

Number 001 \*\*\* COLLECTION OF MARITIME PRESS CLIPPINGS \*\*\* Wednesday 01-01-2014

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Spotted in St. Lucia, the former NRS tug Doggersbank. - Photo: Peter Lankester (c)

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### IN MEMORIAM

it is with deep sadness that Lars Rolner, COO of SAL have to advise you, that the founder of SAL,

### Hans Heinrich

unexpectedly passed away in his home on December 25th.

**Lars** had lunch with **Hans Heinrich** on December 17th, he was in a good mood, looking forward to getting the family gathered for Christmas.

It is a loss of a man with a great personality, a clever business man with visions, who was able to make the right decisions at the right time and who was never afraid of taking a calculated risk. **Hans Heinrich** was also a close friend and a fair business partner, to whom **Lars** is forever greatful.

Our sympathy is with **Annegret**, **Wiebke**, **Svenja** and their families.

Please direct your condolences via the following mail address, the **Heinrich family** is having direct access to the mails:

condolence@sal-heavylift.com

A memorial ceremony will take place in Steinkirchen on January 2nd.

Instead of sending flowers, the family kindly ask for donations to the **Seamansmission "Duckdalben"**. Bank: Sparkasse Stade Altes Land, IBAN DE29241510051210120695, SWIFT NOLADE21STS



\*\*\*\* HANS, REST IN PEACE \*\*\*\*\*

# EVENTS, INCIDENTS & OPERATIONS LEEN VAN DER WAAL TO RETIRE AFTER 47 YEARS WORKING FOR SMIT



AB Leen van der Waal at 65 years of age, is leaving SMIT as he will retire after working the last 47 years for SMIT, his last ship was the SMIT ELBE, the other crew members of the SMIT ELBE, said Capt. Lies Wijnhorst en Wtk R.L. Peperkamp will miss Leen with in view of his craftsmanship, his humor, and his cooking skills © Leen enjoy your retirement!, and hopefully many more years to come



### Two men arrested following DFDS ferry fire



Two men have been arrested after a fire on board a DFDS ferry from Newcastle Amsterdam on Saturday.

Two passengers and four crew had to be airlifted to hospital to be treated for smokerelated injuries but were later discharged. Another passengers and crew were checked by a doctor on board the ferry, KING SEAWAYS **DFDS** confirmed there were

946 passengers and 127 crew members on board when the fire broke out in a passenger cabin.



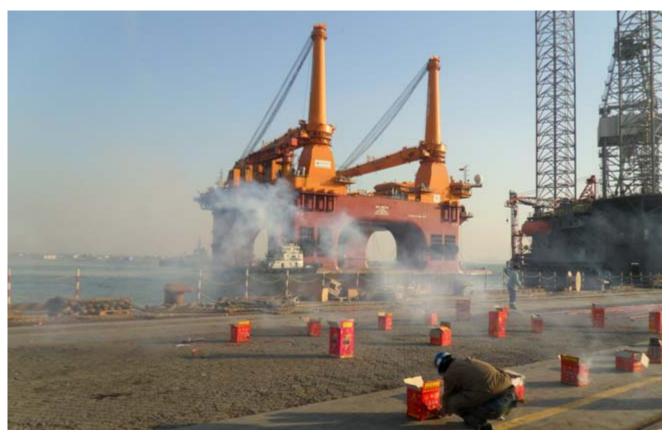
suspicion of affray.

Right: Passengers wait for news after alarm Free alternative travel arrangements were organised with another ferry operator departing from Hull last Sunday Passengers who chose this option were provided with a day out in Durham or to the Metro Centre in nearby Gateshead with complimentary accommodation onboard the KING **SEAWAYS** a free evening meal and drink and a hot buffet breakfast the next day before a coach transfer to Hull. Passengers who decided to cancel are being fully refunded with the option to re-book at a later date for no extra charge. Source: Travelmole



It said crew acted quickly and the fire was extinguished within 15 minutes. The ship, which was around 30 miles off Flamborough Head when the incident happened, returned to Newcastle and passengers had to disembark, after being interviewed by police. Maurice Dekker investigations by Northumbria police, a 26-year-old man was arrested on suspicion of arson and a 28-year-old man on





OOS International is happy to announce that Dec. 29th, at 15:00 SSCV "OOS GRETHA" left Yantai Raffles Shipyard in China on her Maiden voyage, under command of Capt. Marco Welsing to Brazil The semi sub is scheduled to make the followings stops during her voyageto Brazil based on a speed of 8,5 knots

11-01-2014 : Singapore 30-01-2014 : Port Louis 13-02-2014 : Cape Town 02-03-2014 : Arrival Brazil Photo : Jacco van Eerde ©

# Costa Concordia insurance claim bill to rise to £1.2bn

Claims from the **Costa Concordia** disaster are set to break through the \$2bn (£1.2bn) barrier this year because of difficulties experts have faced salvaging the 114,500-ton liner, insurance experts warned last week The ship capsized off the Italian island of Giglio while carrying 4,229 passengers in January last year, killing 32. Engineers have started removing the wreck, although it is anticipated to take several more months.

Insurers, including many in the Lloyd's of London market, have so far paid out more than \$1bn, although these costs are set to rise considerably. As well as insuring the ship's hull, they are also on the hook for liability claims.

Carsten Scheffel, chief executive of Allianz Global Corporate & Specialty, said: "Due to the vessel grounding in an environmentally sensitive area the complexity of the wreck removal has added significantly to the costs. At the moment, the overall cost of the incident is in the order of \$1.6bn, which may not be the final amount.

"This will be one of the biggest single marine insurance losses in history.

"Vessels are getting even larger, so insurers are having to consider potentially even higher costs should the largest container vessels or bulkers become total losses in areas where wreck removal would be required." David Croome-Johnson, underwriter at Aegis, said: "The increasing cost of removal of large wrecks, such as the **Costa Concordia**, is fuelled by environmental pressures being applied to politicians and local agencies and the ever-increasing size and scale of vessels and wrecks being removed. "There has also been a lack of investment in the salvage industry, and

fears abound that for the largest tankers and container vessels already at sea, the available equipment to remove them, if they were to sink, does not yet exist." In recent years marine insurers have been unable to raise rates because of over-capacity in the market.

Michael Kingston, partner at the law firm **DWF Fishburns**, says that insurers cannot keep exposing themselves to such large levels of liability. "If insurers cannot insure, trade cannot take place. The vast proportion of what we eat and buy, our cars and building materials, our tea and coffee, arrives on these enormous ships. "In circumstances where salvage equipment is not in place for the ships being built because it is too costly for any one salvage company to have in place 'just in case', something has to give. "Industry and government must work together and introduce a 'pooling' system where industry and society contribute to a fund to keep equipment on standby. "The consequences of an enormous ship sinking with 18,500 containers in the English Channel would be immense." Source: Independent





New reel arriving on barge towed by the Crowley tug OCEAN WAVE for DCV AEGIR. In the background the LUCIUS SPAR can be seen with the GLOBAL 1200 and supplier on her PS. – Photo: Edo Doeve (c)

# SVITZER AUSTRALIA AWARDED TUGBOATS CONTRACT FOR WHEATSTONE LNG TERMINAL

Focus on operational excellence, environmental sustainability and Australian Industry Participation

**SVITZER Australia** is pleased to announce it will provide tugboats and a pilot boat to assist export shipments from the Chevron-operated **Wheatstone LNG Terminal** under a marine services contract valued at approximately \$650

million. Under the agreement, **Svitzer** expects to create more than 30 new Australian jobs, including a number of Aboriginal trainees.



**Svitzer**, part of the **A.P. Moller – Maersk Group**, will supply four 33 metre-long, 80-tonne bollard-pull tugs to assist export vessels during the operational phase of the project at Ashburton North, 12 kilometres west of Onslow in Western Australia.

Crewed by Australian mariners, the Azimuth Stern Drive vessels will use diesel electric engines to provide efficient, safe and environmentally friendly towage and escort capabilities for a period of at least 20 years from 2016

**Svitzer**, a towage, salvage and emergency response specialist with 500 vessels in 40 countries, will also supply a 17.6m self-righting pilot boat that will be built by Hart Marine on Victoria's Mornington Peninsula. "Similar to our existing LNG activities in Western Australia and the Northern Territory, our No.1 priority while assisting carriers calling at Ashburton North will

be protecting people, local waters and high-value marine assets," said **Svitzer Australia's** Managing Director, **Mark Malone**.

