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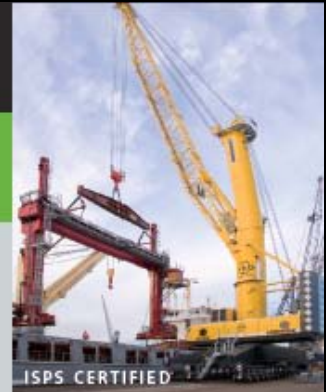
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The PIETER SCHELTE passing the EUROMAXX terminal enroute the Alexia harbour in Rotterdam-Maasvlakte

Photo: Hans van der Linden.....[www.aerolin.nl](http://www.aerolin.nl).....@AerolinPhoto BV ©

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The **AMAZON WARRIOR** sailing from Durban bound for Dar es Salaam.

Photo : David Fiddler - Consultmarine SA cc ©

## Maersk Oil postpones decision on Greenland investment

Maersk Oil, a unit of Denmark's A. P. Moller-Maersk, has postponed a decision on whether to drill for oil at a exploration licence off the coast of Greenland. Maersk Oil has as operator of the Baffin Bay, Block 9 exploration licence agreed with Greenland in late 2014 to extend the first sub-period of the license by two years, it said in an email sent to Reuters on Wednesday. "The extension will allow for continued technical and commercial evaluation of any potential future opportunity before a decision to invest in any further activity is reached," said Ebbie Haan, Maersk Oil's chief growth officer.

Maersk Oil owns 47.5 percent of the licence, which is in the Northwestern part of Greenland's waters, while British oil company Tullow Oil owns 40 percent and state-owned Greenlandic company Nunaoil owns 12.5 percent. Oil companies

around the world are slashing investments save on costs as the more than 55 percent fall in crude prices in the past six months is draining their cash flow. Maersk Oil would have to close some sites and cut operating costs if the oil price remains at its current level, the group's CEO said in an interview in December. Maersk Oil has decided to slow down its exploration globally and its investment in Angola's Chissonga oil field is under consideration. **Source : Reuters (Reporting by Teis Jensen, editing by Louise Heavens)**



OHT's **OSPREY** and Dockwise **TRIUMPH** moored "brotherly" alongside at the DSME yard in Okpo (Korea) on the left seen the new Songa Offshore Cat-D semisubmersible drilling rig under construction – **Photo : OHT ©**

## Nova Scotia commits to Nova Star ferry

If there is ferry service between Yarmouth and Portland, Maine, this year, Nova Star Cruises will operate it. Economic and Rural Development and Tourism Minister Michel Samson said Wednesday that although there still isn't a contract between the government and the company, his department has not engaged other potential operators.

Samson could not say if Nova Star Cruises has requested more money. "There are discussions that have been ongoing." During the ship's inaugural season last year, **NOVA STAR** carried about 59,000 passengers, well below the company's initial goal of 100,000 people, although demand for the service increased sharply in August and September.

There is no contract in place because the company used all of a \$21-million fund that was intended to last seven years. In October, Samson announced an additional \$5 million for **NOVA STAR** to cover remaining expenses from the season and serve as a contingency fund while the company searched for winter work. To date, the ship remains tied up in Shelburne and time appears to be running out to secure winter work.

Samson couldn't say if the ship would be moved from Shelburne to a warmer climate, even if it can't secure work. The company's president has previously said maintaining the ship in cold climates could be detrimental to some of the vessel's operating systems. The minister said a KPMG operational review of the ferry service is complete, and government officials are examining it. He said he hoped to release the report "very shortly."

When the report was announced in October, Samson said he expected it would be completed quickly. Tory MLA Chris d'Entremont (Argyle-Barrington) said the fact that it has taken this long suggests trouble. "I think there's probably some problems in it, so (the government) doesn't know how to respond to it."

D'Entremont said people in and around Yarmouth County are wondering about the status of the service. He said the community needs the service to be a success. Given the challenges faced so far and the lack of accountability for the company when it's missed contract requirements, it seems the government didn't sign a deal that was in the best interest of taxpayers, said d'Entremont. Samson said he doesn't expect to have a funding request to bring to Thursday's cabinet meeting for review. Although the service is taking advanced bookings from tour bus operators, it is not taking bookings from individual passengers. Company officials did not respond to a request for comment. **Source : thechronicleherald**

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## The MSC Oscar just became the world's biggest container ship



Today, the **MSC Oscar** is scheduled to set sail from a shipyard near Busan, South Korea, and became the world's largest container ship. This ship is so big that it's hard to comprehend without seeing in person. The deck of the Oscar is nearly as big as four football fields laid end-to-end and can carry more than 19,000 shipping containers.

In more tangible terms: this single ship can carry 39,000 cars or 117 million pairs of sneakers. Or, if you prefer, more than 900 million cans of dog food. And it's just the latest stage in the explosive growth of container ships since they debuted in the 1950s.

### How container ships got so huge



Until 1956, most international cargo was manually packed in the holds of shipping boats by dock workers, and manually unloaded when it reached port. But in 1937, North Carolina trucking company owner Malcom McLean grew frustrated by how long this process took as he waited for workers to pack up cotton he'd trucked up to New York harbor, to be sent to Istanbul. McLean had the idea to use cranes to directly load truck trailers onto the ship. It took a while, but in 1956, he debuted the **Ideal X** — the very first container ship, a converted tanker

that could carry 58 containers. The next year, he launched the much-larger **Gateway City**, which could hold 226 containers, stacked in racks. During the 1960s, he launched even bigger container ships, and his company Pan American began to dominate the shipping industry — his system dramatically cut down on time in port, as well as the labor needed to load and unload cargo. The containers also helped secure goods, cutting down on theft. Other companies copied his methods, and shipping containers now come in standardized sizes (they are now 8 feet wide, 20 or 40 feet long, and 8, 8.5 or 9.5 feet tall). By the end of the 1970s, the majority of consumer goods coming to the US were being shipped by container.

Eventually, the trend led to an arms race between shippers, because larger boats meant lower shipping prices per container: roughly the same amount of sailors were needed on a ship regardless of size, and proportionately less fuel per container was needed to move larger ones.

This led to the huge growth in ship size we've seen. To accommodate these giant ships, ports were rebuilt, with vast yards to store the containers, huge cranes to load and unload them, and highway and rail terminals to send them directly on their way. The Panama canal is currently being widened to accommodate larger ships, but even after the project is finished in 2016, it won't be able to fit the Oscar. And today's biggest ships are so huge that they can't actually dock at any American ports — they're used mostly for shipping between Europe and Asia. However, the Nicaragua Canal — if it's ever completed — would be big enough to accommodate these ships, and there are proposals to dredge the Port of Norfolk, among others, to allow them to dock in the United States.



The **MORTEN MAERSK** 1 of the Triple E class units , which shared the record for world's largest container ship in 2013, and can hold 18,000 containers., above seen the **MORTEN MAERSK** moored in Antwerp during the first call at January 7 2015 **Photo : Ir. Herbert Smitz ©**

### **How container ships transformed the world economy**

It's hard to overstate how much all of this has changed the world economy. Before the container ship, transoceanic shipping was so expensive that it didn't make sense to send most goods around the world.

Now, it's cheap — which, combined with free trade policies, means that vendors in wealthy countries like the United States can efficiently take advantage of cheap labor abroad. For the American consumer, it means that the vast majority of goods — shoes, clothes, flat-screen TVs, basketballs, even toothbrushes — come from abroad, via container.



The **CSCL GLOBE** seen handling boxes at Felixstowe during her maiden voyage **Photo : Aled Jones ©**

The US now imports more than 17 million containers of cargo per year, with about 60 percent coming from Asia. The biggest ports — Los Angeles, Long Beach, Newark, and Savannah — each handle more than 2 million containers per year. Recently, companies have even begun shipping bulk food products on container ships.

And the truly amazing thing is that the Oscar probably won't hold the record for long. A different ship — the CSCL Globe — previously set the record in November (and is actually a bit longer and wider than Oscar, but can't carry quite as many container). Meanwhile, a sister ship of identical size is being launched by the same company (Mediterranean Shipping Company) in April. Shipping experts are speculating that ships capable of holding more than 20,000 containers may be built soon. **Source : VOX**



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## PIETER SCHELTE ARRIVED IN ROTTERDAM



top and right, the press boarding around 11:30 the Museum tug **Elbe** at the maasvlakte and during the trip



your photo(s) is / are not included, The giant catamaran-like ship has been moved to Rotterdam where the final phases of construction will take place. The vessel was moved to the Alexia harbour to a specially-designed and dredged berth known as Maasvlakte 2, where the 65-meter long beams of the topside lift system will be installed.

