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**23-03-21013 : The COSTA DELIZIOSA arriving in the port of Colombo
Photo : Bernard - AITKEN SPENCE SHIPPING LTD.**

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22-03-2013 : The Passenger RoRo Vehicles **JAUME III** – leaving Gibraltar harbour after a short stay at Gibdocks Ltd for annual maintenance & repair Photo : [Francis Ferro](#) ©

Tanker Rates Have First Drop in Three Weeks on Supply Outlook

Charter rates for the largest oil tankers on the industry's busiest trade route declined for the first time in three weeks amid speculation the supply of vessels in the Persian Gulf will increase.

Hire costs for very large crude carriers on the benchmark Saudi Arabia-to-Japan voyage slid 1.3 percent to 36.66 industry- standard Worldscale points, data from the London-based Baltic Exchange showed today. That was the first drop since Feb. 28. Rates increased 6.8 percent this week, the fifth climb in six.

Sixty-two VLCCs are expected to arrive in the Middle East over the next 30 days, up from 42 last week, according to an e- mailed report today from [Braemar Seascope Ltd.](#), a London-based shipbroker. Shipowners will need "to work hard to keep rates even where they are," Braemar said. The VLCC fleet's capacity will expand 5.1 percent this year, in line with demand growth of 5.2 percent, according to data from Clarkson Plc (CKN), the world's biggest shipbroker.

Charterers “started to tuck in heartily to the April program,” London-based [E.A. Gibson Shipbrokers Ltd.](#) said in an e-mailed report. “Owners managed to extract some advantage, but it was to a minimal extent and any hopes for the market reaching critical mass seem rather faint.”

Daily returns on the route to Asia fell 12 percent to \$4,906, exchange data showed. That’s still a sixfold surge from a week ago. Each VLCC can hold 2 million barrels of crude.

25 Ports

The bourse’s assessments don’t account for owners improving returns by securing cargoes for return-leg voyages or reducing speed to burn less fuel. The price of fuel, or bunkers, the industry’s main expense, slipped 0.3 percent to \$624.16 a metric ton, figures compiled by Bloomberg from 25 ports showed. Costs fell for a fourth week in five.

The *Worldscale* system is a method for pricing oil cargoes on thousands of trade routes. Each individual voyage’s flat rate, expressed in dollars a ton, is set once a year. Today’s level means hire costs on the benchmark route are 36.66 percent of the nominal *Worldscale* rate for that voyage.

The Baltic Dirty Tanker Index, a broader measure of oil- shipping costs that includes vessels smaller than VLCCs, gained 0.9 percent to 677, a third straight increase, according to the exchange. **Source: Bloomberg**



23-03-2013 : The cable layer [I.T. INTREPID](#), flagged in Barbados heads into Halifax Harbour.

Photo : René Serrao, Portuguese Cove, NS.

Cargo Ship Losses Weigh on European Banks

can a ship float and be underwater at the same time? If it has been financed by a European bank, the answer may be yes.



A glut of ships, and slack demand for shipping in the weak global economy, have reduced the value of cargo ships. According to some estimates, as many as half the cargo carriers on the high seas today may no longer be worth as much as the debt they carry —

putting them underwater, in financial jargon. Large vessels that might have sold for about \$150 million new in 2008 fetch about \$40 million today, according to Nicholas Tsevdos, a shipping specialist at CR Investment Management,

which helps banks deal with distressed assets. And with cargo fees near record lows, many vessels are not earning enough to make debt payments, either.

As European leaders agonize about how to rescue Cyprus banks, the formerly obscure world of ship finance is a reminder of how much cleanup still lies ahead for the region's banks. The growing fear is that some lenders, almost all of them in Europe, have yet to confront the scale of potential losses from an estimated \$350 billion in loans made to the shipping industry.

"Many banks are still shackled by the leftover effects of the crisis," Christine Lagarde, the managing director of the International Monetary Fund, told an audience in Frankfurt this week, without identifying any specific assets. "This is the weak link in the chain of recovery." She urged banks to take a harder look at their problem loans.

Whether the risk from shipping loans is serious enough to put another torpedo into the euro zone financial system is hard to say because of a glaring lack of detailed information about banks' portfolios of shipping loans.

Andreas R. Dombret, a member of the executive board of the German Bundesbank who is responsible for monitoring financial stability, said he thought the shipping crisis, while serious, did not pose a broad threat to the euro zone. "It's not a concern for the stability of the financial system," he said in an interview. "It's not systemic."

But he and other bank overseers are stepping up pressure on financial institutions to address their problems. Shipping is "a substantial regional and sectoral risk in the banking industry," Mr. Dombret warned at an industry gathering in Hamburg last month. It was one of the few times a bank overseer of his stature had expressed concern about the shipping problem.

Under pressure from regulators, local governments that own most of HSH Nordbank in Hamburg said on Tuesday that they would raise their guarantees for the bank to 10 billion euros (\$13 billion), from 7 billion euros (\$9 billion). Though only a midsize bank, HSH is the biggest lender to the shipping industry, with more than \$39 billion in outstanding loans. The announcement, by the City of Hamburg and State of Schleswig-Holstein, amounted to an admission that losses from shipping were greater than earlier estimates.

The shipping downturn, which began in 2008, has already driven several large fleet operators into bankruptcy. The Overseas Shipholding Group, the largest American tanker operator, filed for bankruptcy in November. The fear is that some of the banks most active in ship finance, which are concentrated in Germany, Scandinavia and Britain, are in denial about potential losses.

