



SHIPPINGNetwork

The official magazine of the Institute of Chartered Shipbrokers

Promoting professionalism in the shipping industry worldwide

Issue 48 March 2017



Making the next rotation

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A special relationship with roots in the 1960s

John Foord explains why FONASBA and the Institute are inextricably connected



John Foord

As a Fellow of the Institute, and previously chairman of both Federation Council and the East Anglia Branch, it is both an honour and a privilege for me to be invited to write the introduction to this issue of *Shipping Network*, following my election as president of FONASBA (Federation of National Associations of Ship Brokers and Agents).

Many readers will know that FONASBA and the Institute have been inextricably linked since an international shipbrokers' and ship agents' association was first mooted in the early 1960s. As these initial ideas came together it was perhaps fitting – and some might say inevitable – that as the international professional organisation representing our sector, the Institute would be the natural choice to host and lead the fledgling organisation through its formative years. This came to pass and FONASBA was founded on April 23, 1969 in the offices of the Institute.

The first president was Eric Roberts FICS and the general manager was N C Cowland, who was also the secretary of the Institute. FONASBA was administered by the Institute until December 1989 when it moved to Rotterdam, then returning to the Institute again in January 2000.

“As well as reacting to threats to our commercial livelihood, organisations such as FONASBA and the Institute also support companies in their drives to ensure that there is a constant supply of well-educated and appropriately trained staff coming up through the ranks”

Over the nearly fifty years of FONASBA's existence, the Institute has provided five presidents, including myself, and hosted four annual meetings including the 2016 meeting in London. No other FONASBA member comes near to matching those feats. Our current general manager is also a Fellow of the Institute and this ensures that no matter how FONASBA expands internationally, its ethos, principles and conventions will continue to be linked to the way our Federation is run as we move beyond the first half century of our existence.

The theme of this issue of *Shipping Network* is timely. The changes and developments facing shipbrokers, ship agents and indeed the entire worldwide shipping industry are constant, so we continually have to redefine “normal”. As a consequence, organisations such as FONASBA, and BIMCO – as the article by Gemma Wilkie in this issue confirms – are also required to



FONASBA supports its members in their drives to maintain professional standards

continuously remodel themselves to ensure that they are able to respond to the needs of their members by promoting and protecting their interests in an ever-changing world. By the very nature of their role, shipbrokers and ship agents are subject to every storm, tidal surge and high wind that hits the global maritime sector; we have to be aware of all of those threats and be ready to react at very short notice.

SUPPORTING STAFF

As well as reacting to threats to our commercial livelihood, organisations such as FONASBA and the Institute also support companies in their drives to ensure that there is a constant supply of well-educated and appropriately trained staff coming up through the ranks to ensure that the knowledge and expertise available in our industry can be passed on to each new generation. While FONASBA itself does not provide any education courses, it does support those member associations that do – and the Institute is of course pre-eminent in this respect.

As I write this introduction, we are also in the early stages of seeking entries for the third FONASBA Young Ship Agent or Ship Broker of the Year award. This award was won last year by Tim Polson MICS from Australia, who made such an impact when he joined us for the Gala Dinner at the Mansion House that closed the 2016 Annual Meeting of FONASBA. On the basis of his entry for the Award and his acceptance speech, I am looking forward to another insightful article from him in this issue.

In closing this introduction, I would also like to congratulate the students who have passed their examinations in November and to welcome those that have become Members of the Institute. I became a Member many years ago, and am still proud to be able to evidence that in all my business activities, I hope you are too. **SN**



No more 'new normals'

I'm sure that Maersk's Soren Skou was not the first to coin the term 'new normal', but it was certainly his use of this phrase that stuck. Perhaps it was just fortuitous timing; it was in 2011 that the blue line's top dog memorably uttered the phrase in his description of the 3%-5% growth anticipated in the container industry at that time, against the pre-2008 highs of 9%-11%. But that first new normal prediction proved to be way off the mark: global container port traffic grew by just 1.1% in 2015 and is expected to end 2016 close to flat.

That continued slide has led to the phrase new normal being wheeled out time and time again. But when can we lose the adjective and just settle for normal? Slow or even non-

existent growth should be what we now expect, especially in light of the political and economic fractiousness stirring the international trade pot.

While the issue of ship overcapacity is being addressed and there are glimmers of light on the horizon on that side, demand is still subject to all sorts of outside factors, not least the ubiquitous Trump effect. Perhaps we need to coin a new phrase to forward project that particular risk to the future of international trade.