**Right** : Whilst it was pouring rain the vessel approached Rotterdam – **Photo** : **Maarten Versluijs (c)**

At 382 meters long by 124 meters wide, the vessel is arguably one of the biggest ships ever constructed. With help from a slot at the bow

Last Thursday world largest vessel the **PIETER SCHELTE** arrived in Rotterdam after an approximately 7 week voyage from the DSME shipyard in South Korea, at least 4 years under construction, and decades of planning, despite the heavy rain and bad weather a large crowd of spectators went to the Maasvlakte to see the



the 80 press delegates were briefed by the **Tie Schellekens** of the Port of Rotterdam and representative of **Allseas** about the planning for the **PIETER SCHELTE** photo's : **Ben van Brussel (c)** photo left : **Cees van der Kooij (c)**

arrival of the vessel under command of **Capt Carlo**, I have received over 70 photos of the arrival, and i have to make a choice for this clippings, and i am very sorry if



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and a 48,000 tonne lifting capacity, the **PIETER SCHELTE** will be used to install and remove decommissioned topsides and jackets of large offshore oil and gas platforms in the North Sea with a single lift. The vessel is also equipped for laying large pipelines with a capacity that will also make her the largest pipelay vessel.



Photo : Cees van der Kooij (c) [CLICK on the above photo to see Kees Torn's video of the arrival !](#)

The **PIETER SCHELTE** was commissioned by Swiss company **Allseas**, which specializes in offshore pipeline installation and subsea construction, and reportedly cost close to \$3 billion to construct. The vessel has been under construction at the **Daewoo Shipbuilding and Marine Engineering** shipyard in Okpo since 2010 (although early construction even began as early as 2007), **Photo left : Jan Verhoog** © and the concept dates back to 1987 when it was first designed by



**Allseas** founder and chief executive **Edward Heerema**.



Photo : Marlijn Stoutjesdijk



**PIETER SCHELTE** departed DSME on November 17, 2014 with the assistance of tugs. On its journey to Rotterdam, the ship made stops at Singapore and then Cape Town as it passed the Cape of Good Hope.

**Photo left : Dick Smit** ©  
Offshore operations are expected to commence in

the summer of 2015, according to Allseas. **Allseas** is also planning a second, larger ship with a lifting capacity up to 50% greater. **Source : gCaptain**



Above seen the **PIETER SCHELTE** moving stern first into the Alexia Harbour with only 25 mtr free space on each side enroute her special designed moorings, **Photo : Kees Schaap – Capt Elbe ©**

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**Photo : Glenn Käsner ©**

## **Medics to measure offshore passengers' size**

Step Change in Safety, an industry safety group, has announced the measurement strategy for helicopter passengers travelling to and from offshore installations, on the UK Continental Shelf. The strategy follows Step Change's announcement in October 2014 that passengers will be measured by the width of their shoulders, and those whose shoulders measure greater than 22" (55.9cm) will be classified as Extra Broad (XBR). Extra Broad passengers will be required to sit in a helicopter seat that's closest window is compatible with their shoulder size.




According to Step Change, helicopter passengers will be measured by specially-trained medics either on offshore installations or at onshore medical centres. Measurement places will be available from the beginning of February and can be booked through medical providers.

Les Linklater, executive director for Step Change in Safety, said: "This strategy is the simplest and most effective way to make sure helicopter passengers are measured correctly, and that passengers are transported safely to and from offshore installations." The Passenger Size workgroup has worked hand-in-hand with the Civil Aviation Authority (CAA) and has been informed by Dr Arthur Stewart, an expert on anthropometry at Robert Gordon University. Dr Stewart is an internationally-acclaimed expert in this field and we are grateful for his guidance and support throughout the process. "This measurement strategy marks the evolution of helicopter safety and is another major step towards ensuring the UK is the safest oil province in the world to work in." **Source : offshoreenergytoday**



The 2013 built 199 meter long and 32 mtr width **ALOPHYLA** (imo 9613329), outbound at the Westerscheld passing Vlissingen **Photo : Krijn Hamelink ©**



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## **Seychelles Anti-Piracy Exercise**

On Thursday 8 January, a counter-piracy exercise was carried out jointly by the Seychelles Coast Guard, Air Force and Police together with the EU Naval Force Somalia – Operation Atalanta-, and the EU's civilian maritime security capacity building Mission, EUCAP Nestor. The purpose of the exercise was twofold; firstly, to practice cooperation between the Coast Guard, Air Force, the Police and EUNAVFOR Atalanta a joint counter-piracy operation, and secondly to test procedures and routines linked to effective processing of suspected pirates and evidence handling at sea. This to secure compelling evidence that subsequently can be used by prosecution when prosecuting the suspects in court.

The Italian flagship ITS ANDREA DORIA representing EUNAVFOR Atalanta took part in this exercise to test the communication and cooperation between EUNAVFOR and Coast Guard while also providing security on the water and in the air during the boarding operations conducted by the Seychelles Coast Guard.

The exercise involved the boarding of a suspected pirate skiff that had attacked a local fishing boat. The 'pirates' were disarmed and taken into custody, along with evidence from the skiff and subsequently the Seychelles Coast Guard handed over the pirates and evidence to the Police Force represented by police officers from the Maritime Police Patrol unit. In the past two years, EUCAP Nestor has provided basic and advanced training to the SCG, the Police and Air Force on evidence handling and investigation techniques to be prepared for this kind of situation. Embedded court experts and legal workshops connecting prosecutors and law drafters from around the region have also been organized to cover all parts of the process "from crime to court" and to be well prepared to handle piracy and other maritime crime.

“The Seychelles is a showcase for the region in maritime security and counter-piracy and despite the number of pirate attacks may have been reduced significantly the most recent case at the Court of Appeal 12 December 2014 where three Somalis prosecuted for Piracy were all acquitted due to lack of evidence demonstrates the importance of training counter-piracy operations and procedures to securing compelling evidence to successfully prosecute pirates. ” said Bo Holtse Head of EUCAP Nestor Country Office in the Seychelles.

Representatives from international agencies operating in the Maritime Security domain in the Seychelles together with officials from the Chief Justice office and the Attorney General’s office were on board the EUNAVFOR Atalanta ship, receiving the pirates and evidence; this to witness the operation and provide feedback on the exercise as to the fact that evidence collected being admissible in court.

On completion of the exercise, the EU Force Commander Rear Admiral Guido Rando, onboard the Italian Flagship ITS ANDREA DORIA, stated, “Piracy has not disappeared, it is merely contained and so we must not be complacent.

The drop in piracy is very much welcomed, but the EU Naval Force recognises that the current low-level of piracy activity could be reversed if the International Community is to become complacent to the on-going threat. The security situation in and off the coast of Somalia has improved but not changed sufficiently enough and the pirate kingpins’ business model is fractured, but not broken. It is widely recognised that the only way to eradicate piracy permanently in the Somali basin is by assisting the Somalis and other regional nations to strengthen their means to fight piracy ashore and at sea. The EU Naval Force is part of the Comprehensive Approach and we are working with EU sister missions, such as EU CAP Nestor, to strengthen regional states’ maritime security and capabilities. The EU is helping the regional navies/maritime authorities to enhance their maritime capabilities to fight piracy and this is one of the things we are most proud of.” “Evidence must be collected in a proper manner as this is crucial to successful convictions. ” Said Lieutenant Colonel Simon Dine, Commanding Officer Seychelles Coast Guard. “These exercises are extremely valuable as they provide the opportunity for the Coast Guard, Police and Air Force to practice routines and procedures i.e. interagency cooperation and evidence collection that combined will enable prosecution to develop compelling cases against pirates appearing before the Court, here in the Seychelles.” **Source : MarineLink**

## LR classes Pieter Schelte – the world’s largest vessel



The finishing touches are being added to the world’s largest vessel, Allseas’ **PIETER SCHELTE**, at the port of Rotterdam over the next few months. The building of the heavy lift and pipelay vessel has been and continues to be one of Lloyd’s Register’s most ambitious and complex projects. The 382-metre-long vessel, which was built at DSME’s Okpo shipyard in South Korea, is being fitted with her main mission equipment ready for final testing before she becomes operational in around four months’ time.