"It's probably the most serious commercial problem that the banks have," said Paul Slater, chairman of the First International Corporation, a consulting firm in Naples, Fla., that specializes in shipping. Banks with large portfolios of shipping loans "are just not taking the hits," he said. "They are saying, 'Give it time and it will work out,' and it's just not going to do that."

For weak banks, the temptation to play down potential losses may be great. A frank appraisal of their losses would force some to raise billions in new capital or even to declare insolvency. That is true not only of shipping loans but also of other categories like commercial real estate, and it remains a fundamental problem for the euro zone economy.

The uncertainty about banks' true financial health fosters mistrust among institutions, makes them reluctant to lend to each other and is partly responsible for a shortage of credit for businesses and consumers.

As sour assets go, ships are particularly troublesome. Unlike a plot of land, they require costly maintenance. They lose value over time from wear and tear or because more modern, fuel-efficient vessels make them obsolete. It costs money even to take an underused ship out of service and park it somewhere. The waters off Falmouth in Britain and Elefsina in Greece are popular anchoring spots for idle ships.

Investment funds that specialize in buying distressed debt have been wary about putting money into ships. That makes it hard for banks to unload unwanted shipping assets.

"Every hedge fund in the world is trolling Europe, but they are bidding on a small percentage of relatively good assets," said Jacob Lyons, managing director of CR Investment Management in London.

Mr. Dombret of the Bundesbank pointed out that the banks that had made the most loans to the shipping industry were in nations like Germany or the Scandinavian countries whose governments had the least debt and were best able to cope with a banking crisis.

Mr. Dombret did not single out individual banks, but German banks like HSH Nordbank and Commerzbank in Frankfurt were among the top shipping lenders because German tax breaks favored ship finance. German banks' exposure to shipping has been estimated at about \$129 billion, more than double the value of their holdings of government debt from Greece, Ireland, Italy, Portugal and Spain. Aside from German banks, the DNB Group in Norway and Nordea in Sweden are big players in ship finance, as are Lloyds Banking Group and the Royal Bank of Scotland in Britain.

It does not necessarily follow that these banks will face losses on their shipping portfolios. Some of the savviest lenders probably still make money, or at least have made an honest appraisal of the value of their portfolios and set aside enough money to cover possible losses.

"We are very happy with our shipping business," said Rodney Alfven, head of investor relations at Nordea. The bank, which is listed in Stockholm, increased the amount of money it set aside for potential bad loans in shipping to \$81 million in the final three months of 2013 from \$70 million the previous quarter. Over all, Nordea, the largest Swedish bank, has consistently made a profit from its shipping business, Mr. Alfven said. Shipping loans account for only 2 percent of Nordea's lending, the bank said.

The sorry state of global shipping stems from a shipbuilding boom that peaked in 2008, just before the global financial crisis, and created a glut in cargo capacity. Rates for nonliquid cargo are half or less of the level needed for shipowners to break even, according an estimate by the consultant KPMG. That means that ships are doubly damaged. They do not earn enough to cover interest on their debt, nor can they be sold for the value of the loan.

Nordea has told investors it expects shipping to begin to recover in 2014, as the world economy rebounds. But others are more skeptical. "By any kind of measure, this is a deeper and more difficult downturn than we've had in the last decade or two," said Mr. Tsevdos of CR Investment.

Except for some specialized categories of ship, like liquid-natural-gas carriers, he said, "I don't think there is a lot of indication for a lot of sectors that rates are going to turn around soon."



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the Chinese jigger **SHI DAO** photographed in international waters east of Argentina, about 400 miles north of the Falklands. **Photo : Angus M. Macleod ©**

Police lured ship into domestic waters: Italy

Italy on Saturday alleged that the Kerala Police in February 2012 “lured” the oil tanker MV Enrica Lexie to Cochin port, after bullets fired by marines Latorre Massimiliano and Salvatore Girone killed two Indian fishermen off the Kerala coast.

A day after the marines returned to New Delhi to stand trial in the case, Italian Deputy Foreign Minister Staffan de Mistura told a TV channel that the Kerala Police had “lured” the captain of the MV **Enrica Lexie** to the Cochin Port to arrest the marines.

When asked to confirm whether the ship was lured back or brought back in a deceptive manner, Mistura said: “I can tell you what I know rather than confirming because I hope the Indian side will discover that. Point number one is, what you said is correct. He was there. Point number two, he (the captain) returned not inside the national waters because he was never in the national waters. But I will quote instead, I think a senior official of the Kerala Police, who actually very proudly said they lured him in.” Mistura has accompanied the marines to New Delhi.

Mistura said both India and Italy should have realised much before that Kerala was not the right place to try the marines as the courts there did not have jurisdiction over the case.

“Instead of saying where they (India) made a mistake, (I would) rather say what we could have done better. We should have been able, at the beginning, to realise that the Kerala courts were, in fact, as the Supreme Court has indicated, the wrong places to handle an extremely complicated case,” said the Italian deputy foreign minister.

Asked whether India and Italy committed any mistake while handling the case, Mistura said: “We should have been able to find some formula much earlier. There was a feeling that perhaps there was a strategy for prolonging this.”

The Supreme Court on January 18 observed that Kerala had no jurisdiction to investigate the alleged killing of the fishermen.