It's about time we, albeit begrudgingly, accept that there is now no 'normal' in the shipping industry and get on with the job in hand, no matter what it throws at us. **SN**

Carly Fields, FICS
Editor

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No longer playing second fiddle

Felicity Landon examines the transitioning of developing and emerging country trade

Need for bigger picture-thinking

Olaf Merk discusses why the macro outlook is more important than ever for shipping

Moving out of your comfort zone

BIMCO's Gemma Wilkie explains why shipping organisations need to adapt to survive

Countering the folly of youth

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Expect more of the same in 2017

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Offering a different perspective on the maritime industry



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Nine years in and we're still counting

Felicity Landon asks whether shipping's oh-so-reliable supercycle has run its course



Felicity
Landon

November 2016 brought the suggestion that, thanks to China replenishing coal and iron ore, and a bumper US grain crop, embattled dry bulk shipping operators could be ever so slightly cheered by a rates rebound. While the corner hadn't been turned, was this at least a sight of a corner in the distance?

Then January 2017 saw research and consultancy firm Maritime Strategies International throwing cold water on that idea. The dry bulk market's strong end to 2016 was unlikely to last long into 2017 and freight rates in general would remain depressed, it concluded in its quarterly dry bulk market report.

Topic: Cycles

Keywords: Rates, supply, recovery

Background: The seven-year cycle now seems to be a thing of the past if the continuing depressed markets are anything to go by

So, here's the thing. Ups and downs have long been part of life in the shipping world, but at least in the good old days, shipping cycles obligingly stuck to some sort of seven-year pattern. Here we are, nine years after 2008, still waiting for the upturn, whether it's in dry bulk, tankers or the global container trades.

Is the shipping supercycle now part of history? Can we predict any kind of recovery?

Denis Petropoulos, president, Braemar Group Asia, says it's important to remember that the amount of cargo being moved in bulk shipping is actually as high as it has ever been, with tonne miles on the increase.

"Why is the market not that strong? Because it has been oversupplied with ships and these newbuildings, particularly those delivered in 2015-16, were ordered at what appeared to be competitive prices at the time, when the market was a lot higher. And in 2016-18 there are a lot of tanker deliveries."

"Ups and downs have long been part of life in the shipping world, but at least in the good old days, shipping cycles obligingly stuck to some sort of seven-year pattern"

For a newly delivered very large crude carrier ordered for \$95m, the immediate resale value would be \$82m, says Mr Petropoulos. "So it has already lost \$13m just from what was considered to be a good price when it was ordered, to today."

Earning enough per day to justify either price will be a struggle in



"There are many companies in the market where it is pure survival,"
Daryll Ng,
Stephenson
Harwood

today's market. "Deliveries in this sector are now slowing – during the course of 2017 we will probably reach the bottom of the market," he says. "While there might be signals of improvement, it isn't going to be fast and it will probably take another couple of years to get back to breakeven levels with these ships."

SEVERAL YEARS TO GO

Jan Hoffmann, chief of the trade logistics branch in UNCTAD's technology and logistics division, says of any possible recovery: "I think we are not there yet – we still have several years to go and I wouldn't dare say how many. Take containers; for several years, the average vessel size will continue to increase. Not necessarily much beyond 20,000 teu, but whatever the future orders are, the average size will increase.

"Every individual carrier will want to reduce their own unit costs, therefore achieving economies of scale, so they will go bigger than their current ships. However, they will not necessarily scrap the older ships – they are too young – so they will give them back [to the owner], so the oversupply and the whole process continues. This short-term approach has simply gone on for too long now."

Ever-bigger ships are not good for the industry, he says – "people invest but the market goes down and down".

"You have to consider the total logistics costs. There is spending on dredging, outreach of cranes, size of yard, but there is no additional business for the port. The hinterland has to cope with having the same volumes in one big ship instead of two smaller ships. A larger number of trucks will be busy one day and not busy the next – so the additional costs go on the land side of transport. We have reached the stage where very often we have dis-economy of scale."

Mr Petropoulos says shipping really isn't the same as it was years ago. "I don't really like to talk about cycles – it is all about supply and demand," he says. "Cycles are created on the length of the downturn, which depends on supply and demand. And the greater the oversupply of tonnage, the greater the length of the downturn. Demand has actually been relatively stable."

CASH CRISIS

Daryll Ng, shipping partner at the Stephenson Harwood (Singapore) Alliance, says the gains that many shipping companies made before the financial crisis of 2008 allowed them to power through the intervening years with a certain amount of liquidity. But nine years on: "I believe that has now all come home to roost; the market hasn't improved and margins are still very low."