**Photo: Hans van der Linden**  
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LR has overseen the plan approval, design, building and classification of the vessel since 2007. “The design was

novel in almost all respects, and extreme loading requirements were needed on many elements of this very large ship, leading to high steel grades and heavy plate thicknesses. Equally intense was the effort and energy spent on site at DSME’s shipyard by both the Allseas and Lloyd’s Register teams in order to make sure that the design on paper became reality as we see it now,” says **Edward Heerema**, owner of Allseas **Source: Lloyd’s Register**



## Terror boat' incident: Govt calls meet on on coastal security

In the wake of recent incident involving a Pakistani boat off the Gujarat coast, a high-level meeting has been convened next week to discuss strengthening of maritime and coastal security against threats from sea. The National Committee for Strengthening Maritime and Coastal Security (NCSMCS), headed by Cabinet Secretary Ajit Seth, will meet on January 15 to discuss how to monitor movement of boats and ships in the seas and chalk out strategies to detect suspicious vessels related to terror and smuggling.

The meeting will also discuss how to deal with crimes committed in international waters -- beyond territorial waters -- monitoring of small boats and fishing trawlers and installation of transponders in boats and vessels, according to official sources. Allotment of berthing place on priority for security related vessels and allotment of land for security related buildings in all major and non-major ports, monitoring of landing and navigational points, creation of chain of radars sensors along the coastline will also be discussed.

The committee is expected to give guidelines on security of minor and non-operational ports and involvement of state governments in their security. Out of 203 minor ports, 45 are non-operational and 75 minor ports have no security of any kind. Many of these non-operational ports are used as fishing landing points. Responsibility to provide security to non-major ports rests with the state governments or state maritime boards.

The members of the committee, set up post-Mumbai attack in November 2008, include secretaries in the Ministries of Home, Defence, Shipping, Petroleum, Agriculture and Fisheries, Navy Chief and Chiefs of Intelligence agencies. The meeting bears significance in view of the incident in Arabian Sea, where a Pakistani boat with four people on board was detected by Coast Guard. While being chased, the boat exploded and sank. Defence Minister Manohar Parrikar had said that "circumstantial evidence" indicated that the occupants of the vessel were "suspected or possible terrorists" and that they were in touch with Pakistani maritime officials and Army. **Source : zeenews**

## Maersk Line adds Subic port call to intra-Asia service

By Lee Hong Liang from Singapore

Maersk Line has introduced a call at Subic port in the Philippines on its Intra-Asia 4 (IA4) service due to ongoing port congestion in Manila. The IA4 weekly service now has a call in and out of Subic, with the vessel arriving every Saturday morning and departing on the same day. The service's maiden call at Subic port was on 3 January.

"With port calls in Subic, Manila and Batangas, we now have three weekly port calls in Luzon, which provides our customers with multiple options to choose from," said Erry Hardianto, managing director of Maersk Line Philippines.

Port congestion in Manila had made 2014 a challenging year for the local shipping industry. "Despite the congestion, we have seen strong growth in volumes last year, and growing potential in the manufacturing and electronics sectors," Hardianto said. With a call at China's Yantian port, the IA4 service provides connections to Maersk Line's mother vessel services to Europe, US and other parts of the world. As such, Philippines exporters can also use Subic port as an alternative to Manila.

The full port rotation of the IA4 service is Vostochny, Busan, Kwanyang, Shanghai, Xiamen, Yantian, Hong Kong, Tanjung Pelepas, Singapore, Jakarta, Surabaya, Jakarta, Tanjung Pelepas, Singapore, Subic, Manila, Nansha, Yantian, Kaoshiung, Ningbo, Shanghai, Busan, Vostochny. **Source : seatrade-global**

## **Maersk Training signs agreement with Transocean**

The deal will make the company responsible for administration of all and delivery of certain training for Transocean's offshore crew for a period of at least five years.

The agreement also adds additional operational centres and Maersk Training will now have facilities in ten of the global maritime and offshore production hubs in the world such as Denmark, Norway and Singapore.

Claus Bihl, chief executive of Maersk Training, said: "We have seen a substantial period of growth within safety and operational training, reflecting the oil and gas industry's push forward in terms of safety and efficiency and we are excited about this agreement, feeling convinced that it will reinforce and further strengthen safety and operational performance in the offshore industry." A spokesman for Maersk Training said the significance of training is becoming more evident as the industry sets out to drill in ever harsher environments and deeper waters. **Source : energyvoice**

## **Tanker owners still riding on a high wave**

Tanker owners can count themselves among the lucky ones as 2015 started, as they're still riding the high waves of last year. According to the latest weekly report from shipbroker Fearnley's, in the crude tanker market "it has been a rather positive end of the last year and the start of the new year for the owners. The activity, particularly in the Meg has been active with firming rates combined with plummeting bunker prices on the back of the sharp fall in crude prices. The earnings have varied between low \$50.000 pd to close to \$70.000 pd for Meg/East voyages, levels not seen for a long time but badly needed after the meagre year the owners have behind them. Still brisk activity in the meg with firming rates, though somewhat slower (temporarily) in West Africa whilst Caribbean continues very firm as ships remain thin on the ground".

The shipbroker added that "during the Christmas week activity for Suezmaxes in all Major areas was slow. We have however seen activity in January picking up, but due to ample tonnage availability rates have soften and are now down w15 points basis Td 20 from 31 December. We expect an active third decade in West Africa and with limited VLCC availability we expect to see rates stabilize or even firm from recent levels. In Bsea/Med we expect the same also due to increased delays in Turkish Strait. (it snowed in Istanbul yesterday). Rates for Aframax in the Baltic has increased to ws 140 level at time of writing. Main reason is the tax deduction that came into force for Russian export from January, producing more volumes out of the Baltic. The arrival of ice season has also made an impact on rates although ice so far has been absent due to mild weather, no charterer is willing risk conventional ships fixing forward cargoes. The Med/Bsea Aframax market slowed down significantly before entering the holidays. Momentum very quickly changed in the area and rates came under downward pressure before it seem to have bottomed out at the ws 90 level. At the moment cargo activity is recovering and we see the long list of available ships starting to get absorbed", said Fearnley's.

### **PRODUCT TANKER**

Meanwhile, in the product tanker market, the shipbroker mentioned that "since the start of the new year we have witnessed a mixed market on both sides of the Suez Canal. The TC market has been somewhat quiet during the holidays, but rates remain steady and even appears to be firming. – EAST OF SUEZ – It has been a busy start to the new year for the LR2's in the east so far. Rates on the other hand have remained soft, albeit steady, due to an overhang of available tonnage from the end of last year. At the time of writing it appears that the market has bottomed out and current rates are slightly above last done. During the holidays the LR1's built up a nice momentum, and even though the market has been fairly quiet this week rates are still looking firm on the back of delays and uncertain positions. Notably the spread between LR1 and LR2 is currently at some 35 points in favor of the LR1's, but we expect this gap to close in towards more normal levels in due course. MR's trading MEG/JPN remains unchanged compared to pre-holiday levels. – WEST OF SUEZ Activity has remained steady for the LR2's in the west, and rates have not moved much during the holidays and into the new year. With bunkerprices still sliding, owners however are seeing increased earnings. For the LR1's, rates have come down some 25 points since the pre-holiday bullmarket, but at a good level and seems to have stabilized. The MR market has been quiet throughout the past few weeks, and rates have taken a hit for both ex UKC and ex USG trading. Position lists are looking heavy on both sides of the Atlantic, and rates are still under pressure. Handies trading x-Med and x-UKC have also experienced a softening trend since the holidays, but with a high starting point earnings are still decent for the owners".

**GAS CARRIERS**

Finally, in the market for Gas Carriers, Fearnley's said that "2015 has started with a yawn in the VLGC market, pretty much as forecasted, though. There were a few fixtures concluded over the festive season and in the first week of the New Year at gradually lower rates, taking the Baltic index down to USD 60 pmt. But, as HFO as fallen drastically and concurrent to the crude slide, HFO costs owners less than half of what it was exactly one year ago. Therefore, net TC return to owners is 40% higher as 2015 kicks off compared to the returns 1 year ago when the Baltic was identical. But, more uncertainty lies ahead now (than one year ago) with the weak crude, LPG and Natgas prices and the oversupplied energy markets. There are a couple of Indian LPG cargoes floated this week, but surprisingly only for very late January loading. Other potential charterers have sidelined themselves concerned that what can be a good deal today may look terrible tomorrow, therefore we do not expect any immediate recovery in chartering activity. Under normal circumstances the VLGC fleet supply we see in January should balance demand, but now it is doubtful and we may very well see more idle time ahead", the shipbroker concluded. **Source : Nikos Roussanoglou, Hellenic Shipping News Worldwide**



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The **TERRY** entering the Antwerp Locks – **Photo : Willem Kruit ©**

## Shippers, regulators will be watching closely as alliances launch services

Question: When does two plus two equal 95? Answer: When the two new vessel alliances that will launch their joint services this month join the two existing alliances that are expanding. Together, the 16 container lines that are consolidating their routes and services will control 95 percent of the cargo volumes moving in the major east-west trades. Will this reduce competition as too much market share falls into the hands of alliances, giving them more

control over pricing and vessel capacity, as some critics say? Or will the increasing consolidation of services produce more efficiencies and economies of scale that will enable the carriers to survive in these days of overcapacity and plunging freight rates? There are no clear answers.