Italian Foreign Minister Giulio Terzi on Friday told “La Repubblica” that Rome’s move to renege on its undertaking to the Supreme Court that the marines will return after a four-week vacation was necessary to secure a guarantee from New Delhi that they would be entitled to better living conditions during their stay in India. Italy also wanted to ensure that charges brought against Massimiliano and Girone would not entail the death penalty.

“They know that they have the support of the Italian government and Italy’s commitment to ensure that the situation was resolved in the best possible manner. We want to bring our two riflemen home,” said Terzi.

“It must be clear that our efforts don’t end here. We’ve now opened a channel for diplomatic and judicial communication with India. Communication that can now get off to a fresh start based on the principle of mutual respect between the two countries, as the United Nations had asked on more than one occasion, ” the Italian minister said.



23-03-2013 : The **ANGELES** inbound to Melbourne off Portsea,
Photo : Andrew Mackinnon – www.aquamanships.com ©



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TOISA DAUNTLESS escorting **KAN TAN IV** en route to China (offshore Shanghai) from Batam.

Photo : Richard Qualm ©

LOC strengthens customer support for North Sea region

London Offshore Consultants (LOC) has opened two new offices to strengthen its service delivery in the North Sea region. Complementing existing LOC hubs in London, Aberdeen and Stavanger, the new offices – both opened on 14 March – are located in Newcastle, UK and Leeuwarden, The Netherlands.

Both offices will deliver a range of services to the local customer base including marine engineering, naval architecture, civil engineering, renewable and mariner-related services.

Peter Holloway, LOC's regional director for Europe and Africa, explains why Newcastle and Leeuwarden were selected: "Newcastle, located between current offices in Aberdeen and London, is a thriving maritime hub boasting significant P&I, legal and other facilities.

"Leeuwarden also has a rich maritime heritage and is ideally located for access to the major European North Sea hub ports as well as eastward to the ports in the Baltic.

"In today's service-driven culture, we need to be visible on our customers' doorstep and be immediately available to deliver assistance. The North Sea is hugely important for the oil & gas and renewable energy sectors, both of which are major drivers for our business while the Baltic Sea is developing rapidly in the renewable sector. These two new offices will allow us to serve our growing customer base more effectively.

"In addition, the northeast of England is a focus for renewable manufacturing and installation. Our Newcastle office reaffirms our commitment to the region and allows us to work more closely with our local clients, while the office in the Netherlands opens up a new region for development – Continental Europe."

The new offices are part of LOC's global growth strategy which includes ensuring resources are located adjacent to major customer hubs. [Source Offshore Shipping Online](#)

Vessel firm sees revenue double

Vessel company PT Pelayaran Nasional Bina Buana Raya (BBRM) says fleet expansion has doubled its annual revenue and profits. In its 2012 annual report, BBRM announced revenues of US\$34.3 million for 2012, up 110.6 percent compared to \$16.2 million booked in 2011. The company said it expected to sustain growth for 2102 as the domestic oil and gas industry picks up steam.

Top-line growth levered up the company's gross profits, which were up 151.6 percent year-on-year to \$16.1 million at the end of last year.

Income before and after tax for 2012 was up an aggregate 167.1 percent, hitting \$7.57 million and \$7.07 million respectively, while direct expenses rose 84 percent to \$18.1 million.

BBRM president director of BBRM Loa Siong Bun said that performance of the company, which recently went public, was "as expected", given that the company expanded its fleet throughout 2012.

During its initial public offering (IPO) in December, the company aimed to collect Rp 150 billion (US\$15.39 million), 42 percent of which the company intended to spend on fleet expansion.

The IPO reduced the ownership of longtime shareholders Singapore-based Marco Polo Shipping Co. Pte. Ltd. to 37.1 percent and PT Bina Sarana Resources to 16.2 percent. BBRM commissioners Latip and Sally own 15.4 percent and 7 percent stakes in the firm, respectively. Loa said that the company purchased seven barges and an anchor-handling tug supply (AHTS) in 2012. "We have improved performance as a result of these additions."

BBRM's core business is providing voyage and time chartered services via tugboats and barges for the bulk handling, transportation and trans-shipment of commodities such as coal, steel scrap and iron ore.

The firm also provide offshore marine services via its AHTS vessels, mainly to oil and gas companies. Loa added that the prospects for the shipping business this year remained positive, since the Energy and Mineral Resources Ministry (ESDM) would be offering about 46 oil and gas blocks in 2013. "As many as 32 of these blocks will be located offshore," Loa noted.

The nation's upstream oil and gas regulatory special force SKKMigas has said that it expects daily average production crude oil of Indonesia to bottom out this year at 830,000 barrel per day (bpd), which would be down nearly 8 percent compared to 2012. Consequently, the government has encouraged companies to conduct oil and gas exploration to boost daily production. Total E&P Indonesia, ENI and Niko Resources, for example, are expected to start deep-water drilling work at several sites in Indonesian basins this year. Loa added that the various offshore drilling projects expected to get under way in the near future offered great opportunities for vessel companies.

"Offshore operations will spark demand for vessels that can support these offshore activities. These are the prospects for our company, which is in the OSV, business," he said, referring to the offshore support vessel business.

The Indonesian National Shipowners Association (INSA) previously predicted that the shipping industry would experience 20 percent growth in 2013 thanks to robust growth in the nation with Southeast Asia's largest economy.