"As one of the largest maritime employers in Australia, we will draw on a wealth of knowledge from within our existing business to ensure locally employed crews are recruited and trained to operate these high-tech tugs. We are also committed to ongoing training and development and operate an employment and training program for local indigenous people interested in obtaining marine qualifications."

Diesel electric propulsion systems will make the **Ashburton tugs** between 15 and 20 per cent more fuel efficient than conventional tugs and be complemented by the following eco-friendly features:

- Non-hydraulic deck equipment to ensure no oil or liquid spillage (the equipment will be electric)
- Surfaces finished in a low-sheen paint to reduce water reflection
- Low-spilling sodium deck lights to reduce water penetration and disturbance during night operations
- Double-walled fuel tanks to prevent leakage
- Solar panels for water heating
- Water recycling plant for onboard usage

The tugs have also been designed by Svitzer's global technical team with a range of safety features for LNG terminal operations:

- Double hulls
- LNG alarms, remote closing fire flaps and pressurised accommodation
- Dynamic escort winch with the capability to release the line under full towing conditions, minimising slack rope events and shock loads even in extreme weather
- · Side pocket ladder systems and wide opening bulwark doors on both sides to assist in MOB recovery
- Capability for pilot transfer through a specially designed pilot-boarding platform

Throughout the life of the contract, Svitzer will provide new opportunities for local industries. "We will expand existing relationships with local suppliers to ensure further benefits flow from the project," said Malone.

"Our priorities are two-pronged – looking after the environment and providing opportunities for Australian industries."

Svitzer will soon enter into a construction partnership and select a shipyard to build the tugs.





the **PRETTY IVY** arriving in at Glasgow with a cargo of animal feed for the Scottish market. **Photo: Tommy Bryceland. SCOTLAND (c)** 

### The first tugs with pure gas propulsion

The first tug to use LNG as its sole fuel source is undergoing sea trials prior to its delivery to Norwegian operator **Buksér og Berging** from the **Sanmar shipyard** in Turkey. This vessel, named **Borgøy**, is the first of two tugs ordered by Buksér for operation as an escort tug at the Kårstø gas terminal, under contract to Statoil. The second tug, **Bokn**, is scheduled for delivery in 2014.



The choice of LNG as fuel for gas terminal tugs seems logical, but there were several obstacles to be overcome before the project could be finalised. Statoil had asked for high environmental credentials when the contract to provide escort tugs services was put out to tender, and <code>Buksér</code> had proposed gas fuel in its offer, based on the virtual absence of sulphur, NOx, visible smoke and particulate emissions and the favourable greenhouse gas (GHG) exhaust gas figures. But to turn the proposal into reality, the company had to make sense of the economics and design challenges.

Economically, Buksér says that bunkering costs for LNG and MGO are almost equal at present, and long-term forecasts suggest that LNG will become cheaper in comparison. Counting against this is the cost factor, with a gas-fuelled tug running at a premium of some 40% to 50% more than a conventional vessel. The gas engines are more expensive, but most of the extra cost comes from the fuel tanks and fuel system. There is an increased explosion risk, which has to be considered in the ship design. The liquid gaseous fuel has to be stored under refrigeration (-163° C) and

pressure, and needs heating and processing before it can be burned in the engine. And although there are plenty of gas-fuelled engines in service, at sea as well as on land, the demands of a tug operating profile set new challenges.

The tugs were designed by **Buksér og Berging's** in-house team, with the assistance of Norwegian company Marine Design and with further input from Sanmar, the chosen builder. At 35m long, they are of ASD type, with 70t bollard pull and with escort capabilities of 100t steering force at 10 knots. The design meets the requirements of DNV's Gas Fuelled Ships rules and the International Code of Safety for gas fuelled ships, involving such requirements as automatic shutdown of gas supply and electrical equipment in case a leak is detected, 30 changes of air per hour in the machinery spaces, ventilated double sheathed piping and excess flow shutdown.



The designers turned to Rolls-Royce for the propulsion and gas systems. Each tug has two Bergen C26:33L6PG engines, driving the latest design 3,000mm diameter US35 azimuthing thrusters. The Rolls-Royce scope of supply included the C-type double-walled Aga Cryro 80m³ gas tank and the gas supply systems.

Rolls-Royce believes that, as well as the obvious emission and fuel cost benefits, the use of LNG will mean lower



maintenance costs, particularly on the fuel system where spark plugs are used instead of high pressure diesel oil pumps, injectors and filters; superior cleanliness; reduced lube oil consumption, with no purifier required; and, in Norway in particular, tax benefits arising from the much-reduced emissions. The question arises of course as to the choice between a dual-fuel propulsion plant and pure LNG. Rolls-Royce believes that the spark-ignited lean burn pure gas option is well-suited, as the all-important (for tugs) transient response is equivalent to diesel for the single-fuel engine, and it can meet IMO Tier II, Tier III, EPA and all ECA emissions limits, plus make a significant impact on the ship's EEDI. The single-fuel solution is claimed by Rolls-Royce to be simpler, less prone to methane slip (and thus higher GHG emissions) and to be able to operate on gas of 70 methane number without derating, whereas dual fuel engines need at least 80 methane number.

As far as methane emissions are concerned, **Rolls-Royce** claims advantages for its lean-burn combustion over dual fuel engines, particularly at lower load levels. According to fibures produced by Norwegian research institude **Marintek**, the **Bergen C26:33L** emits 5g/kWh of methane at 25% load, dropping gradually to just under 4g/kWh at 100%, whereas the best dual fuel engine is over 40g/kWh at 25% load, fropping to around 8g/kWh at 50% then reducing to around 6g/kWh at full load. Methane is said to be 21 to 25 times more aggressive as a greenhouse gas than CO2.

Safety remains a concern with all gas engine installations, and measures implemented on the two tugs include double-walled gas supply pipes between the tank and combustion chamber, with the outer pipe ventilated 30 times per hour and protected by gas detectors, with a further external gas detection system above the engine in accordance with class requirements. In the event of a leakage from any inner pipe, the gas is collected and ventilated to the mast. Depending on the size of the leak, the engine is either shut down or an alarm sent to the operator. 'Block and bleed' valves are fitted in the fuel system so that in the event of an unexpected engine stop the entire gas supply is cut. The gas detectors and shut-off valves are all linked through the alarm and control system, which includes crossover valves to allow both engines to keep running in the event of a problem with the tank connection space on one side. The relative simplicity of the fuel system is another benefit cited by Rolls-Royce for its lean-burn single-fuel engine over the dual fuel solution, while the direct mechanical governing system for the gas offers robustness and simplicity. The

design is claimed to be well proven, with Bergen gas engines of similar design having operated for a number of years in different environments, the first marine gas engine having achieved well over 45,000 operating hours.

The gas system is based on a vertically-mounted C-type double-layer tank – the double skin provides a degree of redundancy. Because the pressure in the tank ensures the gas feed to the engines, no additional pumps are needed. The gas is fed to the engines via tank connection spaces – which allow LNG to vaporise to form gaseous fuel, and gas regulatory units, which heat the gas to the correct temperature (+35° C) for the engines and regulate the gas pressure. The top support of the tank is designed to slide, accommodating thermal expansion.

The gas tank provides autonomy of 4-5 days operation at 10 knots. Obviously the delivery voyage will pose a challenge, but road LNG tankers will be made available at ports en route between Turkey and Norway. We understand that road tankers will be employed for bunkering at the Kårstø terminal until the necessary shoreside infrastructure is built.

The tugs feature Rolls-Royce's new design of azimuthing thruster, designed for a higher level of efficiency. The US35CP is physically smaller for the equivalent power handling capacity in comparison with its predecessors, with a shorter stem length and a compact sensor and pitch box design. The lower gear housing is more streamlined, and the lower leg is redesigned to produce lower wake, while the units feature energised oil circulation for higher efficiency. The two tugs are each equipped with two units, featuring direct mechanical drive to ducted CP propellers of 3,000mm diameter. Power handling capability is 1,705kW at 1,000rpm each, which gives each thruster a 65ton BP capability. Thruster steering is controlled by the company's Aquapilot system. For additional capabilities, the tugs feature a Heila deck crane, FiFi and oil recovery equipment, while a Schottel 333kW bow thruster provides extra manoeuvrability. The onboard accommodation comprises two single and two twin cabins, mess room and galley, all sound proofed to 65dB noise levels at 85% engine load. Source: Motor Ship



The MORNING LENA enroute Antwerp - Photo: Henk de Winde ©



# Danish accident investigators praise ships crew in Emma Maersk flooding

THE crew of the flooded 14,000-TEU **EMMA MAERSK** received high praise from the Danish Maritime Accident Investigation Board (DMAIB) for their "swift decisions and rapid actions" that prevented the incident from getting worse.