"There are many companies in the market where it is pure survival. The cash made in the good old days is now coming to an end, and we saw quite a few insolvencies in 2016."

Mr Petropoulos adds that even without supply/demand imbalances, other factors are coming into play – such as the short window in which shipowners must comply with the IMO's requirements for low-sulphur bunkers from 2020.

"That will be a major impact. Inevitably bunker prices will go up, due to the higher-grade low-sulphur fuel, and that will impact the economics of the ships."

The Ballast Water Management Convention will also have its impact, with shipowners having to decide whether it is cost-effective to invest thousands of pounds in upgrading older vessels, or to resort to scrapping again, he says.

Mr Petropoulos predicts that the dry cargo sector will be a little stronger by 2018-19, and tankers will be recovering at about the same time. Finance will be harder to negotiate – "banks will be far more critical about how much and who they lend to". And "break even could become the new profit".

What could possibly go wrong? "The danger is," he says, "that any rush to the yards for newbuildings at the first sign of recovery is simply going to constrain any recovery."

SINGAPORE FIGHTS BACK

Sheer strength as a global maritime hub doesn't shield Singapore from the downturn, but the Singaporean government has been proactive in its response. In September 2016, the Maritime and Port Authority of Singapore (MPA) established the International Maritime Centre 2030 (IMC 2030) advisory committee, to review Singapore's development strategy and value proposition as an IMC.

The 22 members of the committee are drawn from across the maritime and related sectors, and their discussions



will lead to a strategy document. "The rapidly evolving global economic environment poses both opportunities and challenges for Singapore's development as an IMC," says the MPA. "Emerging trends in the maritime and logistics sectors such as smart ships and ports, data analytics, digital platforms and other new technologies are disrupting traditional business models and creating new value chains. To be better positioned for future growth, Singapore would need to stay nimble and adapt to new industry paradigms."

The government also contributed S\$107m to the new Technology Centre for Offshore and Marine Singapore (TCOMS); established by the Agency for Science, Technology and Research, and the National University of Singapore, to spur research excellence and advance Singapore's marine & offshore engineering, it will feature a Deepwater Ocean Basin, equipped with wave and current generation systems to simulate harsh ocean environments, including those in ultra-deep waters.

Given its position in the global marketplace and its reliance on global trade, Singapore is facing the same problems as everyone else, says Esben Poulsson, president of the Singapore Shipping Association. "We do not expect to be able to buck any trends, but we hope to be able to at least mitigate the worst effects of a slowing global economy. For one, there must be constant collaboration and dialogue between industry and regulatory bodies to anticipate and

address potential problems in a pragmatic fashion. To this end, we hope to be able to promote measures that will reduce costs and improve operational efficiencies for the industry.

"For another, we are fortunate that local and regional trades are still going strong – the growth of ASEAN and Asian economies has helped us tide over the worst of the doldrums facing the global shipping industry."

SN

"The cash made in the good old days is now coming to an end, and we saw quite a few insolvencies in 2016"



Shipowners must decide whether to upgrade or scrap

Learning lessons from the past

Tim Polson asks whether shipping can make meaningful comparisons with the last recession



Tim Polson

There have been many parallels drawn between the recession that followed 1987's 'Black Monday' stock market crash, and that which followed the 2008's 'Global Financial Crisis'. In both cases the world saw the US economy operate at too high a temperature, overheat and then stall. Interestingly, in both cases many parts of the shipping industry experienced a lag before falling into despair, and in some cases responded totally differently than the global economy.

If we work on the principle that history repeats, or at least rhymes, can we compare the recessions of the 1990s and today to determine when and how the current downturn will end?

Topic: Economics

Keywords: Trade, politics, overcapacity

Background: While there are similarities with the recession of the 1990s, a few critical differences make this downturn unique

The period from 1987-1997 does indeed share similarities with the 2007-2017 period: the former saw political turbulence with the first Gulf War and the collapse of the Soviet Union in the 90s, while the latter experienced the same through the tail end of the second Gulf War, Brexit and the election of Donald Trump. More relevant to shipping, both saw the Far East Asian economies experience high growth fuelled by Western demand for manufactured goods, coupled with the East's ability to manufacture them effectively at a low cost.

"The differences today are the capacity of these ships, how easily they can be financed and how quickly they can be built"

Dragging a weight

Without detailed analysis of commodity prices, oil prices, ship values, ease of ship finance, Baltic Exchange index fluctuations, fiscal and monetary policy and a myriad of other factors, it can be generally said that in both cases the global economy dragged shipping down with it, and the global economy will, at some stage, drag the shipping industry back to prosperity again.