[Source : The Jakarta Post](#)



Jan de Nul's backhoe dredger **VITRUVIUS** in Batam waters – Photo : Shaun Beal ©

It's our boat, our courts

The return to India of two Italian marines charged with the shooting death of two Indian fishermen off the Kerala coast has taken the hard edge off the legal-diplomatic war which broke out between Rome and New Delhi in the aftermath of the February 15, 2012 incident. But the questions thrown up by the case will continue to be furiously debated.

The marines were part of an Italian Navy Vessel Protection Detachment on board the oil tanker Enrica Lexie and the shooting occurred within India's contiguous zone — which extends 24 nautical miles (NM) into the sea from the coastline. Italy, which contested India's right to put the men on trial, decided earlier this month to violate the assurance its ambassador provided the Indian Supreme Court by declaring that the marines who had been allowed to return home temporarily to vote would not be sent back to India. On Thursday, however, the Italian government wisely reversed itself.

The case has visited the Supreme Court at least four times since May 2012, and has had both criminal and civil dimensions before the Kerala High Court. The criminal proceedings have revolved around the jurisdiction of the Indian courts to try the case and I will examine this issue primarily from the vantage point of the Indian law against the background of international law.

Contiguous zone jurisdiction

India's legal claim to jurisdiction over its maritime zones flows from Article 297 of the Constitution of India. It is amazing to note that Article 297 does not (and did never in the past, whether in 1950 or after the amendment of 1963) specifically refer to the "Contiguous Zone" of India, but to "other maritime zones." This provision, as it stands today, was substituted by the 40th Amendment Act, 1976, in order to take advantage of the third U.N. Conference on the Law of the Sea, and was immediately followed by the adoption by Parliament of the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976 (the Maritime Zones Act, for short). This was probably encouraged by the development of new concepts like the EEZ and overwhelming state practice in favour of a 12 nautical mile (NM) territorial sea. Needless to say, the 1982 Convention on the Law of the Sea stands out for its functionalist approach to law of the sea issues, particularly to issues of state jurisdiction in diverse maritime zones.

Section 5 of the Maritime Zones Act establishes a 24 NM Contiguous Zone of India and empowers the Central Government to "exercise such powers and take such measures in or in relation to the contiguous zone as it may consider necessary with respect to,- (a) the security of India, and (b) immigration, sanitation, customs and other fiscal matters." It also empowers the government to extend to the Contiguous Zone any law in respect of (a) and (b). There is evidently no reference to extension of coastal criminal jurisdiction to the Contiguous Zone.

However, quite interestingly, Section 7 of the Act establishes the Exclusive Economic Zone of India as "an area beyond and adjacent to the territorial waters," and the limit of such zone is 200 nautical miles, in other words encompassing the Contiguous Zone. In the result, the Section further provides that "the Central Government may, by notification in the official Gazette,- (a) extend, with such restrictions and modifications as it thinks fit, any enactment for the time being in force in India or any part thereof to the exclusive economic zone or any part thereof; and (b) make such provisions as it may consider necessary for facilitation of the enforcement of such enactment, and any enactment so extended shall have effect as if the exclusive economic zone or the part thereof to which it has been extended is a part of the territory of India." This omnibus clause obviously empowers the government to extend criminal jurisdiction to EEZ, at least for the reason that with increasing economic and mining activities in EEZ, there is bound to be scope for criminal jurisdiction. However, application of various laws into the coastal zones (other than the Territorial Waters) is still found wanting as highlighted by the case of *Larson and Toubro v. Commissioner Commercial Taxes* (in which the Gujarat High Court found in 2011 that the Central Sales Tax Act had not been extended to the Continental Shelf and that therefore *Larson and Toubro* were not liable to pay tax on goods dispatched to the Bombay High. This certainly resulted in a heavy revenue loss to the Central Government).

Would such an extension of criminal jurisdiction to EEZ be contrary to the U.N. Law of the Sea Convention, 1982? I would submit that it would not be, for two reasons. One, Article 97 (1) of the Convention provides:

In the event of a collision or any other incident of navigation concerning a ship on the high seas, involving the penal or disciplinary responsibility of the master or of any other person in the service of the ship, no penal or disciplinary proceedings may be instituted against such person except before the judicial or administrative authorities either of the flag State or of the State of which such person is a national.

This provision was enacted for the first time in Article 11(1) of 1958 Convention on the High Seas in order to overrule a decision of the Permanent Court of International Justice in the *SS Lotus* case (1927) which involved a collision of a French vessel with a Turkish one on the high seas resulting in the sinking of the latter, and in which Turkey exercised penal jurisdiction on both the French and Turkish officers on watch over their respective vessels. Evidently, Article 97(1) of the 1982 convention cannot apply to any situation of crime other than those related to "collision or any other incident of navigation." Firing at and killing of two Indian fishermen can by no stretch of imagination be relatable to "collision or any other incident of navigation." In other words, Article 97(1) of the Law of the Sea Convention, 1982 has no application to the case of *Enrica Lexie*, given its legislative history.