Maersk Line and Mediterranean Shipping Co. are scheduled to kick off their 2M Alliance this month with the 22 joint strings they plan to operate on east-west routes. At the same time, the Ocean Three Alliance among CMA CGM, United Arab Shipping Co. and China Shipping will launch five weekly trans-Pacific services, four Asia-Europe routes, four Asia-Mediterranean services, one Asia-U.S. East Coast service via the Suez Canal and one service dedicated to the Gulf of Mexico.

The two new alliances will combine some of the world's biggest ships operated by the largest container lines in joint services that will make them larger than the two existing alliances, the CKYHE and the G6, each of which are expanding to compete. Evergreen has joined with Cosco, "K" Line, Yang Ming and Hanjin in the third-largest alliance. The G6 of APL, MOL, Hyundai Merchant Marine, OOCL, NYK Line and Hapag-Lloyd has expanded its services, but ranks fourth in pooled capacity in the east-west trades.



The **MAERSK KALMAR** enroute Antwerp – Photo : Willem Kruit ©

Beneficial cargo owners are watching how the alliances will impact their supply chains between Asia and Europe and North America. They have already had a look at the network of services announced by the 2M Alliance, but the Ocean Three had not announced its network by mid-December. It takes enormous time and effort to work out the intricate schedules for pooled services, especially considering CMA CGM has not previously consolidated services with China Shipping and UASC, which do share vessels in the Asia-Europe and trans-Pacific trades. Some BCOs think consolidation will enable member carriers to manage capacity more tightly on the major trade routes, putting a floor under rates. But others are more worried that the pooling of services on bigger ships will produce ever more port congestion.

"As you get larger and larger alliances, you are making collusion easier, whether it's legitimate or illegitimate," said the logistics manager for one major U.S.-based importer and exporter. "They are not doing anything nefarious, but alliances make coordination of (vessel) supply easier." If the new alliances result in a tightening of capacity, this would tend to put a floor under freight rates.

Carriers, whether in or out of alliances, are forbidden by antitrust regulators in China, Europe and the U.S. from colluding on freight rates or capacity. But the logistics manager said carriers heed signals from their alliance partners or other large carriers in other alliances, so when one carrier cuts capacity or rates, others tend to follow the leader. The logistics manager foresees more of this pattern. "It can lead to less competition by more signaling," he said. "There will be fewer decision-makers needed to allocate or supply capacity, and fewer opportunities for rogue carriers to upset the balance."

Jorn Hinge, president and CEO of UASC, also made this point, saying service consolidations by the alliances will help sustain rates in the east-west trades, because member carriers will be able to cut capacity by suspending unneeded port calls or entire sailings. "Rather than sailing with ships half full, they will suspend a string," he told The Journal of Commerce.

But some analysts think the advent of the alliances will bring lower freight rates. "We're going to see a constant increase in vessel size, which means a constant lowering of unit costs, so in the long term, we should expect rates to continue to decline," said Lars Jensen, co-founder and CEO of Copenhagen-based SeaIntel Maritime Analysis.

He thinks members of the Ocean Three Alliance may be tempted to cut rates, even at the expense of profitability. "If these guys want to grow market shares, then you are looking at a very volatile environment," he said. "China Shipping is not going to run out of money because the Chinese government is not going to let them go bankrupt. United Arab Shipping is owned by the gulf states, which can certainly supply furnish more capital if they need to." CMA CGM, which is majority owned by the Saade family, also might decide to cut rates to maintain market share because minority

owner Robert Yildirim, is pushing for an initial public offering of stock so he can get his money out of the French line. "It has to come out looking like a success," Jensen said.

The new and expanding alliances could put a cap on freight rate increases in the trans-Pacific and the north-south trades, because carriers already are cascading older, less fuel-efficient tonnage onto those lanes. "That's been going on for several years already, but with all the big ships scheduled for delivery (in 2015), this will continue," said Neil Dekker, director of container research for London-based Drewry Maritime Research.

The Ocean Three Alliance will get the largest injection of new vessel capacity in the next 15 months, taking delivery of 21 vessels with capacities of 12,000 to 15,500 TEUs, according to Drewry. Maersk Line will take delivery of 15 mega-vessels by the end of 2015, which will increase the average size of the ships deployed in the Asia-Europe trade by the 2M to 14,300 TEUs. As a result, Drewry said the alliances would have to cascade 60 ships onto other routes.

BCOs worry about the impact the big ships that alliances are deploying will have on the port congestion that has clogged major gateway ports over the last year.

"I've got a carrier in every alliance, and my biggest concern is the ports where they are going," said Pat Moffett, vice president of global logistics at Vox International. "I'm not focusing on what carriers are forming in what alliances, because I think the service changes are going to be negligible. I'm more concerned about the receiving piers and the real world of chassis availability and the impact of these mega-vessels on ports in the U.S. and overseas."

Moffett doesn't think alliances will have any impact on freight rates or carrier service. He said carriers had coped with port congestion last year as best as could be expected under the difficult circumstances. "If they can maintain that service through the alliances, I'll be perfectly happy," he said.

Elton Poisler, international logistics manager for ocean transport at DuPont, worries that the growth of alliances will mean deteriorating service. "We're seeing more and more consolidations, but we're not seeing crisis planning across the board with ocean carriers," he said at the NIT League Conference last fall. "We've got the 2M now, the G6. What's the deciding factor in selecting an ocean carrier at this point? It's the ability to get goods onto and off ships and meet that service commitment."

Carrier reliability and performance are declining, which is why more shippers are turning to logistics providers and non-vessel-operating common carriers so they can get visibility into their oceanborne cargo, Poisler said. Port congestion could worsen in 2015 as members of the two new alliances take delivery of their new ships. Global container fleet capacity will grow 8 percent by the end of 2015, after a 5.8 percent increase in 2014, according to research firm Alphaliner, while 2015 demand for capacity will only increase 3 to 5 percent. Carriers are scheduled to take delivery of 53 new ships ranging from 13,300 to 19,000 TEUs. These ships account for almost half of total new delivery capacity. They will be will deployed in the east-west trades, with the biggest vessels going to the Asia-Europe trade.

The G6 already calls at U.S. East Coast ports with ships of 8,500 TEUs. Alliance members have told the ports they will call with ships as large as 13,000 TEUs in 2016 when the Panama Canal's new locks open to commercial traffic, according to John Wheeler, vice president of carrier sales at the South Carolina Ports Authority. He said Charleston already has ordered new cranes that can load and unload stacks of 22 to 23 containers across on ships of that size. Carriers already are calling at West Coast with ships of up to 14,000 TEUs.

In themselves, the alliances won't be able to absorb any more of the global overcapacity of vessel space, but they'll make it easier for alliance members to manage capacity. While a single carrier with two or three weekly services on one of the east-west trades can't skip a sailing without causing disruption for its shippers, alliances with combined services can. "If you are an alliance that offers five, six or seven weekly sailings, blanking one of those won't be disruptive because the carriers can move the cargo onto one of the other weekly services," Jensen said. "So from a shipper's perspective, it is beneficial to have a broad portfolio available, and the only way a carrier can do that is through alliances." Shipper groups and regulators are calling for global regulation of carriers and alliances. Federal Maritime Commissioner Richard Lidinsky said the container industry needs a "global regulatory approach" as a counterweight to the size and power of the global carrier alliances.