But the DMAIB also pointed to several structural shortcomings in the vessel itself, once the largest containership in the world, reported Lloyd's List. The ship was south of the Suez Canal in February when a failure of a Rolls-Royce stern thruster led to its housing tunnel being breached and flooded, said the report.

The crew found that when the watertight doors leading from the tunnel into the engineroom were closed, they were unable to withstand the water pressure, which caused engineroom to flood. The flooding made it likely the ship would suffer a complete blackout, which would hamper use of mooring winches controls to the ship's anchors, giving the crew a short time to get the vessel alongside the Suez Canal Container Terminal.

The crew in the engine control room and on the bridge were distracted by the high number of alarms that sounded and radio traffic in Arabic between the pilot tugs and shore authorities. The vessel's loading computer was unable to make stability calculations when the vessel was flooded and after it was brought alongside, Maersk Line decided to keep water in the engineroom to prevent corrosion of the machinery. While another Rolls-Royce probe continues into the design of the thrusters and their housing, it is understood that fatigue in the blades and supports led the forward thrusters to fail. This then led to a fracture of the transverse thruster tube and uncontrollable flooding. The report also reveals that the other stern thruster had a blade replaced last year showed similar fatigue. Source: Asian Shipper





The "LOGOS HOPE" arrive at the port of Galle, Sri Lanka on 23rd December 2013, where she will be visiting till the 8th of January 2014, for the floating book exhibition and to carry out social projects.

Photo: Nabeel Ali - AITKEN SPENCE SHIPPING LTD. (C)

### Helicopter flys over stranded ship

A helicopter from the Chinese ice-breaker, **Xue Long (Snow Dragon)**, has flown over the Russian research ship, **Akademik Shokalskiy**, which remains stuck in Antarctic sea ice. The helicopter did not land and it is thought the

flight was a test run should it be needed to evacuate the 74 people onboard the research ship. Xue Long (Snow



Dragon) got to within six-and-anautical miles of Adademik Shokalskiy on Friday night before having to stop its rescue efforts because the ice was too thick. The ship is now awaiting the arrival of an Australian icebreaker, the Aurora Australis, which was expected about 2am (New Zealand time) on Monday. The BBC's Andrew Luck-Baker is onboard the **Akademik** Shokalskiy and says conditions have improved over the past few hours. "The pack ice seems to be opening up a little bit all the way

around us, in fact there are big cracks appearing away towards the horizon, pools of water beginning to open up and we're just wondering whether this is our lucky break."

The Akademik Shokalskiy is well stocked with food and is in no danger, according to the team. The BBC reports that although trapped for the moment, the scientists are continuing their experiments. They have been measuring temperature and salinity through cracks in the surrounding ice. They are following the route explorer Douglas Mawson travelled a century ago. The goal of the modern day Australasian Antarctic Expedition is to repeat many of the original measurements and studies of the Mawson expedition to see how facets of the environment have changed over the past century. Source: Radio New Zealand News



The TSHD WILLEM VAN ORANJE moored in Rotterdam-Waalhaven - Photo : Arie Boer ©

# Tanker owners are looking to forget 2013 for the most part

It's been a rather turbulent 2013 year for tanker owners, one which can be summarized in the following key wordings: oversupply, weak freight rates and continued poor earnings. Of course, there have been bright spots, like for instance in the Medium Range Product Tanker markets, but all in all, the year won't be one to be remembered. According to a recent report from Mcqulling Services, "VLCCs made little headway throughout the year as quite a few factors kept them from advancing. The biggest being oversupply, which stemmed from a decline in demand, a heavy refinery maintenance program and a consistent delivery profile. The increase in domestic crude oil production in the US has significantly limited its dependence on foreign sources, specifically from West Africa". One of the reasons has been the dramatic decline in US oil imports from West Africa over the past few years and as of September 2013, imports were

as low as 618,000 b/d. Further supporting this, Mcquilling's proprietary data shows a decline in activity on the WAFR/USAC trade by nearly 31% year-on-year.

OCENNIS

OCENNIS

The VLCC OCEANIS moored in Singapore - Photo: Chris Mackey ©

#### **VLCC SUPPLY**

"With respect to deliveries, as of November, there have been 31 VLCC newbuildings added to the fleet and less than half of that number sent to the breakers for demolition, bringing net fleet growth to 17 ships. With these factors combined, rates on the AG/Japan route traded between WS 32-40, on average, for the majority of the year, while AG/US Gulf traded between WS 18-27. In the Atlantic basin, WAFR/China traded between an average of WS 35-41. However, as we gear up to put 2013 behind us, the VLCC market has made a notable comeback. This has been due to a seasonal uptick in production of heating fuels ahead of peak winter demand and the rush to secure business ahead of the holidays. Additionally, there has been an increase in activity as China, the world's second largest consumer of crude oil, rushes to fill their Strategic Petroleum Reserve. Position lists have also been much tighter, which has given owners the room to push rates in their favor. As we close out the year, December rates on the AG/Japan route traded at an average of WS 62, while AG/USG traded at an average of WS 38. From WAFR/China, rates averaged WS 61, Mcquilling Services said in its report.

#### **SUEZMAX**

The Suezmax sector was also no stranger to the issue of oversupply. "Requirements out of West Africa for these sized vessels have been pressured by the previous year's East Coast refinery closures and the fact that US refiners are substituting foreign imports with domestic Bakken crude. This has caused rates to trade at an average of WS 57 for the year, down 5 WS points from last year's average. This route has closed the year on a more positive note on the back of a stronger VLCC market as rates reached their highest levels of the year at the WS 112 mark.

In the first half of the year, Black Sea/Mediterranean rates traded at an average of WS 62 due to the lack of Libyan cargoes, but gained some momentum in the second half as rates averaged WS 66 through mid-December. This uptick can be attributed to a slew of delays in the Bosporus, which has helped to assist the owners' bottom line", noted Mcquilling.

#### **AFRAMAX**

The US-based consulting firm went on to analyse the Aframax sector, which was "quite volatile throughout the course of the year with temporary spikes brought on by weather delays in the US Gulf and seasonality factors in the Baltic. In the first half of 2013, rates from the Caribbean to the US Gulf averaged WS 97, down 13 WS year-on-year. However, as the rest of the year progressed, rates remained in the lower WS 100s (with the exception of October) and averaged WS 103, up 8 WS points year-on-year. The strongest levels of the year have been recorded in December, where rates have reached WS 175, the highest level recorded since 2010. Similar to the Suezmax class, Aframaxes trading in the Black Sea/Mediterranean were also pressured by the loss of Libyan cargoes. As a result, rates traded at an average of WS 79, down 5 WS points year-on-year", the report noted.

#### **PANAMAX**

Finally, "in the smallest of the crude oil tankers, Panamaxes also found themselves in a bit of an oversupply situation. This was brought on by reduced US imports from Caribbean nations due to rising supplies of Canadian crude. Despite this, rates in the Caribbean did not fare too bad in the first half of the year as delays in the US Gulf helped to support

the market. However, as the year progressed, longer term effect were realized and rates dwindled, losing average of 9 WS points from the first six months of the year. Much like other sectors, rates have made a comeback in December and traded at an average of WS 122. This was again due to delays and the rush to secure tonnage ahead of end-year holidays".



The BOW JUBAIL outbound from Rotterdam - Photo: Cees van der Kooij ©

#### **PRODUCT TANKERS**

According to Mcquilling Services, "on the opposite side of the spectrum, there was a bit more optimism in the clean products market in the beginning of the year. This sector, specifically MR tankers, captured the attention of market participants throughout the year. From time charter deals to newbuilding orders, it has been clear where confidence resides.

Beginning with the larger of the clean ships, LR2s and LR1s found support early in the year from the growing naphtha trade to the East. As demand waned and oversupply pressured the market, rates dropped on the benchmark trade mid-year and as the year progressed, rates gained some traction, but failed to meet the peaks that were recorded in February and March. Year-to-date rates for LR2s on the AG/Japan benchmark averaged WS 85, while LR1s on the same route averaged WS 103.