Two, since the evolution of the 1958 Flag State rule, many changes have taken place in respect of application of coastal state laws to the adjacent maritime zones. Flags of convenience have made it difficult for the so-called flag state to exercise jurisdiction over the foreign owned ships in its registry. There has been a sudden spurt of leisure cruise liners, some vessels carrying even 2,500 to 3,000 people of different nationalities, usually sailing on routes not far away from the coasts. Further, mining and other economic activities, including erection of offshore platforms, have also increased by leaps and bounds. All this points to the legitimate interest of the coastal state in crime prevention and maintenance of law and order in the waters nearby, taking into account the intense human activity in the area. There is an increasing number of countries which have begun exercising criminal jurisdiction in extended coastal waters under the protective principle (protection of the legal and economic systems of the coastal state) or under the principle of passive personality (protection of nationals or property of the coastal state being victims/target of crime from a foreign vessel passing by). The Australian Criminal Code Act 1995 (after the 2002 amendment) applies passive personality principle quite bluntly in favour of Australian victims of crime, regardless of the place of commission of the

crime outside Australia. This reflected the Australian response to the Bali bombing in which several Australians were victims. The U.S. Code and the French Law have analogous provisions.

Article 245 (2) of the Constitution of India permits extraterritorial application of laws, if a reasonable nexus is established between the subject matter of the law and the Indian coast. Thus for instance Article 6(2) of the Convention for the Suppression of Unlawful Acts Against the Safety of Maritime Navigation, 1988, permits a state to claim jurisdiction if its national is a victim, or the state itself is a target of an unlawful act under the convention. Incorporating the convention into national law, the Indian Parliament enacted the Suppression of Unlawful Acts against Safety of Maritime Navigation and Fixed Platforms on Continental Shelf Act, 2002 conferring on the Designated Court jurisdiction if the target of the crime is an Indian vessel or a platform on the Indian Continental Shelf. Similarly, the Weapons of Mass Destruction and Their Delivery Systems (Prohibition of Unlawful Acts) Act, 2005 has application to the whole of India, including its EEZ.

It may be noted that under Section 14 of the Coast Guards Act, 1978 the Coast Guard has jurisdiction over all maritime zones of India. Additionally, Section 4 of the Indian Penal Code, 1860 provides for extra-territorial application of the code to "any Indian citizen in any place without and beyond India" and to "any person on any ship or aircraft registered in India wherever it may be." However, this reflects the nationality principle of exercise of State jurisdiction under international law, rather than passive personality or protective principle. **Source : The Hindu**

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U.S. Navy Delivers two more 35-meter Swiftships Coastal Patrol Boats to Iraq

The U.S. Navy delivered two more 35-meter patrol boats (**PB-310** and **PB-311**) to the Iraqi Navy at the Umm Qasr naval facility in Iraq, Feb. 17, after each craft successfully completed reactivation in Bahrain.

These are the 10th and 11th vessels in the 12-boat procurement which will assist in reconstituting Iraq's ability to enforce maritime sovereignty and security in the northern Arabian Gulf.

"Our Navy shipbuilding team has again succeeded in working closely with their Iraqi counterparts to deliver these important assets to the Iraqi Navy," said Frank McCarthey, Program Executive Office (PEO) Ships' program manager for Support Ships, Boats and Craft. "Together with the nine patrol boats previously delivered, these two new vessels are a significant step toward meeting Iraq's security requirements in the northern Arabian Gulf."

The U.S. Navy and Swiftships Shipbuilders, LLC, Morgan City, La., are supporting the Iraqi Navy in the procurement and construction of the patrol boats. The boat is armed with a 30mm gun weapon system, provides for a crew of 25 and is capable of reaching 30 knots.

The Support Ships, Boats and Craft Program Office in the U.S Navy's PEO Ships, is managing the acquisition of the patrol boats as a foreign military sales case, with the final patrol boat planned for delivery later this year. In addition,



the program office delivered two 60-meter offshore support vessels to the Iraqi Navy in December 2012. PEO Ships currently manages the design and construction of all U.S. Navy destroyers, amphibious ships, special mission and support ships, as well as a wide range of small boats and craft for U.S. agencies and allied nations. Source : Navy Recognition

Scorpene subs to have a Kerala touch



The Indian Navy's soon-to-be-inducted next generation Scorpene 'killer' submarines, currently being constructed at the Mazagon Dock Ltd (MDL) in Mumbai, under a multi-billion dollar French deal will feature speciality rubber components from the state's latex county.

The Kottayam-based Rubber Research Institute of India (RRII) has developed the special silicone rubber formulation which will be used to develop components for the submarines. The synthetic rubber formulation was developed by the RRII under a research and development project granted by the National Institute for Research and Development in Defence Shipbuilding (Nirdesh), the country's biggest research institute in defence shipbuilding, coming up at Chaliyam in Kozhikode.

Nirdesh project director Capt Ramesh Babu said that the indigenization of the rubber components in the six Scorpene submarines being built would alone help the country make cost savings to the tune of Rs 4 crore. It will be the first success in the fledgling institute's mandate for indigenization of defence production capabilities.

He said that RRII scientists recently visited the Mazagon dock where the Scorpene submarine project is underway

to have a look at the silicone rubber components used in submarine building. They were able to identify the composition of the material and have produced the formulation at the RRII lab in just

two months' time. "The RRII has also started sample production of the material, the physical properties of which closely matches the silicone rubber element used in submarine," sources said.

Capt Babu said that silicone rubber is used to make as many as 800 components in a Scorpene submarine, mainly insulating and shock-absorbing material. This item has been specifically chosen as the Scorpene contract allows indigenous production of the item. "It is estimated that Rs 1.5 crore worth of silicone rubber components are needed in a single submarine. If we are able to successfully indigenize its production, there would be a savings of at least Rs 4 crore. We expect the prototypes to be developed in June and we hope to go for commercial product by calling expression of interest from Indian manufacturers," he added.