Anne Lexelius, chairwoman of the maritime section of the European Shippers' Council, also has called for greater monitoring of the global alliances to clarify the impact they have on service levels and pricing. She said global monitoring would produce more transparency and legal certainty for carriers. Other analysts think carriers in alliances will behave because they will be under so much regulatory scrutiny. "Shippers are afraid carriers will start colluding on rates, but the four big alliances are not allowed in any way shape or form to coordinate pricing," Jensen said. In the end, he thinks alliances are a necessity if carriers hope to turn a profit. "The question shippers have to ask themselves is: Can they expect carriers to keep losing money? The carriers clearly need to focus on lowering costs, and the alliances are a way of doing that." **Source : Journal of Commerce**



## Holland America Line's ms Zuiderdam Rescues Eight Crewmembers From Sinking Vessel in the Caribbean



The **ZUIDERDAM** – Photo : Herbert Westerwal ©

At 2:10 a.m. Jan. 3, 2015, while en route to Oranjestad, Aruba, Holland America Line's ms **ZUIDERDAM** answered a distress call from the Bahamian inter-island vessel **Excalibur** that was sinking with eight crewmembers onboard. **Zuiderdam** was approximately 15 miles away and the closest ship in the area. **ZUIDERDAM** altered course and was able to successfully execute a nighttime rescue of all eight crewmembers at 3:01 a.m. The ship brought them onboard and provided food and accommodations. The rescued crewmembers debarked in Aruba on Jan. 5. "Congratulations to the officers and crew onboard **ZUIDERDAM** for their quick response that saved the lives of eight people," said Orlando Ashford, president of Holland America Line. "We are proud to be able to come to the rescue when called upon, and it's even more gratifying when everything goes as smoothly as this operation did." **ZUIDERDAM** currently is in the middle of a 10-night Panama Canal cruise roundtrip from Fort Lauderdale, Fla., that departed Jan. 2 with calls at Half Moon Cay, Bahamas; Oranjestad, Aruba; Willemstad, Curacao; and Puerto Limon, Costa Rica in addition to a partial Panama Canal transit. In addition, on Jan. 4 ms **ZAANDAM** came to the aid of seven crewmembers from the sailing yacht **Polonus** that were staying at the Arctowski Polish research station at King George Island in Antarctica. The crew, all Polish nationals, were stranded after their yacht went aground. They are being taken to Buenos Aires, Argentina, and will disembark Jan. 11. Holland America Line's fleet of 15 ships offers more than 500 cruises to 415 ports in 98 countries, territories or dependencies. One- to 110-day itineraries visit all seven continents and highlights include Antarctica, South America, Australia/New Zealand and Asia voyages; four annual Grand Voyages; and popular sailings to ports in the Caribbean, Alaska, Mexico, Canada/New England, Europe and Panama Canal. The line currently has a new 2,650-guest ship, ms **KONINGS DAM**, on order for delivery in February 2016 from Fincantieri shipyard.



## Marine Technic ordered Pronomar's electrically heated boot dryer for Maersk Viking



Pronomar is pleased with the first order of Marine Technic for the **MAERSK VIKING**. Marine Technic is a major supplier of spare parts and technical equipment for the maritime industry worldwide. The **MAERSK**

**VIKING** is a 228m long drill ship and is currently located on the Gulf of Mexico. The **MAERSK VIKING** has a rated water depth of 3,600 meters and a rated drilling depth up to 1200 meters. The vessel has been operational since 2014 and can accommodate up to 230 people. The electrically heated boot dryer which was purchased by Marine Technic, can dry up to 10 pairs of boots or gloves. The drying panel is made out of nearly indestructible stainless steel, ideal for drill ships like the **MAERSK VIKING**. Because of the round hangers the boots are evenly dried. The round hangers also prevent the boots from rotating and getting damaged while simultaneously drying the shoes evenly. Dry work boots not only provide improved working conditions but also higher staff motivation and a reduction of diseases among the crew. Are you also interested in Pronomar's dryers and would you like to find out more? Please visit [www.pronomar.com](http://www.pronomar.com) and contact **Pronomar** for more information.



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## Maybank IB Research sees values emerging in selected O&G stocks

Maybank Investment Bank Research sees values emerging in selected oil and gas-related stocks amidst the recent fall in share prices. "Some selected stocks, in our view, are oversold with minimal downside risk in terms of earnings delivery and default risk. "While interest on O&G stocks is likely to be at the sideline until oil price stabilises and market adjusts to the new oil price order, we advise investors to position for key picks ahead of recovery," it said on Thursday. Maybank Research advocates a focus on oil service providers in the production phase, which are less sensitive to oil price movements and capex cuts given their steady, long term contracts exposure.

It pointed out producing fields will continue to operate for they need to incur just opex and not capex to sustain brownfield activities.

The research house said it adjusted down its new oil price assumption to US\$70 to US\$75 a barrel.

It lowered earnings forecasts of eight companies (Alam Maritim, Barakah, Icon, MMHE, Perdana, Perisai, SapuraKencana Petroleum and UMW Oil and Gas).

It lowered the target prices of 9 stocks (Alam, Barakah, Icon, KNM, MMHE, Perdana, Perisai, SapuraKencana, UMW-OG). Maybank Research upgraded three stock calls (two to Trading BUYs, one to HOLD).

"Some, in our view have been oversold and are trading at below replacement values amidst downgrades in earnings.

"Dialog (dedicated tank terminal and re-gas ops), Yinson (FPSO), BArmada (FPSO) and Perdana (brownfield OSVs) are our key tactical BUYs," it said. Of these, Dialog is the only Shariah compliant stock (a scarcity premium) while Perdana is an acquisition target. It expects consolidation to set in with several opportunistic M&A potentials, notably at the OSV and FPSO space.

However, downside risks to 2015 earnings include (i) persistent high volatility in oil price, (ii) sustained low oil price level at sub US\$60, (iii) contract replenishment due to delays, suspension of new projects and (iv) cost overruns and higher opex. Maybank Research revised down again, earnings forecasts for all oil & gas stocks under coverage (except Dialog, KNM, Wah Seong and Yinson) and adjusted their target prices accordingly following further cuts in its average crude oil price assumption to US\$70 to US\$75 from US\$80-US\$85. **Source : The Star**



A stranger in the afternoon sighted on Oude Maas, the French tug **RMT PENFRET** enroute Stellendam

**Photo : Henk Ros ©**

## Asia Tankers-Charterers to temper VLCC owners' Mideast rate ambitions

By Keith Wallis

Rates for very large crude carriers (VLCCs) on key Asian routes are likely to hold steady at underlying levels next week as charterers curb owners' exuberance to push rates higher, brokers said. Most of the January fixture programme from the Middle East has been concluded and February cargoes have yet to be released, brokers said. Underlying rates for a VLCC voyage from the Middle East were between 66-69 on the Worldscales measure depending on the final destination, a Singapore-based VLCC ship broker said. "Owners' sentiment is super-strong but there is not enough cargo to push rates higher than the mid to high 60s," the broker said. "Rates might be topping off a bit," he said on Friday. VLCC rates from the Middle East to Japan hit W81 on Dec. 27, the highest level since February 2011. The broker estimated the number of remaining January charters was lower at around eight with slightly more than 120 fixtures likely for the whole month. He said PTT paid a higher rate to charter the 318,000 deadweight tonne (dwt) Sea Lynx this week because it was an urgent replacement for a tanker that could not carry out the fixture. PTT paid more than W73 to fix the Sea Lynx. "They had to do something," he said. Kevin Sy, tanker derivatives broker at Singapore's Marex Spectron, said the number of cargoes awaiting fixture could be higher with up to 20 cargoes still to be come out for January loading on top of the 112 that had already been concluded. "It's still pretty busy. Rates could still inch up," he told Reuters on Friday. Rates from West Africa could stabilise or firm up because of limited availability of VLCCs, said Norwegian ship broker Fearnley in a note on Wednesday. VLCC rates for the benchmark route from the Middle East to Japan were W69 on Thursday, equivalent to \$81,440 per day, having risen since Jan. 2. Rates for West Africa to China were near W68 on Thursday after climbing since Jan 5 although the pace of increase had started to ease. They hit W72.5 on Dec. 17, the highest since March 14, 2011. In other trades, rates for 80,000-tonne Aframax tankers from Southeast Asia to East Coast Australia had started to inch up to W103 on Thursday after a steady fall since the end of November. Clean tanker rates from Singapore to Japan were W120.5 on Thursday, after reaching a five week peak of almost W121.5 on Jan. 2. Source : Reuters (Reporting By Keith Wallis; Editing by Anupama Dwivedi)



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## China's COSCO to terminate Octabuoy

**COSCO Corporation (Singapore) Ltd**, one of China's biggest shipbuilders, said on Friday that it has decided to discontinue the construction of an offshore production platform that has failed to attract buyers. COSCO won the contract to build the hull of the semi-submersible unit, known as the Octabuoy, in 2008. The owner, ATP Oil & Gas (UK) later filed for bankruptcy, leaving COSCO to find a buyer for the octagonal platform. COSCO said it had failed to find a buyer for the vessel, and the termination of the project will result in a one-off charge of about S\$90 million for the company for the financial year ended Dec 31. "The steep fall in crude oil prices over recent months has had an

adverse impact on the global offshore marine industry," the company said in a statement. "This has made it even more difficult to secure a buyer for the Octabuoy as industry players have cut back even further on new orders."