In the MR market, with strong demand in the beginning of the year due to regional product imbalances on the back of refinery maintenance, ships on the Cont/USAC route traded as high as WS 171. A weaker driving season put a damper on the market beginning in May/June and rates continued to fall throughout the rest of the year. This decline has also been due in part to the fact that US refiners are operating at high utilization rates and counteracting the need for European gasoline imports.

What used to be the backhaul trade for clean product tankers, the USG/Cont route, gained quite a bit of traction and attention this year. This route averaged WS 99, up a staggering 21 WS points year-on-year due to increased exports to Europe and owners' desire to be compensated for the lack of barrels they would have on their trip back to the US Gulf.

So, as we close the door on one year and prepare for a fresh start, market participants can only hope for a prosperous 2014. Our assessment for DPP trades remain cautiously optimistic, while preliminary data indicates relatively bearish developments for CPP trades, specifically on MRs, in favor of LR sized ships", Mcquilling Services concluded.

Source: Nikos Roussanoglou, Hellenic Shipping News Worldwide

# Higher Baltic Dry Index doesn't mean much for Indian shipping

The Baltic Dry Index (BDI), which tracks transport costs on international trade routes for dry bulk commodities such as coal and iron ore, has increased by 22% so far in December to 2,277 points. The improvement is more pronounced when considered from the beginning of the year. Since 2 January, the index has increased by about 225%. How much of a positive is this for the shipping sector, which has been facing challenging times on account of oversupply and global macroeconomic slowdown?

It's worth noting that the BDI had touched a high of 11,793 points on 20 May 2008. Given that, while the recent improvement is remarkable, it is still miles away from its peak. Moreover, the index is known for its volatility so sustainability of this improvement will be crucial. Analysts maintain that it's a spot rate index and Indian shipping companies will benefit to that extent only. There are long-term contracts as well.

In any case, there is unlikely to be a major re-rating for both Shipping Corp. of India Ltd (SCI) and Great Eastern Shipping Co. Ltd (GE Shipping). SCI has posted a loss at the net level for the last two financial years and for the half year ended September. Global oversupply of ships has led to far weaker freight rates and that has taken a toll on the health of the sector in general. What makes matters worse for SCI are its high depreciation and finance costs, affecting its net profit.

"Depreciation charges on new vessels continue to reduce profitability together with a weak charter rate scenario. With a muted global demand and strong tonnage addition to the global fleet, (nearly 46 million dwt in dry bulk and 17 million dwt in tanker YTD) any major hike in charter rates is likely to remain capped," ICICI Securities Ltd analysts wrote on SCI's September quarter results last month. Dwt refers to dead weight tonne, which measures the carrying capacity of a ship.

GE Shipping's offshore business acts as a saving grace and helps the company's profitability. Its exposure to shipping keeps investor sentiments muted. After all, for the half year ended September, the shipping business accounted for slightly more than one-third of its total ebit (earnings before interest and tax). Nevertheless, the offshore business does act as a cushion for the company's overall financial performance and keeps sentiments for the stock comparatively stronger despite weak shipping operating fundamentals. Source: Livemint



An empty **CRAGSIDE**, now homeported Majuro, departed from Vlaardingen bound for Mobile (USA)

Photo: Kees Torn ©

# Weak Supramax market dragging down Panamax coal freight

Coal freight rates for chartering Panamax vessels were heard coming under pressure on the back of a weakening Supramax market on slow business due to the holiday period. "The Panamax market is heading downwards. Hardly anything is happening in the market. The Chinese are holding rates below the current market levels," a chartering source with a coal trading house said, adding that this could also impact the Capesize market.

Platts assessed the Panamax coal freight rates from South Africa's Richards Bay coal terminal to Paradip port on India's east coast at \$17.75/mt Friday, a drop of 15 cents from Thursday, and to Mundra on the west coast of India at \$17.40/mt Friday, unchanged from Thursday.

The Panamax coal freight rate from Indonesia's Banjarmasin port in South Kalimantan to Paradip was assessed at \$10.35/mt and to Mundra at \$11.85/mt Friday, both down by 5 cents from Thursday. "The Atlantic Panamax market was left at the mercy of the approaching holidays, which weighed down heavy on freight rates," Intermodal Research & Valuations said in its weekly market report.

"As owners tried to find business in the absence of adequate fresh enquiries they had to further lower their ideas, while things in the Pacific remained quiet yet again, with rates in the region trending sideways for the biggest part of the week."

#### **WEAK SUPRAMAX**

The rates heard on Supramaxes for loading coal out of Indonesia's South Kalimantan were in the region of \$11.25 for discharge into East Coast India and \$13.25 into West Coast of India, below last done levels. This edging down of the Supramax market is expected to see the Panamax segment being pulled down, the chartering source with the coal trading house said.

"In the smaller sizes, rates for Supras [Supramaxes] didn't find the usual support in the Atlantic either as the pre-Christmas season has kicked in bringing less business all round," Intermodal Research noted. However, a source with a Supramax-owning company said the market would look positive once the holiday period ends.

"We expected the market to taper off during the end of the year. I am confident about this segment. We are not seeing too many newbuilding vessels being delivered next year," the Supramax-owning source said, adding that the US Gulf Coast region will see a lot of grain cargoes being made available for these vessels. Source: Platts

# Sri Lankan navy arrests 22 fishermen from Pudukottai

The Sri Lankan navy arrested 22 fishermen from Jagathapattinam and Kottaipattinam in Pudukottai district on early Sunday morning. The incident came a day after Prime Minister Manmohan Singh assured to take steps to release 227 fishermen already held in the island nation. Around 1,900 fishermen from both the areas set out to sea in 485 boats on Saturday morning and were supposed to return home on Sunday night.

However, the Sri Lankan navy surrounded and captured them for allegedly crossing the international maritime boundary lane (IMBL). While rest of them managed to escape from the navy and reached shore on Sunday, 22 fishermen were arrested and six boats were seized. The arrested fishermen were taken to Kangesan Port. They were lodged in a prison after being produced in the court.

The latest incident sparked widespread tension among fishermen community in Pudukottai district. Kuttaiyandi, a fisherman in Pudukkottai, said that it was very disheartening that the attack and arrest of Tamil fishermen continues in the region.

More than 5,000 fishermen in Nagapattinam district have gone on an indefinite strike from December 12 demanding to release the 227 fishermen.

Meanwhile, the Nagai fishermen went on a fast-unto-death protest. But they ended their fast after the chief minister assured them that she will take necessary action to release fishermen lodged at the Sri Lankan prison. Source: Indiatimes



Iskes TELSTAR assisting the MINERAL FAITH into the Ijmuiden Locks - Photo: Erwin Willemse ©



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The PACIFIC IRMA passing the Spijkenisserbrug assisted by the tugs FAIRPLAY-26 and FAIRPLAY I –

Photo: Anko Staas ©

## Nigeria: 2013 - JTF Killed 82 Sea Pirates, Nabbed 1,857 Crude Oil Thieves in N-Delta

The Joint Task Force in the Niger Delta, codenamed **Operation Pulo Shield**, said it killed 82 sea pirates and robbers, lost three of its operatives in active service in 2013 to sea pirates, while three others got drowned.

The task force also said its operatives killed 23 kidnappers and conducted 1,025 anti-illegal oil bunkering patrols leading to the destruction of 1,951 illegal refinery camps in the region and arrest of 1,857 crude oil thieves.

Also, over 1,117 Contonu boats, 82 tanker trucks, 81 barges and 1,873 surface tanks were destroyed during the 2013 operational year.

Commander of JTF, Major-General Bata Debiro, stated this in Yenagoa while briefing newsmen on the activities of the command in the last one year in the region. Major-General Debiro said the mandate of the task force was to stop illegal bunkering activities in the upstream sector, protect oil and gas facilities and installations, secure the environment and other lawful activities in the region.

According to the JTF commander, three of its soldiers were killed by sea pirates at Andoni, Rivers State, while three others drowned in a river near Akassa in Bayelsa State.

His words: "In the year under review, JTF successfully conducted several land, maritime and air operations against illegal oil bunkering and refining activities, pipeline vandalism, armed robbery and sea robbery. The task force also conducted anti-kidnapping operations, cordon and search, destruction of re-emerging militant camps and provided security to oil and gas companies in the past twelve months.