He said that Niradesh will help the country's premier R&D institutes gain a foothold in the defence ship-building sector. "Within just three months, we have received half-a-dozen R&D projects from institutions across the country," he said.

Source : Times of India



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HMS Defender joins the fleet

The Type 45 destroyer HMS Defender has been commissioned into the Royal Navy.

HMS Defender is the fifth Type 45 to be commissioned into the Royal Navy. The ships, which were built by BAE Systems in Portsmouth and in Scotland, are the most capable destroyers the UK has ever had. **HMS Defender** was commissioned at Portsmouth Naval Base, which will be home to all 6 of the fleet's **Daring Class** ships. The Ceremony marks **HMS Defender's** transition into the UK's fleet, which means she can now prepare for her first overseas deployment.



Each Type 45 is longer than 16 double-decker buses laid end-to-end and, built from 2,800 tonnes of steel, weighs more than the Blackpool Tower. With fuel tanks half the size of an Olympic swimming pool, the ships are capable of generating enough electricity to power a town of 80,000 people.

HMS Defender's Commanding Officer, Commander Phillip Nash, said:

The commissioning of **HMS Defender** marks the point at which building and testing the ship finishes and front line service in the fleet begins."

For the 190 men and women that make up my ship's company, commissioning represents the culmination of months and years of training, trials and practice focused on ensuring that **HMS Defender** is ready to undertake operations around the world." **Source : Gov.UK**

Nuclear submarines will be dismantled in Plymouth and Rosyth

THE Ministry of Defence has confirmed that old nuclear submarines will be cut up in Devonport.

Defence Minister Philip Dunne said that submarine dismantling would be put to the test in Rosyth in Scotland. If the process works, the remainder of the UK's retired nuclear fleet will be cut up in both Plymouth and Rosyth.

But he announced a further consultation on where intermediate-level nuclear waste would be stored, widening the choice to include commercial and other defence sites.

The consultation will start next year, and the Rosyth pilot will not go ahead until a storage site has been identified.

Fears were raised at the start of the initial consultation that intermediate-level nuclear waste could be stored in Plymouth for many years waiting for a disposal site to be chosen.

There are thought to be about seven redundant nuclear submarines now stored in Devonport. Their nuclear reactors have been removed.

Oliver Colville, the MP for Plymouth Sutton and Devonport, said: "I would have some concerns if it was going to be stored in Plymouth. The best place to go would be Sellafield." Mr Colville said the dismantling project reinforced the case to keep Devonport as one of the UK's strategic naval bases. "To maintain the skills base in between dismantling, the Royal Navy has to make sure surface ship refitting happens here.

"Plymouth without the Royal Navy would be a shame. About 25,000 people in the city's travel to work area depend on defence industries in some way."



Alison Seabeck, Labour MP for Plymouth Moor View, said the news made it less likely that the city would be seen as the country's nuclear graveyard.

"The fact that they are widening the scope for an intermediate-level waste site suggests that they are not looking at Plymouth. But they are pushing the project into the long grass to save money. The time scale is very long.

"I do think it's a good thing that the pilot is being done in Rosyth to make sure the process is right."

But she said the dismantling process was "really quite tidy and clean".

A Plymouth City Council spokesman said: "We anticipated that Devonport would be one of the locations for the dismantling of decommissioned submarines given its highly skilled and experienced workforce.

"The council's response to the consultation was clear that Devonport is not a suitable location for the storage of intermediate level waste and this remains our position.

"The MoD's statement says no radioactive waste will be removed from the submarines until a storage solution is agreed and we will want to ensure this remains the case. "This is a very important issue for Plymouth and the MoD

need to be open and transparent about its plans and it needs to consult fully at every stage." Source : [thisisplymouth](#)

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Samsung, Hyundai in Nigeria LNG carrier ship deals

South Korea's [Samsung Heavy Industries](#) and [Hyundai](#) are both involved in deals to provide six LNG carrier ships between them to Nigeria's Liquefied Natural Gas Company (NLNG), the companies said. Samsung confirmed through a stock exchange announcement this week it had won an order to provide four ships to NLNG. Hyundai said on Friday it was in talks with NLNG to provide two additional LNG carrier ships. Both Hyundai and Samsung say the deal is conditional on NLNG securing finance. France's BNP Paribas and Nigeria's GT Bank are brokering a \$1.6 billion loan to help fund acquisition of the vessels and that the loan documents will be signed next week, a banking source told Reuters on Thursday.

"We are in talks with NLNG but nothing has been finalized yet," said Kim Kwang-kug, an official at Hyundai Heavy. The source said the loan would be medium-to-long term, with the deal expected to be sealed by the end of March. NLNG, which is majority owned jointly by Nigeria's state oil company NNPC and Royal Dutch Shell, said last year it would seek international loans to expand the operations of its shipping subsidiary Bonny Gas Transport Limited, which currently has 24 LNG ships. NLNG was established more than 20 years ago to harness Nigeria's natural gas resources, which before that were largely either being left in the ground or flared off as byproducts of oil production, to produce liquefied natural gas and natural gas liquids for export.

The company, which has a capacity to produce 22 million tonnes of liquefied gas a year, has long-term supply contracts with buyers in Italy, Spain, Turkey, Portugal and France and also sells on the spot market. It obtains its gas supply from the upstream oil companies and liquefies it for export. Source: Reuters

Cochin Shipyard launches second Fast Patrol Vessel for Indian Coast Guard

[Cochin Shipyard Limited](#) has launched the second Fast Patrol Vessel (FPV) being built for the Indian Coast Guard.

