the till. "I'm not sure why really, but perhaps people are hoping they can win something here." **Source : Reuters**

ROUTE, PORTS & SERVICES

The **BERGE ARCTIC** moored at Tata Steel in Ijmuiden – **Photo : Simon Wolf ©**

With ship prices sinking, Apeejay Shipping eyes buys

Apeejay Shipping is on an acquisition spree, as ship prices have sunk in the wake of the persisting slump in the global freight market.

Last few months have seen shipping companies the world over place orders for new and second-hand ships, with asset prices just beginning to claw up from their record lows. Though prices in the second-hand market have inched up from their earlier lows, ship owners are still finding them attractive.

Part of the **Apeejay Surrendra Group**, the company has just bought two 75,000 DWT bulk carriers from the Japanese and Chinese markets for about $20 million, the second one joining its fleet this month. It is now looking for another Panamax carrier. “We will pick up a Panamax carrier as soon as we see a good buy. I think it is still a great time to buy (ships),” Karan Paul, Chairman, told Business Line.

With the two acquisitions, its fleet strength stands at eight, with an average age of 11 years, all carrying dry bulk cargoes such as coal and iron ore.

Second-hand market

Paul agrees that ship prices in the second-hand market have risen by about 50 per cent from their lows in the first quarter, while the rise in the new building sector is about 10-15 per cent.

Today, prices of a new-build panamax are hovering at less than $30 million, while a five- and ten-year-old asset of the same class could be got for $23 million and $17 million respectively.

Indian companies, including Great Eastern, Mercator and Aegis, have bought at least four bulk carriers and five tankers in the last 10-11 months, with the lowest prices ranging from $7.5 million for a bulk carrier (Apeejay) and $10 for a tanker (Arya Voyagers). Encouraged by these trends, **Apeejay** is now eyeing an entry into the tanker and dredging markets.

Entering tankers

"We see particularly bright opportunities in the domestic dredging market, with the older ports needing to deepen their drafts to accommodate larger vessels. We will first make a small entry and then scale up," Paul said.

He sees the bulk freight rates, which plumbed lows of 700-800 index levels in the first half of the fiscal, rising further in the second half. "The bulk index is currently at 2000 levels. I feel the worst is over and next fiscal should get us better rates in this segment," he said. **Source : The Hindu Busines Line**

Smit Aruba, Smit Cristobal, Smit Curacao, Smit Guadeloupe en **Smit Balboa** stand by in the harbour of Panama City **Photo : Peter Melman ©**

Canal builder joins Ukraine project

Wang Jing, whose company won the right to build a canal across Nicaragua, has agreed to invest in the construction of ports and facilities in Sevastopol, Ukraine, for US$3 billion. Beijing Interoceanic Canal Investment Management (BICIM), controlled by Wang, will develop the ports with Kievgidroinvest, a Ukraine company which designs and develops water projects.

The first phase of the project would include an economic development zone with high-technology industrial parks, Wang said yesterday during an official visit to Beijing of Ukraine's President Viktor Yanukovych.

The second phase, which requires an additional investment of US$7 billion, will include the construction of a refinery plant, liquefied natural gas production base, airport and shipyard. BICIM is the holding company of HKND, which won the concession in June to build the crossing in Nicaragua to rival the Panama Canal.

The ports project, which would benefit trade between China and Europe, had won the support of the Chinese and Ukraine governments, said Wang, who held a meeting with Vice-Premier Ma Kai and Yanukovych on the project yesterday.

"We are keen on investing in projects that can benefit global trade," he said, adding the shipping route between China and northern Europe could be cut by 6,000 kilometres on completion of the deep-water port in the Crimean peninsula.

Wang said the shareholding of BICIM in the ports project was slightly bigger than its Ukraine partner. "Funding is a key factor, and we have secured support from financial institutions and other parties for the initial investment," he said, without providing details. Mazyuk Aleksey, a representative of Kievgidroinvest, said BICIM was the first Chinese company it approached when it sought a joint-venture partner. "Although there are many state-owned Chinese companies that have solid experience in building infrastructure, we also look for a strategic partner with global insight," he said. The experience of HKND in building the Nicaragua canal would also benefit the Ukraine port project, Aleksey said. Wang said the route for the Nicaragua canal had been fixed, with the investment in the project to increase by US$10 billion to US$50 billion. **Source : South China Morning Post**

Diana Shipping Inc. Announces Results of Hearing Involving the M/V Thetis

Diana Shipping Inc. announced that its subsidiary, **Diana Shipping Services S.A. ("DSS")**, was sentenced by the United States District Court in Norfolk, Virginia to a fine of $1,100,000 and a period of probation of three years and six months as a result of a conviction earlier this year by which DSS was held vicariously liable for the illegal acts of the **M/V Thetis's** Chief Engineer and 2nd Engineer who were found guilty by the Court of violating several U.S. statutes and regulations in failing to properly handle bilge wastes, maintain required records and for obstruction of justice.