"Over 42 armed robbers were killed and a total of 183 suspects were arrested, 40 sea pirates were also killed, 41 arrested and all manners of assorted arms and ammunition recovered from January to date." On acts of kidnapping, the JTF Commander said though the menace seems to be on the increase, its operatives command killed over 23 kidnappers, arrested 236 suspects and recovered several weapons from the hoodlums. Source: Vanguard

### **SNCM** update

Some of the Communist members of the Corsican Assembly have appealed to the authorities to create SNCM as an entirely public company, and wipeout the debt problems. It is not clear how they think that would work, but the members are very concerned about the future and possible further unemployment in Corsica.

In the meantime and totally separately, Police investigations into the possible smuggling and arms trafficking of some SNCM sailors made a new discovery on 17 December with 24kg of Cocaine, 2kg of TNT, detonators and gullets and equipment. Further individuals are helping with the inquiries. Source: Corsican Press / Ferries of Southern Europe



# China to continue fighting pirates off Africa

China will continue to send naval fleets on escort missions in the Gulf of Aden and waters off Somalia, described by a Chinese naval officer as the nation's international obligation. The pirates in the area have become more violent and are brazen in using weapons. Reinforcing escort forces is a real need and a long-term mission, Xinhua quoted Ding Yiping, deputy commander in the Chinese navy, as saying this week, the fifth anniversary of China's first such escort mission.

In the past five years, China has sent 16 fleets composed of 42 warships to the Gulf of Aden and waters off Somalia, escorting 5,465 vessels and rescuing 42 ships attacked by the pirates, said Ding.

A total of 13,214 marines have participated in the escort missions. Pirate activity has dropped off drastically in the wake of the escorts from various countries, Ding said. Only 11 incidents have been recorded this year to date, and none of them were successful. The navy will expand its escort area and strengthen cooperation with international forces to ensure regional and world peace, he said. Ding said that China has no plan to send its aircraft carrier to the area as it is still in sea trials and is not yet combat-ready. Source: IANS

# Filipino seafarers worry over EU threat

Families of seafarers in Iloilo were alarmed over possible blacklisting of Filipino seafaring officers by the European Union (EU). The EU earlier expressed its inclination to blacklist Filipino seafarers from EU-flagged vessels, while blaming the Philippines' unsatisfactory and incomplete observance of the Standards of Training, Certification and Watchkeeping for Seafarers (STCW) Convention. The STCW Convention sets the global minimum qualifications

for masters, officers and watch personnel engaged in international shipping. Alma Fernandez said her son, the breadwinner of the family, is working in an oil cargo ship, and with the banning over their head, she is alarmed over repercussions on the education of the younger siblings and upkeep of the whole family that depends on the remittance of her son.

Letecia Samaniego of Jaro district said her husband is working in an EU vessel and the banning threat had kept her restless even during the holidays. Senate President Franklin Drilon also earlier raised a warning over possible repercussions of the country's failure to comply with the 2010 Manila Amendments to the 1978 International STCW Convention, which the European Union wants implementation in their seafaring vessels.

Drilon said the employment ban would affect the Philippine economy. The possible blacklisting could upset the country's position in the global maritime professional industry and affect the Filipino sea-based workers employed worldwide. There is an urgent need to align the country's maritime regulatory system with the international standards and practices, he said. Drilon also urged the swift passage of the bill seeking reforms in the local maritime system and transfer all functions pertaining to training and certification of over 400,000 Filipino seafarers to the Maritime Industry Authority. Source: SunStar



The MARY MAERSK passing the Suez Canal - Photo: Piero (c)

# Shipping overcapacity will continue into 2014: DVB Bank

The overcapacity problem of the global shipping market is expected to persist going into 2014, limiting substantial recovery for the three main shipping segments of containers, bulkers and tankers, according to a latest report by research and strategic planning of **DVB Group**.

In container shipping, trade demand is projected to improve in late 2014 on the back of a strengthening global economy with the strongest growth coming from regional trades. However the large part of the orderbook due for deliveries in 2014 is anticipated to keep rates under check, while pressure from supply side in 2015 is not likely to ease even after factoring in postponement, the report stated.

"Meanwhile capacity discipline measures such as cascading, void sailings and slow steaming have limitations, which implies fewer options for liners to maintain the rates at profitable levels. Recovery in time-charter rates are expected to be short-lived and gradual," it mentioned.

The current container carrier fleet stands at 5,135 vessels aggregating 17.1m teu, according to data from Clarksons. The global box fleet is considered young with an average age of 11 years and approximately 70% of the fleet capacity is below 10 years.

The total number of deliveries estimated for the whole of 2013 is 251 vessels with a combined capacity of 1.57m teu, the data showed, pointing to stiff challenges for operators to keep the capacity in check.

The dry bulk shipping segment is also predicted to witness strong demand with annual growth at between 6-7% over the next two to three years. "Unfortunately for the dry bulk markets, most of the agony is self-inflicted. During the boom years of 2007 and 2008, a large number of newbuilding orders were placed, mostly speculative, which were much higher than what the projected demand could support during this decade. As a result, fleet oversupply chronically over shadowed any demand growth and has kept the market in dire states," the report said. Currently, the

dry bulk fleet stands at 9,725 vessels of 678.2m dwt, according to data from **IHS Global**. The orderbook equates to about 16.6% of the current fleet with 1.365 vessels of 105.3m dwt scheduled to be delivered until 2017.

The crude tanker market, which did not have a good year both in 2012 and 2013, is expected to continue facing pressure from fleet oversupply next year, though asset value and earnings might improve slightly going into 2015.

Fleet oversupply will continue to put pressure on fleet employment even with the expected increase in demand. Scrapping on the other hand is expected to continue with vessels as young as 15 years old, the report highlighted.

"Despite postponements and cancellations, the imbalance between demand and supply for crude tanker sector will continue for the next two years," it added. Meanwhile, the smaller product tanker segment is seeing "light on the horizon" as year 2013 was relatively better compared to 2012, especially for LR1 and LR2 product tankers, but the outlook is cautiously optimistic. Earnings and asset values are predicted to stabilise in the next 12 months, though a substantial increase is not likely to happen immediately. "Fleet oversupply is expected to maintain pressure on utilisation rates despite the consistent increase in demand and market fundamental improvements. Thus, a further decline in utilisation rate should not be ruled out," the report said. Source: Seatrade Global

# Evergreen confirms further large charters

**Evergreen Marine Corp** has announced plans to charter in a further seven 14,000 teu boxships. Evergreen said in an announcement Friday the move was designed to "reduce the carrier's unit costs". The newbuilds will replace chartered in ships which will be returned to their owners on expiration of contract. Evergreen only committed to ships above 8,500 teu in size 17 months ago, agreeing to take ten 13,800 teu ships on charter from Greece's **NS Lemos**.

### Costs focus to outweigh service

Cost saving is the only game in town now for carriers. They have lost the ability to positively influence freight rates and are now competing on economies of scale by acquiring big new ships and by entering into large vessel sharing agreements. It is no surprise that the two most profitable carriers are also the biggest. Counterintuitively, Maersk and CMA CGM also happen to be two of the biggest price discounters, judging by the double-digit year-on-year freight rate decline each suffered. The secret of Maersk's success lay in its ability to cut costs at the same time as aggressively boosting volumes. The company shaved \$237 million net from its expenses compared to 3Q12, with lower bunker costs and consumption contributing \$154m and \$116m to the savings respectively.

Combined with a well above average 11% spike in volumes the company was able to slash its unit costs by 13% to \$1,311 per teu, which helped cushion the blow from a 12% drop in freight rates that averaged \$1,327/teu for the quarter. The key is in the word 'planned'. Much more worrying is the impact of unreliability in the supply chain where an unplanned day's delay – or even a couple of hours in final delivery to a distribution facility – can result in a stock out.

Goods not on the shelf means loss of sales – and that is assed at the opportunity value or cost of the goods in the container (landed cost plus lost margin) i.e. €180,000 may become

€245,000 inclusive of margin. Unplanned delays concentrate the attention of cargo owners on the risk and reliability of the logistics provider. Risk is assessed against the opportunity value of the container whereas planned transit times are valued against the daily working capital cost – a very much smaller figure.

One large forwarder recently told Drewry that they add a day to intermodal transit times promised by rail operators because reliability is not 100% and it's better not to create the expectation of speedier delivery as opposed to guaranteed delivery. This same thinking is to be found in the 'Daily Maersk' product where the concept of guaranteed departure/arrival patterns is attractive for shippers rather than the simple fastest transit time. In a low interest rate economy, the trade-off between working capital cost and risk of unreliability is heavily weighted to concentrating on the latter. Source: Drewry Supply Chain Advisors

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The 2007 built Chemical / Product tanker NORDIC HANNE in Rio Grande - Photo: Marcelo Vieira (c)



From Singapore Paulus Firet and family wishes all readers a Happy and Prosperous 2014!