The vessel, launched, is the second in a series of 20 numbers FPVs contracted by CSL for the Coast Guard, a release said. The contract was signed in 2010 with delivery of the last vessel slated for 2017. The 50 metre x 7.6 metre x 4.65 metre vessels have a designed speed of 33 knots. The primary role of the vessel include fisheries protection and monitoring, patrol within exclusive economic zone and coastal patrol, anti-smuggling, search and rescue operations and for anti-piracy operations.



Cochin Shipyard presently has 26 ships on order consisting of 20 FPVs, four Offshore Support ships for Indian and foreign owners, One Buoy Tender vessel for the Department of Lighthouses and Lightships and Aircraft Carrier for Indian Navy, a CSL release said.

India's only aircraft carrier, **INS Viraat**, is drydocked at Cochin Shipyard Ltd for extensive maintenance work and re-fit.

In 2011-12, CSL delivered five Platform Supply Vessels, for various international and domestic owners. This financial year CSL has delivered five Offshore Support Ships to Shipping Corporation of India. CSL is due to deliver one more ship during the current financial year 2012-13, the release added.

Saudi Aramco, STX to build shipyard in Ras Al-Khair

Saudi Arabian Oil Co. and **STX Heavy Industries Co.** of South Korea plan to build a \$4 billion ship repair and fabrication yard in Ras Al-Khair, Eastern Province, MEED reported Thursday on its website, citing industry sources.

Aramco and STX Heavy plan to build a \$4 billion ship repair and fabrication yard at Ras Al-Khair, about 60 km north of Jubail, industry sources were quoted as saying in media reports.

The oil firm's plan to construct a shipyard will not only broaden its capabilities, but will also create jobs for local workers, MEED reported. The report could not be independently confirmed as relevant officials were not available for comment. MEED said STX has experience in the ship repair and offshore sectors, and should make an ideal partner for Saudi Aramco.

Aramco is working toward being a fully integrated company and this new development will give it additional capabilities in an area where it has traditionally had to look elsewhere for expertise, according to MEED.

"Building an in-kingdom facility that can cater to Aramco's offshore oil and gas industry as well as carry out new builds and repairs on vessels is a logical move," it added.

Offshore well development is ramping up considerably, with crude output from the Manifa oilfield expected to significantly boost Saudi Aramco's overall production capacity.

Aramco CEO Khalid A. Al-Falih said recently during his keynote address to world energy leaders gathered in Houston for the IHS Cambridge Energy Research Associates Annual Conference, that the energy industry has experienced "sweeping new realities" that have created a renaissance in the petroleum industry.

He commended energy leaders for their role in ushering in this era of growth by remaining resilient in the face of regulatory and economic uncertainty.

Meanwhile, India has turned to Saudi Arabia and Oman for its crude purchases after New Delhi cut its oil imports from Iran by 21.8 percent as of the beginning of the year, reported local media.

According to two informed sources, India's Mangalore Refinery and Petrochemicals (MRPL) bought crude oil from the Abu Safah oilfield for the first time, as well as from Oman, to lessen its dependence on Iranian oil.

Abu Safah is an offshore field of Arab medium crude that Bahrain shares with Saudi Arabia, while Saudi Aramco handles marketing through Ras Tanura **Source : Saudi Gazette**



The **STENA HOLLANDICA** in drydock at **Keppel Verolme** in Rotterdam-Botlek

Photo : Mark de Bruin ©



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Chinese heavyload cargo ship moored in Shanghai – Photo : Willem Kappert ©

Independence 'would close a Clyde shipyard'

SCOTLAND is likely to lose one of its two military shipyards on the Clyde if the country votes for independence next year, Scotland on Sunday has been told.

According to defence sources, BAe has decided to keep its two yards at Scotstoun and Govan open as a warship building "centre of excellence" following a major review of its UK operations. But although it will cease warship building at Portsmouth as a result, the English base will be kept open with small repair contracts in case Scots vote to leave the UK in September 2014.

In that case, at least one of the two Scottish yards may be closed down so that the UK government has warship-building capability in England. Both are unlikely to shut as Portsmouth would not have the capability to build the number of new ships planned by the Royal Navy.

But the BAe plan is a stark reminder of the potential pitfalls of a Yes vote on employment north of the Border. The combined yards at Scotstoun and Govan employ around 3,500 workers at present.

The coalition Government has recently recommitted to spending £17.4 billion on new ships, including two Queen Elizabeth Class aircraft carriers, six new Type 45 destroyers and the development of the Type 26 frigates. Currently the three BAe yards are working on two new aircraft carriers but their future is tied up with the new frigates.

A well-placed defence source said that a briefing from BAe executives had confirmed that the decision has been made to keep the two yards in Glasgow.

The source said: "It makes sense because there is the possibility of flexibility between the two yards. Workers can be moved between the two to do work on either the carriers or the type 26 frigates depending where they are needed."

But he added: "They don't want to close Portsmouth because of the independence referendum and the possibility that they may need it to build British warships should Scotland become independent. So this is good news for Scotland if it stays in the UK, but means it could lose the work and probably the entire ship building industry, which is dependent on MoD contracts, if it separates from the UK."

A source in Portsmouth confirmed that while efforts were still being made to keep warship building in the south coast city, negotiations are taking place on other alternatives.