Source : Reuters : (Reporting by Rujun Shen; Editing by Clarence Fernandez)

## **NAVY NEWS**



**HMS BELOS** heading north in a rainy and windy Sound 8 January 2015. **HMS BELOS**, loaded with two COMBATBOAT 90HS and other equipment for Sweden's fourth participation in Operation Atalanta, is heading to Den Helder. The Swedish contribution, to Operation Atalanta, consists of crews for one helicopter and the two **COMBATBOAT 935** and **943**, total including staff approximately 70 people. Participation in Operation Atalanta is made together with the Netherlands. In Den Helder, all equipment is to be loaded on board the Amphibious Landing Dock **HNMLS JOHAN DE WITT**. When all units are assembled on board the **HNMLS JOHAN DE WITT** exercises will be held in Holland before they sailing to the Gulf of Aden. **Photo : Per Körnefeldt ©**

## **New Navy Ship Makes Appearance in Vallejo**

Designated as the first Mobile Landing Platform ship, the **Montford Point** is part of a new breed of ship built for the United States Navy, while being modeled after the Alaska-class crude oil carrier design. This design allows for huge areas of open space in the middle of the ship for the transport of large items.

"The MLP is a flexible platform that will provide capability for large-scale logistics movements such as the transfer of vehicles and equipment from sea to shore," said Secretary of the Navy Ray Mabus in a 2012 press release. "It will significantly reduce dependency on foreign ports and provide support in the absence of any port, making it especially useful during disaster response and for supporting Marines once they are ashore."

The ship includes a vehicle staging area, sideport ramp, large mooring fenders and up to three landing craft air cushioned vessel (LCAC) lanes, as an auxiliary ship to be used as a floating pier in the event of tactical operations.

While making a noticeable appearance in Vallejo, the meaning behind the ship's name is also an important feature and holds special meaning for many Americans.

"The **USNS Montford Point** honors the approximately 20,000 African-American Marine Corps recruits who trained at the North Carolina facility from 1942-1949," according to the same press release. "Their exceptional service prompted President Truman to sign an executive order in 1948 ending segregation in the U.S. military services." "There aren't too many places to park it (in the area)," Christina Snyder, executive vice president of contracts with Mare Island Dry Dock, said with a laugh by phone Tuesday morning. She also said that the ship is bringing attention to the repair services provided by the Mare Island Dry Dock company, which operates Dry Dock number 2 and 3 over 18 plus acres of land at the former naval base. Built in 2012, the **USNS Montford Point** is not alone, as she has two siblings. The **USNS John Glenn**, completed in early 2014, honors John Glenn, a decorated Marine Corps pilot, astronaut, and U.S. Senator. The final auxiliary support ship is the **USNS Lewis B. Puller**, named in honor of Lt. Gen. Lewis "Chesty" Puller, the most decorated Marine in history and the only one to be awarded five Navy Crosses, according to the same Navy press release. The **USNS Lewis B. Puller**, completed in the end of 2014, is different from the **USNS Montford Point** and **USNS John Glenn**, because the third ship will also be used as an afloat forward staging base.

Snyder confirmed that the **USNS Montford Point** will be docked at Mare Island for the next 60 days for some light repairs before getting back to service. **Source : Military.com**



French Corvette **COMMANDANT DUCUING (F795)** spotted off Haifa – Photo : Peter Szamosi ©

## **Another guilty plea and another indictment in Glenn case**

A commander in the U.S. Navy pleaded guilty to federal bribery charges in the Glenn Marine scandal yesterday, while a second U.S. Navy officer was indicted on related bribery charges by a federal grand jury in the Southern District of California.

Jose Luis Sanchez, 42, an active duty U.S. Navy Officer stationed in San Diego, California, is one of seven defendants charged – and the fifth to plead guilty – in the corruption probe involving Glenn Defense Marine Asia (GDMA), a defense contractor based in Singapore that serviced U.S. Navy ships and submarines throughout the Pacific. Sanchez pleaded guilty to bribery and bribery conspiracy before U.S. Magistrate Judge David H. Bartick of the Southern District of California. A sentencing hearing was scheduled for March 27, 2015, before U.S. District Judge Janis L. Sammartino.

In the related case, an indictment was returned against U.S. Navy Captain-Select Michael Vannak Khem Misiewicz, 47, of San Diego, California, charging him with a bribery conspiracy and seven counts of bribery. According to allegations in the indictment, from at least as early as July 2011 until September 2013, Misiewicz provided classified U.S. Navy ship schedules and other sensitive U.S. Navy information to GDMA CEO Leonard Glenn Francis and used his position and influence within the U.S. Navy to benefit GDMA. In return Francis allegedly gave him things of value such as cash, travel and entertainment expenses, and the services of prostitutes.

According to his plea agreement, from April 2008 to April 2013, Sanchez held various logistical positions with the U.S. Navy's Seventh Fleet in Asia. Sanchez admitted that, beginning in September 2009, he entered into a bribery scheme with Leonard Glenn Francis, the CEO of GDMA, in which Sanchez provided classified U.S. Navy ship schedules and other sensitive U.S. Navy information to Francis and used his position and influence within the U.S. Navy to benefit GDMA. In return, Francis gave him things of value such as cash, travel and entertainment expenses, and the services of prostitutes. Sanchez admitted that this bribery scheme continued until September 2013.

Francis was charged in a complaint unsealed on Nov. 6, 2013, with conspiring to commit bribery; that charge remains pending.

In his plea agreement, Sanchez admitted to seven specific instances in which he provided Francis with classified U.S. Navy ship and submarine schedules. He also admitted using his position and influence with the U.S. Navy to benefit GDMA and Francis on various occasions. Further, Sanchez admitted that he tipped Francis off about investigations into GDMA overbillings and briefed Francis on internal U.S. Navy deliberations. Sanchez further admitted that, in exchange for this information, Francis provided him with cash, entertainment and stays at high-end hotels. For example, in May 2012, Francis paid for Sanchez to stay five nights at the Shangri-La, a luxury hotel in Singapore, and, two months later, Francis paid for Sanchez's travel from Asia to the United States, at a cost of over \$7,500. Additionally, Francis arranged and paid for the services of prostitutes for Sanchez while Sanchez was in Singapore and elsewhere in Asia.

"Commander Sanchez sold out his command and country for cash bribes, luxury hotel rooms, and the services of prostitutes," said Assistant Attorney General Caldwell of the Justice Department's Criminal Division. "After today's guilty plea, instead of free stays at the Shangri-La hotel, Sanchez is facing many nights in federal prison. The Department of Justice's Criminal Division is committed to prosecuting those who abuse positions of public trust for personal enrichment at the expense of national security and the American taxpayers."

In addition to Sanchez, two other U.S. Navy officials – former NCIS Special Agent John Beliveau and Petty Officer First Class Dan Layug – have pleaded guilty in connection with this investigation. Two former GDMA executives, Alex Wisidagama and Edmond Aruffo, have likewise pleaded guilty.

"During the course of the investigation into this criminal enterprise, investigators have compiled voluminous evidence identifying multiple persons of interest, generating numerous leads, and establishing and corroborating connections," said Director Andrew L. Traver of the Naval Criminal Investigative Service (NCIS). "NCIS and our law enforcement partners are committed to seeing this massive fraud and bribery investigation through to its conclusion, so that those responsible are held accountable." The ongoing investigation is being conducted by NCIS, DCIS and the Defense Contract Audit Agency. **Source : MarineLog**

## **Indonesia Navy Limitations Exposed in AirAsia Plane Search**

Indonesia's hunt for the wreckage of a downed AirAsia Bhd (AIRA) jet is exposing the constraints on its navy as President Joko Widodo seeks to transform his nation into a major maritime power. Widodo, the former Jakarta governor known as Jokowi who took office in October, has likened himself to a "captain trusted by the people." He's laid out an ambitious vision that spans the development of the fishing industry, improved port infrastructure, stronger sea defenses and better diplomacy as it deals with illegal fishing, territorial disputes and piracy.