In the 1990s, the Asian powerhouse was Japan; more recently it has been China. Both grew steadily despite the US' respective stock market crashes, but then experienced financial pressure as wage costs grew and they underwent the growing pains all industrialised nations eventually go through.

The main effect on shipping in both cases was the exponential growth of imports of raw materials and coal, and the export of finished goods. If one were to use Japan's example to predict China's next step, speaking purely in terms of raw materials the future is relatively bright: while Japan's economy experienced a decline, it did and still does import large quantities of coal, iron ore and other materials while still exporting large volumes of, albeit higher 'value per tonne', finished goods.

Even though its nuclear power program threatened to halt coal imports, the Fukushima Nuclear Power Plant Accident resulting from the 2011 Japan earthquake and tsunami saw the country roll back its nuclear power plant development and revert to coal as a major energy source.

Japan is still building new coal power plants and even continues to produce steel products competitively despite its neighbours South Korea and China growing prominence as major steel exporters. It is fair to consider that China may follow the same pattern.

Reports from 2014-2015 suggested that a decrease in China's finished-goods exports would lead to a decrease in the import of coal or iron ore, however it has continued to import raw materials to fuel its own domestic consumption. And this

looks as though it will continue as China's emerging wealthy middle class demands better infrastructure and living standards.

Despite earlier predictions, today's commodity prices have shown increases: for example, iron ore surged past the \$80 per tonne barrier on several occasions towards the end of last year. This, along with the BRICS countries (Brazil, Russia, India and China and South Africa) demanding more imported agricultural products, indicates even more potential demand than that of the Asian 'Tiger' of Singapore, Hong Kong, South Korea and Taiwan in the early 90s. All of these commodities, of course, need to be transported via sea and strong demand for the main raw commodities is undoubtedly good for shipping.

BUCKETS VS THIMBLES

But what of the supply side? In boom-times it is logical for a ship owner to order more ships to soak up the high-paying cargoes in the market. "When it rains, put out the bucket, not the thimble," Warren Buffet aptly observed. And that leads to the same result: when the market plummets, the vast number of newly-built ships lay idle. Those ordered during the boom take another year or so to be built only to join that idle fleet on completion as the downturn hits – as many ships did in the 1990s, and many more do today.

The differences today are the capacity of these ships, how easily they can be financed and how quickly they can be built. The issue of overcapacity should not have been a mystery to shipowners; during the Second World War American shipyards built 'Liberty Ships' of around 10,000 deadweight in a matter of months. Around 2,400 of these survived the war and were sold privately and are said to be how shipping magnates John Fredriksen, John Theodoracopoulos, AP Moller and Aristotle Onassis either started or significantly grew their fleets. However, this massive glut of ships was something the shipping world took a long time to recover from, even despite the strong demand of post-war cargoes.

A more recent notable overcapacity reminder can be seen in the ultra large crude carrier era from the 1970s to the 1990s when the famous 500,000 deadweight Seawise Giant was built. While she was an engineering marvel, her main strength was being very economical per tonne of cargo loaded, which relied on her being loaded full. Sadly, she seldom carried full cargoes and her owners became frustrated by her operating cost and the limited number of ports at which she could call. She, along with a handful of other ULCCs, failed to generate the anticipated strong economic results and were eventually used for storage before being largely scrapped.

With these overcapacity lessons in mind, it is fascinating that these errors are not only repeated, but repeated with much more efficient building processes like the South Korean 'modular' method, with easier access to finance via the likes of German KG funds, and with better ship designs such as the Valemax

"Will shipping be left counting down the minutes and seconds until that anchorage of laid up vessels disappear one by one to carry high-paying cargoes again?"

capsize bulk carriers. All these factors allowed the problem of overcapacity to get bigger much faster than it has ever done before.

It's as though the shipping industry remembered its father burning himself with a match while incinerating garbage and thought to itself, 'that won't happen to me, because I'm not going to use matches; I'm going to use 50 kilograms of quarry-grade TNT to vaporise our garbage', which of course fails to address the fundamental fire safety issues afoot.

BEGINNING OF THE END

Many financial journalists say the Barings Bank collapse of 1995 was one of the events that signified the end of the recession of the early 1990s and the beginning of the boom that ended in 2008. What will be the event that signifies the end of this recession? Will shipping be left counting down the minutes and seconds until that anchorage of laid up vessels disappear one by one to carry high-paying cargoes again?