Portsmouth MP Penny Mordaunt said that she had "not given up" on keeping work for the type 26 frigates in her city but is now "actively campaigning for a patrol vessels contract. A formal announcement on the BAe plan is not expected until after interim work is secured for Portsmouth.

Pro-UK campaigners claimed the decision showed why Scotland is better off as part of the UK.

Labour's shadow defence secretary, Jim Murphy, said: "Royal Navy orders have kept the Clyde afloat for years and will continue to do so unless Scotland separates. The Royal Navy doesn't build complex warships in foreign yards so workforces in Scotland will be at risk from SNP plans.

"Defence jobs are vital to the Scottish economy and yet independence puts thousands at risk. The SNP policy is based on assertion and presumption but they now need to start answering tough questions about the impact of their plans."

An MoD spokesman said: "Talks are ongoing on this issue but in the end this is a commercial decision for BAe." A BAe spokeswoman also said talks were "ongoing" and "no decision has been made yet."

Unions are still attempting to keep all three yards open. Ian Waddell, of Unite, said: "This is very worrying. We still don't know when a decision will be announced." **Source : scotsman**

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22-03-2013 : The container ship **SOFIA SCHULTE** downbound on the Fraser river **Photo : Robert Etchell ©**

Stolt-Nielsen Eyes Second-Hand VLGC Fleet Boost, LPG/LNG Terminal Projects

Bermuda-based specialty liquids shipping and terminal company **Stolt-Nielsen** is planning to add second-hand tonnage to its fleet of very large gas carriers (VLGCs) through mergers and acquisitions, it said in its annual report 2012 released this week.

The expansion plans came as its marine LPG transportation division, Stolt-Nielsen Gas, nearly halved its equity loss last year, to \$0.9 million from \$1.7 million in the previous year, reflecting its 33% ownership in joint venture Avance Gas Holding, which doubled its fleet.

"Stolt-Nielsen Gas' strategy is to continue its consolidation play by offering owners of VLGC fleets the opportunity to participate in building Avance Gas into a significant and profitable VLGC player focusing on second-hand tonnage rather than newbuildings," the group said.

"Stolt-Nielsen Gas is also currently exploring opportunities in the terminal market for both LPG and LNG, working in close cooperation with [sister company] Stolthaven Terminals," the company said on its website.

The group would not identify any potential projects in the LPG terminal sector. "For terminals, we are looking for opportunities ... as we have the expertise from the Stolthaven Terminals division," financial planning manager Julian Villar told OPIS Thursday.

Avance Gas expanded its fleet to eight VLGCs last year through two purchases from Greek Maran Gas Maritime (the **M.G. Knossos** and **M.G. Vergina**, renamed to **Promise** and **Providence**, 83,800 cbm each) and a swap with Transpetrol Shipping. The latter sold the **Prospect** and the **Progress** (82,440 cbm each) for a one-third stake in the joint venture and cash.

Stolt-Nielsen focuses on second-hand tonnage with prompt delivery, rather than on newbuildings, to capture "favourable" fundamentals in the LPG transportation segment, which it sees prevailing in the next few years. This offers a better return than new ship orders with a lead-time of several years, the Oslo Stock Exchange-listed group said in mid-2012. The Avance Gas fleet is mainly employed on the spot market, loading in the Middle East for primarily Asian destinations, according to Stolt-Nielsen. Future fleet additions would mainly be employed in areas in which the joint venture is already trading. "If there is a shift in dynamics in the markets, we will have a look at it," Stolt-Nielsen's Villar said.

Saudi Arabian Sungas Holdings is the third equal owner, having brought the **Iris Glory**, **Thetis Glory** and **Venus Glory** (83,700 cbm each) into the joint venture in 2010. Stolt-Nielsen expects LPG shipping market conditions "to remain volatile in the near term," following "a roller-coaster ride" in the past, with new tonnage expected to start having an impact on supply and demand dynamics." Last year's charter rates had been softer than expected, despite a temporary improvement in the third quarter, partly because lower LPG exports from the Middle East caused a slump in the final quarter as unscheduled works affected output, the group said in its annual report. **Source: OPIS**



Port Otago's [New Zealand] 1975 built tug the **KARETAI**. The vessel is 205.5 gross tons, built by the Otago Harbour Board at Dunedin. **Photo : Ross Walker ©**



The **ARAGONBORG** enroute Moerdijk – Photo : Leo Varekamp ©

Cairn begins sale of gas from Barmer block

Cairn India, on Saturday, began commercial sale of natural gas, while also starting production from the Aishwariya oil field from its RJ-ON-90/1 block in Barmer district, Rajasthan. Union Petroleum and Natural Gas Minister M. Veerappa Moily and Rajasthan Chief Minister Ashok Gehlot inaugurated the function that marked the start of the sales.

The project will produce initial commercial volumes of about 5 million metric standard cubic feet (mmscf) per day. ONGC has a 30 per cent stake in the project. The block, at present, produces about 30 mmscf of gas per day from the Raageshwari Deep Gas field and the Mangala and Bhagyam fields (as associated gas along with crude oil). **Source :** The Hindu

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Van Oord's **JETSED** enroute Rotterdam – Photo : Kees Torn ©



The **VIBRANT CURIOSITY** moored in Bonaire – Photo : Henk Ram ©

.... PHOTO OF THE DAY



15-03-2013 : The LPG NYK Ship Management's **GAS CAPRICORN** alongside at Long Island Point Western Port Victoria **Photo : Bill Barber ©**

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