Key to that plan is modernizing and expanding a navy that patrols the waters of the world's biggest archipelago, a string of more than 17,000 islands that would stretch almost from New York to London. Indonesia has long focused the bulk of its defense spending on ground forces as it dealt with internal security threats, leaving the navy short of ships, manpower and technology. "There has been a general recognition that Indonesia's navy has for a long time been inadequate for an archipelago as sprawling as Indonesia," said Ken Conboy, country manager at RMA Indonesia, a Jakarta-based risk management firm. "These shortcomings are all the more glaring given Jokowi's vision for Indonesia to become a greater regional maritime power."

Joko Widodo, Indonesia's President, has said he wants to boost defense spending to 1.5 percent of GDP.

As it hunts for more pieces of the AirAsia plane that went down Dec. 28, including the flight data recorders, Indonesia has been quick to call on countries including the U.S., China, Russia, Australia, Singapore and Malaysia to send planes, ships, divers and high-tech equipment to assist. Indonesia has five vessels equipped with hydrophones to try to pinpoint the black box, while the USS Fort Worth is using high-frequency side-scan sonars to do the same. A ping that could be coming from the black box was detected today, Detik reported.

While such a search would test the capabilities of even larger navies it has exposed some of Indonesia's weaknesses, such as problems with nighttime and all-weather searches and a lack of equipment to conduct sophisticated aerial maritime surveillance or underwater search and salvage missions, said Collin Koh, an associate research fellow at the S. Rajaratnam School of International Studies in Singapore who studies the modernization of Southeast Asia's navies.

"They will have mobilized the bulk of their most sophisticated hardware, which also means that the Indonesian navy is actually pushing its capacity to its limits," Koh said. "They have to still patrol the other areas against illegal fishing, it has to even contribute a ship to Lebanon for a peacekeeping operation," he said. "If they have committed so much to this search, then what gives?"

### **213 Ships**

Indonesian seas touch both the Pacific and Indian oceans and include parts of the South China Sea, where an increasingly assertive China is locked in territorial disputes with multiple nations and claims waters near Indonesia's Natuna Islands. It shares maritime economic boundaries with at least 10 countries, including India and Australia, and its waters take in the Straits of Malacca, one of the world's busiest shipping lanes. Indonesia's navy has 65,000 personnel and a fleet that includes 25 corvettes, 20 fast attack craft, nine minesweepers, six frigates, five amphibious landing ships, two submarines, and a number of smaller patrol craft, said Ridzwan Rahmat, a senior reporter with IHS Jane's Navy International in Singapore.

It has 213 ships in total, including more than 70 patrol and coastal combatants, Brian Harding, director for East and Southeast Asia at the Washington DC-based Center for American Progress, said in a World Politics Review interview published in December.

"However, the sum is less than its parts, with less than half of the vessels combat ready and most not well integrated," Harding said. "Most ships were commissioned decades ago and are in need of replacement. Command and control is

extremely weak, and sustainment and logistics are underdeveloped. The overall result is that the Indonesian navy is, largely, undeployable.”

### **Defense Spending**

The previous administration of President Susilo Bambang Yudhoyono put in place a Minimum Essential Force plan in 2009 that calls for an overhaul of the armed forces by 2024, including a 274-ship navy that among other improvements would feature more submarines and corvettes. Jokowi has said he wants to boost defense spending to 1.5 percent of gross domestic product. The 2015 budget, put in place by Yudhoyono, allocates 96.8 trillion rupiah (\$7.6 billion) for defense, which is 7 percent of government spending and 0.9 percent of GDP. Jokowi is in the process of revising that budget.

Ryamizard Ryacudu, Indonesia’s new defense minister, told reporters Jan. 7 that the military had adequate equipment that was all effective. He said the new Jokowi defense budget would increase this year but not by much.

### **‘Threat Level’**

“Defense procurement will be based on the threat level,” he said. “We will not merely spend money irresponsibly. There might be some delays in procurement that we don’t need because it was not justified with the threat level. The defense procurement is not for showing off.” Spending on equipment for the navy in Indonesia, which in the 1960s was considered a regional power, was tempered after the economic crisis of the late 1990s and the fall of former dictator Suharto in 1998, Koh said. Things started to improve and better equipment was added after Yudhoyono took office in 2004. “I think we can see quite a bit of difference between then and now,” Koh said. “There are still shortfalls in certain areas. The Indonesian navy is a small navy by comparison with its geographical expanse. So there are some areas where the Indonesian navy cannot bridge the gap.”

### **Missile Frigates**

Indonesia is due to add more modern warships in coming years, including two 105-meter (344 feet) SIGMA 10514 guided missile frigates built jointly with Dutch shipbuilder DSNS and three Chang Bogo Class diesel-electric attack submarines that will be jointly produced with South Korea, said Rahmat. Last year it added three Bung Tomo Class corvettes that have torpedo launchers. Rather than buying high-priced items like submarines, Indonesia should focus its resources on more immediate challenges and invest in smaller patrol vessels better suited to dealing with illegal fishing, as well as manned and unmanned aerial maritime surveillance, Koh said. “The issue here is the funding and of course whether or not the government will continue to give more support,” he said, noting that truly modernizing Indonesia’s navy would require billions of dollars in investment and possibly take several decades. “Indonesia doesn’t have an enviable job.” **Source : Bloomberg**

## **SHIPYARD NEWS**

**Challenges secured**

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## **Philippines' Subic Shipyard books \$5B in Sales**

Hanjin Heavy Industries is trying hard to retain its leadership by reviving the shipyard in Subic Bay, the Philippines. Since running at full capacity in 2009, the Subic Shipyard has won orders continuously, surpassing \$5 billion dollars in sales in 5 years HHIC-Phil’s Subic Shipyard is the largest shipyard in the Philippines with 300 ha in total area, which

opened in Subic Bay in 2009. In just five years, the company reached US 5 billion dollars in sales and strengthened its leading position in the Philippines, says a company press release. In five years it was able to strengthen its leading position in the Philippines.

Located 110 kilometers northwest of Manila, the shipyard is 11 times larger than that for Hanjin's Yeongdo dockyard. Ahn Jin-gyu, Hanjin Heavy Industries Corp. Philippines head, said in a statement: "We can build 10,000-TEU containers at Subic, which is unimaginable in Yeongdo. Thanks to this large capacity, we have been able to sign deals to build five 11,000-TEU containerships." HHIC features all kinds of state-of-the-art facilities including ultra large dock (550m in length, 135m in width), ten 4km-long quays, ultra-large gantry cranes and automated assembly lines with 600,000 DWT of annual shipbuilding capacity.

"Thanks to these successes, the Philippines is now the world's top four shipbuilder in the world. According to statistics announced by Clarksons, the world's leading provider of integrated shipping services in the UK, HHIC-Philippines' Subic Shipyard first entered the top 10 shipbuilders in the world in terms of orderbook," HHIC added. **Source : MarineLink**



Another beautiful photo of the launch of the **BRITOIL POWER** in Batam **Photo : David Hill (Britoil) ©**

## **S Korean shipbuilders pessimistic about 2015**

Instead of aggressive order-taking, South Korean shipbuilders may only strive to maintain current order backlogs in 2015, said an analyst in a research note. Youngsoo Han of Samsung Securities said, "After reviewing New Year messages from CEOs of Korea's big three shipbuilders - Hyundai Heavy Industries (HHI), Samsung Heavy Industries (SHI), and Daewoo Shipbuilding & Marine Engineering (DSME), it has become clear that all of them have more conservative industry outlooks than they did in 2014."

Han continued, "Jaeho Ko, CEO of DSME, and Ohgap Kwon, CEO of HHI, both worry about oil price declines and the sluggish global economy. They also stressed the possibility of greater competition with players in China and Japan. There has been no mention of foreign competitors in their 2014 messages. Daeyoung Park, CEO of SHI used a meaningful word: 'survival', in his message, hinting a conservative view of the industry outlook." In the case of DSME, the shipbuilder changed its ambition into a more realistic one, although it was the most successful among the big three in 2014. Han explained, "Last year, DSME's CEO Ko said the shipbuilder would strive to transform into the world's top shipbuilding and offshore EPC [engineering, procurement, and construction] player, but this year's message focused on strengthening presence as a dominant commercial vessel player, a leading offshore firm, and an emerging defence market contender." The analyst concluded, "Their pessimistic messages were disappointing. With most shipbuilders seeing order backlogs contract, the industry could suffer from downward sales and earnings forecast revisions."