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### New Ship Registration Bill published in Ireland

Minister for Transport, Tourism and Sport, Leo Varadkar TD has announced the publication of the Merchant Shipping (Registration of Ships) Bill 2013. According to the press release of the Irish Department for Transport, Tourism and Sport, the Bill is one of the Minister's legislative priorities and is part of an overall objective to update and enhance the national maritime legislative code, and ensure the safety of maritime transport services.

The importance of ship registration is that it confers Irish nationality on ships, allowing them to fly the Irish flag and register ownership. The new Bill will provide a basis for the introduction of an updated and modernised ship registration system in Ireland. Among the new categories of vessels for which the Bill proposes registration are fishing boats less than 15 metres in length overall, personal watercraft (jet skis), small fast powered craft and small angling boats. The proposed extension of a registration requirement to jet skis takes account of the increase in the numbers of such craft in recent times, the risks that can be involved in the operation of such craft and, in particular, responds to a recommendation made by the Marine Casualty Investigation Board following a number of marine casualty incidents involving jet skis in recent years.

The Bill is the result of a detailed review of the existing registration regime, which dates from 1955, and involved an extensive public consultation process and meetings with interested stakeholders. It has been prepared against a background of international growth in maritime trade, an increase in the use of pleasure craft and an increasing emphasis on safety, security and environmental issues both at EU and international level.

"This Bill will bring the ship registration system in Ireland up to date. It will replace the existing arrangements that have been in place since 1955 and allow us to introduce a new, centralised, electronic Irish Register of Ships. My aim

is to provide a ship registration system which underpins a high standard for ships on the Irish flag and provides a more accessible registration system for ship owners," Minister Varadkar said.

The Bill sets out a new registration process for vessels. Most ships operating domestically in Irish waters will be registered on this new Register. The current arrangements for the registration of ships will continue until such time as the new Register is in place and the relevant provisions of the Bill and subsequent regulations are commenced. Source: PortNews

# High-tech LNG tanks to enable dual-fuel engines in UASC mega ships

**UNITED Arab Shipping Company (UASC)** has announced that it will adopt IHI-SPB Tank technology to store the liquefied natural gas (LNG) required to power the dual-fuel engines of the its 14,000- to 18,000-TEU ships it ordered from **Hyundai Heavy Industries (HHI)** in August. The self-supporting prismatic tanks IMO type-B (SPB) LNG containment system has only been applied on a handful of LNG tankers since being pioneered by **Ishikawajima Harima Heavy Industries (IHI)** in the 1990s.



Described as being a "radical choice", the IHI-SPB system enables the storage of natural gas in a liquid form at atmospheric pressure under temperature of minus 162 degrees Celsius, which is a bold move for bunkering purposes, according Alphaliner, in comparison to the solutions used by other carriers that have opted for natural gas.

Other orders concern mostly ships running short

sea shuttles calling at established terminals, facilitating the setup of gas refilling stations at one end of the rotation, refilling every voyage. Natural gas is an effective solution for short sea shuttles given the bulkiness and cost of NG tanks, which in the case of the short sea ships, store the gas in IMO type C tanks of limited dimensions, but not as atmospheric pressure LNG, a solution used in large LNG tankers.

The report said it is not clear yet if UASC intends to burn natural gas on the whole Far East-Europe rotations or only when the ship is in the Sulphur Emission Control Areas (SECA). "Retaining such an expensive storage solution, could run on NG for the whole rotation to recoup the extra investment, despite uncertainties on energy markets and the economics of gas burning in relation to regulations," said Alphaliner. The ships could call at ports in the Middle East in both directions in order to refill for each half of the Far East-Europe rotation and to minimise the volume and cost of the NG tanks. Despite their relative compactness, IHI-SPB tanks remain bulky to ensure sufficient fuel for several weeks. There also remains the refilling logistics problem, although UASC, being the only large carrier based in the Middle East with leading gas producers among its shareholders, may find it easier to strike a deal with local suppliers in the Gulf region. Source: Asian Shipper

# Cruise ship passenger apparently jumps overboard near Puerto Rico

The U.S. Coast Guard was searching Sunday for a Canadian passenger who jumped off a Royal Caribbean Cruises ship as it motored off a remote Puerto Rican island toward the U.S. territory's mainland. In a Sunday statement, the Coast Guard identified the missing man as Tien Phuoc Nguyen, a 26-year-old Canadian citizen who was on the final night of a seven-night Caribbean cruise with his family. His hometown was not immediately provided. He was last seen

jumping overboard by other ship passengers late Saturday as the **Adventures of the Seas** was transiting east of Mona Island, a rugged, uninhabited island in a rough sea passage between Puerto Rico and the Dominican Republic. Royal Caribbean spokeswoman Cynthia Martinez said Sunday that the captain immediately stopped the cruise ship, turned around and alerted local authorities after a passenger reported seeing a man going

overboard late Saturday. In a Sunday email, Martinez said footage of the incident was also captured by the ship's cameras. The Coast Guard deployed helicopters and a patrol boat to find the missing passenger but no sign of him has turned up.

The FBI is investigating the circumstances which may have led the man to jump. When the U.S. Coast Guard assumed control of the search early Sunday, the cruise ship resumed its trip to Puerto Rico's capital of San Juan. A Royal Caribbean team was providing support to Nguyen's family, according to Martinez. The Royal Caribbean ship was finishing its seven-night trip and returning to San Juan when he jumped overboard. Source: foxnews.com



28-12-2013: Iskes **BRENT** and **TELSTAR** assisting the bulker **CAPE STEFANIE** at arrival in Ijmuiden **Photo: Simon Wolf** ©

# German container ship affected by cracks

The German-owned container ship MSC MONTEREY issued a distress following an observed cracks in the hull on



Sunday. Four passengers were evacuated by helicopter while the ship's 20 crew members are still on board. MSC MONTEREY has now dropped anchor in a bay near Trepassey Harbour in Newfoundland.

Left: MSC MONTEREY -Photo: Wim Kosten www.maritimephoto.com (c)

Two ships from the Canadian Coast Guard is by the container

ship. The ship, which has a capacity of 4,892 TEU, was delivered from a shipyard in Romania in November 2007. In June this year was observed cracks in the 8,110 TEU containership MOL COMFORT. In the end, the ship broke in two and sank. Source: Tradewinds / Maritime Denmark

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# Antarctic weather conditions force Aurora Australis to abort rescue of Russian ship Akademik Shokalskiy

PERILOUS weather conditions forced the crew of Australian icebreaker **AURORA AUSTRALIS** to abort an attempt to rescue a ship stuck in the Antarctic ice The Russian ship, carrying a team of Australian scientists as well as explorers and tourists, has been stuck in pack ice 1500 nautical miles south of Hobart since Christmas Day.

The AURORA AUSTRALIS arrived off the Antarctic coast about 2am last Monday and was trying to find a way to reach the MV AKADEMIK SHOKALSKIY without becoming stuck itself. The Australian Maritime Safety Authority said the icebreaker managed to get within 10 nautical miles of the Russian ship in the afternoon but was forced to retreat about 18 miles east of the stranded vessel. The area was being lashed by gale-force winds and snow showers.

"These weather conditions have resulted in poor visibility and made it difficult and unsafe for the **AURORA AUSTRALIS** to continue the attempt," AMSA said late Monday. "Further attempts may be made in due course to undertake the rescue once weather conditions improve."

It had been hoped a second option would be to ferry some passengers off the **AKADEMIK SHOKALSKIY** with a helicopter, but AMSA said it was too dangerous to fly in such conditions. AMSA's Rescue Coordination Centre said the 74 people on the ship were safe and well, with supplies for several weeks.

The AURORA AUSTRALIS can break through ice up to 1.2m thick at a speed of 2.5 knots, slightly better than the icebreaking capabilities of the Chinese vessel the XUE LONG which closed to within six nautical miles of the AKADEMIK SHOKALSKIY

#### However, ice in the area is up to 2m thick.

AMSA said the XUE LONG had stayed to assist as necessary with a helicopter evacuation. The Aurora left its helicopters at Casey station. Australasian Antarctic Expedition leader Chris Turney aboard the AKADEMIK SHOKALSKIY continued to send messages via Twitter and YouTube indicating temperatures were rising and the sea ice might be on the verge of breaking up. "Wind picked up and it's snowing as forecast for this AM. Good news: Aurora making attempt from E!," Mr Turney wrote.