The Director and Treasurer of DSS, Mr. Ioannis Zafirakis, stated to the court that DSS has previously undertaken a comprehensive review of its existing Management System and operations, and implemented an Enhanced Environmental Management System, or EEMS, to ensure that all of the vessels managed by DSS are operated in accordance with applicable maritime environmental laws and regulations. Mr Zafirakis also noted that the EEMS has been independently audited and certified as being ISO 14001 compliant and that environmental compliance will continue to be given utmost priority by Diana Shipping Services S.A. He added that DSS intends to continue to transform its corporate culture and operations to make certain that it is a model in the maritime industry for environmental compliance.

Diana Shipping Inc. is a leading global provider of shipping transportation services through its ownership of dry bulk vessels. The Company's vessels are employed primarily on medium to long-term time charters and transport a range of dry bulk cargoes, including such commodities as iron ore, coal, grain and other materials along worldwide shipping routes. **Source: Diana Shipping Inc.**

05-12-2013 : Spliethoff's **MINERVAGRACHT**, IMO 9571521, 2011/9524gt off Portsea cliff top
Photo : Andrew Mackinnon – www.aquamanships.com ©

B O E K B E S P R E K I N G

Door : Frank NEYTS

"Van Multifunctioneel naar Specialisme".

Bij **Yellow & Finch Publishers** in Middelburg verscheen recent een buitengewoon interessant boek getiteld '**Van Multifunctioneel naar Specialisme. De ontwikkeling van het stukgoed vrachtschip in de 20e eeuw**'. Frank A. Kool tekende als auteur.

Hoe kom je ertoe een boek te schrijven specifiek over de ontwikkeling van zeetransport en de invloed daarvan op het scheepsontwerp. De auteur heeft een groot aantal jaren als stuurman gevaren en vervolgens een succesvolle carrière aan de wal opgebouwd in havenoverslag en logistiek. Dankzij een opstartend maar zeer vooruitstrevend stuwadoorsbedrijf kreeg hij de kans zich verder te ontwikkelen. Hij kreeg te maken met allerlei aspecten van overslag en logistiek. Met al deze kennis en ervaring wordt hij zich steeds meer bewust van de dynamiek van het wereldomvattend maritiem transportproces. Zijn onbedwingbare leergierigheid is aanzet om een groot aantal boeken over scheepstypen, handelsstromen en maritiem-economische onderwerpen grondig te bestuderen. Zijn leergierigheid ontaarde in een regelrechte studie-explosie naar het ontwerp en de ontwikkeling van het droge ladingschip. De auteur beschouwt het jaar 1970 als een revolutionaire mijlpaal in de geschiedenis van zeetransport. In dat jaar kwam de 'Abel Tasman' in de vaart, het eerste volcontainerschip in Nederland gebouwd en onder Nederlandse vlag in de vaart gebracht. De containerrevolutie is dan een feit. Stukgoed wordt nagenoeg alleen nog maar per container vervoerd. Deze mijlpaal wordt gevogd door een woelige periode van fusies, herstructurering en nieuwe samenwerkingsverbanden. Dat allemaal tegen een achtergrond van oliecrisissen en internationale conflicten.

Dit alles is nu in één boek samengevat. Een echte aanrader!

"**Van Multifunctioneel naar Specialisme**" (ISBN 978-90-821367-0-8) telt 201 pagina's en werd als hardback uitgegeven, en kost 49.95 euro. Aankopen kan via de boekhandel of rechtstreeks bij de uitgeverij, **Yellow & Finch Publishers,** Voorborch 2, 4335 AV Middelburg. Tel. +31.118.473.398, Fax +31.118.461.150, E-mail info@ynfpublishers.com , website www.ynfpublishers.com .

…. PHOTO OF THE DAY …..

The **PETROBRAS 58** under tow outbound from Rio Grande port –
Photo : Patrick Picaluga – Bosun – Smit Caripuna ©

Due to travelling abroad this week the newsclippings may reach you irregularly