**Source : .ihsmaritime360**



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## TSUNEISHI SHIPBUILDING Delivered an 82,000-mt D/W Type Bulk Carrier as 200th KAMSARMAX Bulk Carrier



On January 7th, 2015, **TSUNEISHI SHIPBUILDING Co., Ltd.** (headquartered at Hiroshima Prefecture in Japan) delivered the 82,000-mt D/W type bulk carrier **ULTRA LION** as 200th KAMSARMAX BC. Said vessel --- branded "KAMSARMAX," an original design developed by **TSUNEISHI SHIPBUILDING**, --- marks the 200th ship of the same model produced by the company. Built particularly by

TSUNEISHI GROUP (ZHOUZHAN) SHIPBUILDING, Inc. (<http://www.tsuneishi-zs.com/en/>) in China, the ship is to be delivered to buyer KAMBARA KISEN Co., Ltd.

The first KAMSARMAX bulk carrier was completed in February of 2005. 9 years, 11 months, and 200 ships later, the KAMSARMAX vessels account for the top share of more than 28%\* of all the 80,000- to 84,000-mt class bulk carriers that have been built since 2000 all over the world. A quick response to new international rules and improvements in performance quality, such as fuel efficiency, has led to this ship's popularity, resulting to more orders being made for this particular model. As of the end of December 2014, the company's order book reflects a number closely approaching 300, making the KAMSARMAX the best-selling ship ever of TSUNEISHI SHIPBUILDING. The KAMSARMAX bulk carrier was the international maritime industry's first ship type to increase the deadweight of Panamax bulk carriers (vessels whose structural dimensions make them capable of traversing the Panama Canal) from the 70,000-mt class to more than 80,000-mt, and is simultaneously responsible for increasing transportation efficiency of vessels. With a higher fuel efficiency due to having enhanced features that reduce wave and wind resistance, this model has been received well by many customers both in Japan and overseas.

Ever since the first design model was fully accomplished in 2002, we have kept ourselves abreast of international rules, developing products that not only comply with current regulations, but also match and satisfy the user's needs. In joint studies with the research institutes of Hiroshima University and the Monohakobi Technology Institute, data was gathered from tests using large towing tanks and 1/10 scale models to recreate real sea conditions in order to find optimal solutions in improving the vessel's energy-saving capabilities and propulsion performance. Features like the MT-FAST (to improve propulsion efficiency) and SEAWORTHY (to reduce wave resistance) were introduced in the 2006 improved model of the KAMSARMAX. In 2010, the model was further enhanced with a high-efficiency, low-vibration propeller developed with TOP-GR technology which, together with the refined hull shape, boosts propeller propulsion capability, as well as having an engine that complies with the NOx emission reduction regulation. The 2012 KAMSARMAX is a ship that made standard the electronically-controlled engine in all subsequent products of TSUNEISHI SHIPBUILDING, including cost-effective fuel consumption functionality. Mr. Kenji Kawano, President of TSUNEISHI SHIPBUILDING, wishes to convey our group's message of thanks: "We would like to express our profound gratitude to our many customers and suppliers for their significant support that has allowed us to build 200 KAMSARMAX bulk carriers since 2005. We wish to devote the passion and energy of our group's shipbuilding bases in Japan, the

Philippines, and China into pursuing fuel efficiency, propulsion performance, and easy cargo handling in every ship we design and deliver, paving and leading the way in the worldwide maritime industry." The number of 80,000 mt to 84,000 mt bulk carriers built between 2000 and 2014. Compiled by **TSUNEISHI SHIPBUILDING** based on data from "Clarkson Shipping Data 2014/3rd Quarter". **Source : businesswire**

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The **CITRON** approaching the IJmuiden locks assisted by the **FRIESLAND** and **BERNARDUS**  
**Photo : Peter Maanders – Port Towage Amsterdam ©**

## PortMiami breaks another cruise passenger record wth 4.8M

In the 2014 cruise season MSC Cruises began sailing one of its newest ships, **MSC Divina**. Additionally, PortMiami welcomed Norwegian Cruise Line's newest ship, the **Norwegian Getaway**. PortMiami's cruise future looks even brighter. New for 2015 is the arrival of Norwegian Cruise Line's 4,300-passenger new-build ship, the **Norwegian Escape**. The Escape will sail year-round from PortMiami beginning November 2015. Many of PortMiami's current cruise partners also are expanding their Miami fleets. Carnival Cruise Lines' **Carnival Splendor** recently started sailing yearround from Miami. Aida Cruise Line also is adding three cruise ships to its lineup, Aida Mar, Aida Vita and the Aida Diva. Additionally, Costa Cruises will introduce a second seasonal vessel to Miami, the **Costa Mediterranea** "Cruise passengers are essential to the continual growth and development of the tourism industry in Miami-Dade County," said Mayor Carlos A. Gimenez. "Cruise passengers contribute millions of dollars to our local economy annually including air travel, hotel nights, entertainment and shopping," the mayor added. "PortMiami offers passengers enticing vacations for every taste and budget," said port director Juan M. Kuryla. "Additionally, our facilities are the most modern in the world. We want passengers to begin their vacation experience the minute they arrive to our port. PortMiami's No. 1 priority is our customer." For Fiscal Year 2015, PortMiami will service 34 ships and 15 different cruise brands, including: Aida Cruises, Azamara Club Cruises, Carnival Cruise Lines, Celebrity Cruises, Costa Cruises, Crystal Cruises, Disney Cruise Line, Hapag-Lloyd Cruises, MSC Cruises, Norwegian Cruise Line, Oceania Cruises, P&O Cruises, Regent Seven Seas Cruises, Resorts World Bimini and Royal Caribbean International. **Source : communitynewspapers**

## STEALTHGAS INC. announces the sale and leaseback of one of its vessels, five new charter arrangements and an update on the share buy back program

**STEALTHGAS INC.**, a ship-owning company primarily serving the liquefied petroleum gas (LPG) sector of the international shipping industry, announced the sale and leaseback of one of its vessels, five new charter arrangements and an update on the share buy back program, the company said in its press release.

Pursuant to its share repurchase program previously announced in November 2014 the Company has, up to today, repurchased 1,075,078 shares of its common stock at an average price of \$6.28 per share for a total consideration of \$6.8 million. The Company entered into a sale and leaseback agreement for one vessel in its fleet, the 7,517cbm, built 2001, LPG carrier, **GAS CATHAR** in the fourth quarter of 2014. The proceeds from the sale of the vessel are \$14.3 million and net proceeds after debt repayment are approximately \$7 million. The Company will continue to operate the vessel and entered into an agreement to bareboat charter back the vessel for four years.

The Company also announced the conclusion of the following chartering arrangements:

- A one year time charter extension for its 3,434 cbm, 1991 built, LPG carrier, **GAS ICE**, to an established owner-operator.
- A one year time charter for its 5,000 cbm, 2011 built, LPG carrier, **GAS MYTH**, to an European oil major, with a charterer's option to extend for a further two years.
- A three month time charter extension for its 3,500 cbm, 2014 built, LPG carrier, **ECO CORSAIR**, to an established operator.
- A three month time charter for its 5,018 cbm, 1997 built, LPG carrier, **GAS MONARCH**, to an international trading house.
- A three month time charter for its 3,500 cbm, 2015 built, LPG carrier, **ECO LUCIDITY**, to an international trading house starting with the delivery of the vessel in January 2015.

With these charters, the Company has contracted revenues for its fleet of approximately \$220 million. Total voyage days of our fleet are 65 pct covered for 2015 and 31 pct for 2016. Seven vessels are currently operating in the spot market. **Source : Portnews**

## MARITIME ARTIST CORNER



Above seen the latest work of Maritime artist **Frits Janse** the **FAIRMOUNT SHERPA** and **FAIRMOUNT SUMMIT** sail on together Painted in acrylic on canvas 50 x 70 cm

The **FAIRMOUNT CLASS**, 16,320 BHP are powerful long distance ocean going anchor handling tugs. With 205 tonnes bollard pull, these tugs are designed to handle the heaviest and most difficult assignments in total safety. Build in 2005 and owned by Fairmount / Boskalis BV, Papendrecht, Netherlands

[Click HERE for the LIVE STREAM WEBCAM in Hoek van Holland Berghaven](#)

**.... PHOTO OF THE DAY ....**



KOTUG's **SD SEAL** operating off Hoek van Holland  
Photo : Wim Kosten – [www.maritimephoto.com](http://www.maritimephoto.com) (c)

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