"It's all cracking up here. All well. **Aurora** making good progress. Waiting game." Expedition co-leader Greg Mortimer said the **AKADEMIK SHOKALSKIY** was in the hands of the forces of nature. "The combination of elements is really unfortunate – a couple of blizzards and many, many days blowing in the wrong direction has piled heaps of trouble on our shoulders," Mr Mortimer said. "The power of the forces at work, that's ... the fearsome, gnarly-teeth side of Antarctica, and its great beauty as well, its allure. " **Source: The Mercury** 

### CASUALTY REPORTING

# Twin Ports' last saltie of the season runs aground at entrance to St. Lawrence Seaway

The last saltie to leave the Port of Duluth-Superior this shipping season has run into trouble making it back to saltwater. The U.S. Coast Guard reported Saturday that the 656-foot **Orsula** remained aground near Tibbetts Point, N.Y., on Lake Ontario at the entrance of the St. Lawrence Seaway. The Watertown (N.Y.) Daily Times reported that the Orsula went aground early on Christmas Day. There were no injuries or pollution as a result of the grounding and it poses no risks to other ship traffic in the area, the Coast Guard reported; the incident remains under investigation.

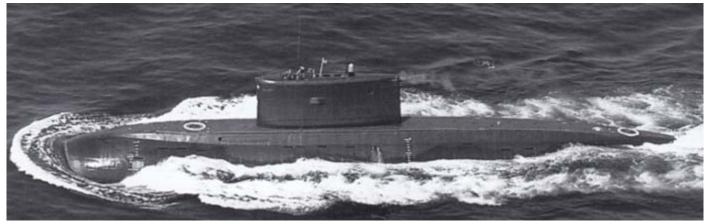
The Coast Guard said a dive survey revealed that most of the ship's hull is resting aground, and there is significant damage to the propeller. McKeil Marine has been hired by the **Orsula's** operators to conduct salvage operations, including lightering the cargo of wheat to a barge, and refloating the vessel. The St. Lawrence Seaway is scheduled to close for the winter on Monday, and it was not clear Saturday if the **Orsula** would be able to make it out before then.

The **Orsula** left the Twin Ports on Dec. 19, bound for Italy filled with durum wheat from the CHS and Gavilon grain terminals in Superior. It is flagged in the Marshall Islands and operated by Fednav Limited, operating out of Canada. **Source**: Duluth News Tribune

### **NAVY NEWS**

## Indonesia eyeing Russian submarines

The Indonesian military (TNI) chief Gen. Moeldoko, confirmed that TNI is studying the possibility of strengthening its submarine fleet with Russian Kilo Class submarines. "Currently we are still studying and calculating the plan to strengthen our defense in the water territory. "It would be great if we could acquire the Kilo Class submarines, which have a long firing range of guided missiles," Moeldoko said here on Sunday. The type of Kilo Class submarine named Kiloklav could hit a target as long as 400 kilometers away from sub-surface to surface. Earlier the Navy chief of staff Admiral Marsetio said a navy technical team would be sent to Russia to study a submarine offer.



**Kilo Class Submarine** 

Indonesia will also acquire three units of submarine from South Korea to add to the two units the navy already has at present. One of the two units is the 209 class type from Germany and the other one was from South Korea with almost the same type as the one from Germany . The two submarines have been modified into combat management, which has greater attacking capability. Meanwhile, the TNI is also awaiting the arrival of Apache helicopters from the United states . This type of military helicopters have been used only by a number of countries including the United States itself and Singapore.

TNI has also ordered a number of Leopard tanks which are considered among the best in the world . From France and Britain, Indonesia plans to import equipment for air defense system . Moeldoko said he also wants that the TNI could have Sukhoi 35, the latest series of Russian Sukhoi fighter aircraft. He said most of the types of war equipment are expected to be displayed at the armed force day in Surabaya on Oct. 5. "This is to send a message that the president has taken a progressive step toward modernization of the Indonesia defense system," he said, adding "in ASEAN standard our defense equipment would be promising." Marsetio said a technical team would leave for Russia in January, 2014 to study the Russian offer to sell submarines to Indonesia. "Indonesia still need more units of submarine to strengthen our navy and protect the countrys sovereignty from the sea," he said.

He said seas make up two third of the countrys territory, therefore, ideally the country would need at least 12 units of submarine. Defense Minister Purnomo Yusgiantoro said currently negotiation is underway with Russia on the offer to sell kilo class submarines. "We would prefer ones equipped with Club S guided missiles that could hit a target 400 kilometers away," Purnomo said. Club S guided missile is launched from under the water surface to hit a floating target, he said. "This type of war equipment is a killer missile which has a firing range of 400 kilometers," he added. He said the units of submarine Indonesia wants to buy must be suitable for the countrys eastern regions, which have deep seas. He said Indonesia plans to build up to 40 units of guided missile speed boat (KCR) measuring 40-60 meters until 2024 to meet the navys requirement in western part of the country. Source: Antara News

### **SHIPYARD NEWS**



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The ARCTIC enroute Urk for outfitting - Photo: Marcel Coster ©

# Gas cylinder blast in Narayanganj kills one, injures 5

One man was killed and five others were injured when a gas cylinder exploded in a shipyard factory at Sonakanda of Narayanganj on Sunday morning. The deceased was one Mamun, son of Latif Munshi, hailing from Baufal of Patuakhali. He was residing at Char Khejurbagh of Keraniganj with his wife Jesmin and their one-year-old child. The injured are Rahim, Haider, Shipon, Sagar and Shafiqul Islam. Of the injured, Shafiqul sustained 70% burn injuries while Sagar sustained 50%, Shipon 35%, Rahim 18% and Haider 7%. They were rushed to the burn and plastic surgery unit of the Dhaka Medical College Hospital where the on-duty doctors declared Mamun dead at 11:30am. Md Kabir, Master Chief Petty Officer of the Navy at Narayanganj Shipyard, told the Dhaka Tribune of the gas cylinder exploding sometime near 10am while the labourers were engaged in doing dyeing work. Source: dhakatribune

# Drydocks World and Maritime World holds co-operation discussions with Foresight Limited

His Excellency Khamis Juma Buamim, Chairman of Drydocks World & Maritime World, the internationally renowned provider of maritime and offshore services to the shipping, oil, gas and energy sectors, held discussions on co-operation with Mr. Ravi K. Mehrotra CBE, Executive Chairman of Foresight Limited and Executive Chairman and Co-Chairman - Europe India Chamber of Commerce, Belgium, and in the presence of Mr. Ali Bin Towaih, VP business development, Commercial and Project Management, Drydocks World and Mr. Amulya Mohapatra, Head of Shipping Cyprus . According to the press release of Drydocks World, a number of topics of mutual interest was discussed - the foremost being business opportunities for developing the rig business. The discussions revolved around opportunities to build a number of offshore drilling rigs of the type "LeTourneau Super 116E" at Drydocks World yard for Foresight Limited Group. Offshore drilling and tankers and multipurpose ships form part of the fleet owned by Foresight Limited. These are managed from Cyprus. Considering the emerging leadership role of the UAE in the international maritime arena and its rapid evolution into a hub for maritime activity, the company now wants to shift its base and run its operations from the UAE. Dubai Maritime City will offer support and assistance for the company to establish itself in the region. His Excellency Khamis Juma Buamim said, "We are delighted that more and more companies are acknowledging the emerging clout of UAE in the maritime and energy, oil & gas arena. We are emerging as a strong contender in building drilling rigs and jack-up barges for the offshore oil & gas sector and have proven our mettle with some highly successful projects of great international significance, in recent times. Moreover, there is sustained interest from companies all over the world in the world-class Dubai Maritime City, which holds a cornucopia of companies with maritime interests, creating vital synergies for the growth of the industry, which is emerging from the global financial meltdown." Source - PortNews

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## Shipyards under pressure

The departure of McDermott International from its fabrication shipyard in Amelia this August was an ominous bellwether for local industrial groups, analysts say. Economists believe that as the oil and gas industry invests more money and floods the area with high paying jobs, shipyards may continue to struggle to find the workers they need to stay in business, as McDermott had in the days before its rapid departure. It has happened in places like San Francisco, New York and Philadelphia: As new, cash-rich industries move in, they snatch up all the labor they can find for top-notch prices. That leaves the older, more venerable industries without access to the work they need to stay competitive. "The demand for workers in Silicon Valley tech firms is one recent example," said Tulane University labor economist Dr. Alan Barrecca. "These companies drive up wages and put non-tech firms at a competitive disadvantage."

#### Attracting new workers

Chris Naquin has a front row seat to the struggle many local companies have been facing when it comes to attracting new workers. Naquin, general manager at Hutco recruiting services, has spent 24 years finding the workers that make shipyards tick: welders, shipfitters and pipefitters. Those are the workers who, literally, put together the massive state-of-the-art ships that have earned local yards like Bollinger and Conrad notoriety in the worldwide shipbuilding business. They are also the same workers that oil and gas companies need offshore to build and install drilling rigs and weld the massive pipes that prod the sea floor for oil. **Source: DailyComet** 

### **ROUTE, PORTS & SERVICES**

# Merry Christmas and a Happy New Year



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CCGS EARL GREY attending to maintenance on one of Halifax's Outer harbour Markers. Photo: René Serrao, Portuguese Cove, NS

### Hanjin Shipping Sells Bulk Carrier Unit for \$283 Million

Hanjin Shipping Co. (117930), South Korea's largest sea-cargo carrier, said it will sell a majority stake in its bulkshipping company as part of a plan to raise cash and cut debt. Hahn & Co., a South Korean private equity fund, will pay 300 billion won (\$283 million) for a 76 percent stake Hanjin Shipping's bulk-carrier business, the cargo carrier said in an e-mailed statement. The Seoul-based liner will hold the rest. Hanjin Shipping said last week it plans to raise 1.97 trillion won selling some of its assets like vessels and stakes in container terminals to repay debt. South Korea's three biggest shipping companies all face a cash crunch as 3 trillion won of bonds are due for repayment in the next two years amid mounting losses from a global slump in rates to carry cargo.

Hahn & Co., which will also invest 100 billion won into the venture, will control a company that has 36 vessels that Hanjin Shipping currently operates under long-term contracts. Hanjin Shipping's debt-to-equity ratio will fall to 673 percent from 987 percent at the end of September, once the venture starts operations as early as in April, according to the statement. The 1.4 trillion-won debt associated with the 36 vessels will be transferred to the venture, it said.

Korean Air Lines Co., an affiliate of the shipping company, said last week it will provide 100 billion won in loans, on top of the 150 billion won it gave to Hanjin Shipping in October. Korean Air will also buy 400 billion won of new shares the shipping company plans to sell next year. Hanjin Shipping has about 1.56 trillion won of debt, including bonds and loans, coming due next year and 1.08 trillion won in 2015, according to the company. At the end of September, it had cash and near-cash items of 382 billion won. Hahn & Co. currently manages about 850 billion won. in assets in cement, auto parts and electronics components. The fund dropped a bid in February to buy Korea Line

Corp., the country's second-biggest operator of bulk ships that was then under court receivership. Source: Bloomberg



The LPG tanker MILL HOUSE outbound from Rotterdam-Europoort Photo: Paul Gerdes ©

Höegh Autoliners sells car carrier to Grieg Green for "green recycling"



The HOEGH TROPICANA moored in Amsterdam - Photo: Lourens Visser ©

**Höegh Autoliners** has sold the Pure Car Truck Carrier **HOEGH TROPICANA** (built 1980) for recycling to **Grieg Green** which will provide services to ensure safe and environmentally friendly "green recycling" in China.

"This is the 15th car carrier we have sold for green recycling and we are pleased that **Grieg Green** will supply services to safeguard safe and environmentally friendly recycling," says Ingar Skiaker, CEO of **Höegh Autoliners**. "Our concern for safety and the environment applies all the way through the vessel's life."

**Höegh Autoliners** implemented a policy in 2009 for green recycling of car carriers reaching the commercial end of their lives. **Grieg Green** was selected based on good experience from three earlier recycled car carriers from Höegh Autoliners.

"Grieg Green has been set up to provide ship owners with services for planning, monitoring and reporting green recycling," says Petter Heier, CEO of Grieg Green AS. "We have successfully recycled several vessels and we are pleased that Höegh Autoliners again has entrusted us to handle this project."

Grieg Green act as buyer of the HOEGH TROPICANA and will resell the vessel to the recycling yard in China. Grieg Green will in addition supply services to ensure the recycling is carried out to the best standards. Höegh Autoliners has adopted a Ship Recycling Policy based on the intentions in the IMO recycling convention proposed in 2009 ensuring that a vessel is recycled in a safe and environmentally friendly way at a ship recycling yard which can document that certain standards will be met. Höegh Autoliners is a leading global provider of Ro/Ro transportation services. The company operates approximately 60 Pure Car and Truck Carriers (PCTCs) in global trade systems. Main customers are major manufacturers of new cars, heavy machinery and rolling stock as well as second hand vehicles. Source: Höegh Autoliners

# Australia's Toll buys heavylift Nationwide Transport Solutions

AUSTRALIA's transport and logistics provider, **Toll Group**, has acquired the business and assets of **Nationwide Transport Solutions (NTS)** with the aim of growing its capabilities in the over-dimensional and heavy haulage sector. NTS has annual revenues of A\$17 million (US\$15.16 million) and is headquartered at Port Kembla in New South Wales. It services the over-dimensional and heavy haulage requirements of major infrastructure projects as well as the energy, alternative energy and heavy industrial sectors. NTS' business and assets will be absorbed into **Toll Global Logistics** Australian operations. Toll said the conditional acquisition will allow it "to better capitalise on the pipeline of major infrastructure projects around Australia", and to strengthen its existing offering that includes over-dimensional and heavy haulage services to the wind energy sector. "We are excited about this opportunity to build on the expertise we have already developed around the wind energy sector," said **Toll's Contract Logistics** divisional general manager Bruce Wilson. "Along with building on our existing activities, NTS provides us with the opportunity to drive strong growth such as in infrastructure projects," Mr Wilson said. **Source**: Asian Shipper



The 2008 built **SAN ANTONIO**, enroute Rotterdam-Waalhaven passing Maassluis **Photo**: **Kees van der Kraan (c)** 

# Horizon cleared to convert 4 more boxships to LNG fuel in foreign yard

US Jones Act shipowner **Horizon Lines** is to convert four more containerships built between 1972 and 1980 with powered steam turbines, to operate using liquefied natural gas (LNG), after the plan was approved by the **US Coast Guard**. The US-listed owner of 15 container vessels earlier received a preliminary predetermination for two 1987-built ships, to send the vessels to a non-US shipyard to install the necessary dual-fuel engines and LNG fuel system and tanks.

Four older vessels will also be sent to a foreign yard to have the same work done that will enable the ships to switch between normal liquid bunker fuels and natural gas, reports **Lloyd's Loading List**. The move comes as vessels operating in North American waters will be forced to use costly low sulphur fuel - 40 per cent more expensive - or

install a scrubber to continue using current fuels, when the 0.1 per cent sulphur emission limit comes into force on January 1.

With natural gas prices much lower than in other parts of the world, there is a clear economic benefit in switching to natural gas, prompting some US owners bound by the Jones Act to order new tonnage with the dual fuel capabilities.

But the cost of the vessels that have to be built in US yards to meet the Jones Act requirements are much more expensive than equivalent vessels built in Asia. In November, **Crowley** placed an order with **VT Halter Marine** for a pair of container/ro-ro ships to be powered by LNG.

Earlier, Matson, which operates in the Pacific, ordered two 3,600-TEU ships from Aker Philadelphia shipyard, which will burn either conventional bunker oil or LNG. Totem Ocean Trailer Express also chose the dual-fuel design, with the option of using LNG, for two 3,100 TEU containerships ordered last year to operate in the US domestic trades. Source: Schednet

# Barge search and rescue ends, four presumed dead

After nine days of search efforts involving more than 300 vessels and two aircraft covering an area larger than 1,500 sq km, the Maritime and Port Authority of Singapore (MPA) terminated the search and rescue (SAR) operations for missing persons from the capsized Bolivia-flagged barge Heng Hong 168 at 1700hrs on Friday. The barge capsized on 19 December 2013 in Singapore waters about three nautical miles west of Horsburgh Lighthouse. MPA will continue to inform vessels passing through the vicinity of the incident site to keep a lookout for the four persons that remain unaccounted for. Source: SeashipNews

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



The ISLAND SKY in Willemstad - Curacao

Photo: Kees Bustraan - <a href="http://community.webshots.com/user/cornelis224">http://community.webshots.com/user/cornelis224</a> (c)

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