Before answering, one must consider that the anchorage of 1995 may have boasted, among others, five or six containerships with 6,500 teu capacity. The same anchorage in 2017 may hold fifteen containerships, each with a carrying capacity exceeding 15,000 teu. This fact alone sets this recession apart from that of the 1990s – today, we still have some time to wait for supply to dwindle and demand to catch up. But at least today we can watch the market recovery online via our phones, on an hourly or almost perpetual basis if we so wish, instead of having to wait for the colleague next to us to finish with the weekly newspaper. [SN](#)



Larger containerships set this recession apart from that of the 1990s

Roll up, roll up and place your bets

Is speculative paper trading a risk to the stability of the physical market, asks [Lara Shingles](#)



Lara
Shingles

Until recently, Forward Freight Agreements (FFAs) were used almost exclusively by participants in the shipping industry, such as shipowners and charterers, to hedge against fluctuations in freight rates. However, as the basic forms and means of trading FFAs have evolved, new participants such as non-shipping investors and financial institutions have entered the market simply to speculate.

Topic: FFAs

Keywords: Speculation, forward pricing, volatility

Background: Should shipping be concerned by an increase in the number of pure speculators buying and selling futures?

Conventional wisdom is that the paper market for FFAs will soon come to surpass the underlying physical market in terms of dollar value. Already, the ratio of physical to paper trades for FFAs in the dry bulk market is close to a ratio of 1:1. Data from the Baltic Exchange reveals that, in 2016, FFA derivatives trade (including options) was around 3.525bn tonnes while, according to Bloomberg, dry bulk seaborne trade was around 3.356bn tonnes.

But is the continued increase in paper trading good for the stability of the physical market, or does it only serve to increase freight rate volatility?

John Banaszekiewicz, managing director of Freight Investor Services (FIS) and chairman of the Forward Freight Agreement Brokers Association (FFABA) – an independent association of FFA broking Baltic Exchange members – says that FFAs proved to be a “vital part of the shipping industry” in 2016, with volumes growing 1% during the year.

According to Mr Banaszekiewicz, total volumes in 2016

reached 1,379,147 lots with the largest share of volume traded in the second and fourth quarters. Annual volumes were boosted by the market’s dramatic improvement in the fourth quarter, which resulted in a huge increase in volatility.

The Cape 4TC index plummeted to a year-low of 485 in March 2016 but had hit a year-high of 20,063 by the middle of November.

“To prove so resilient in so testing a year makes us positive about FFAs going forward and prospects for 2017,” he says. “We are likely to see a slow start to trading volume this year but we believe that annual volumes could increase as much as 15% in 2017, with most of the increase taking place in the second half of the year.”



More and more speculators are betting on future prices

In a nutshell

At its root, a freight derivative is a financial contract between two parties, which sets an agreed future price for carrying commodities at sea. As a purely financial agreement, the contract does not involve any actual freight or any actual ships.

The purchase and sale of FFAs provide a means of hedging exposure to freight market risk. They are built on an index composed of a shipping route and contracts are traded ‘over the counter’ on a principal-to-principal basis and can be cleared through a clearing house. [SN](#)

Mr Banaszekiewicz adds that further improvements in dry bulk freight market conditions in 2018 suggest the potential for even more increases in the future.

He notes that today’s freight market is vastly different than that of a few years ago. More and more business is being conducted on index-linked terms, he says. Given the market’s volatility, Mr Banaszekiewicz suggests that owner and charterer counterparts wishing to secure a positive margin need to consider FFAs as part of their trading strategy.

HEDGE YOUR BETS

Of course, plenty of counterparts already use derivatives as part of their trading strategy, and have done for many years. In fact, it’s become common practice for traders in many markets

to examine derivative positions to understand price and volatility movements in the commodities they are trading.

There's no doubt that by buying and selling future contracts when nobody else wants to, speculative activity can be useful for producers and buyers alike because it gives them the opportunity to 'hedge', or provide liquidity to the market when there is a lack of demand or supply.

Speculators also appear to play a useful role in maintaining an efficient market by ensuring that prices accurately transmit information about values that people can use to make decisions. But it's not all good.

With speculators often so quick to react to each other's behaviour, they can rapidly drive prices up or down, creating a volatile market. Volatile markets are bad for everyone because it becomes difficult to know how prices will develop and thus, the only people who can profit from volatility are the speculators themselves.

Evidence of this exists in the agricultural market. Friends of the Earth Europe reveals that speculators made up around 20%-25% of the futures market in 1998. By 2008, their share had risen to between 70% and 80%, which it says has since led to distortion of the market and high volatility in food prices.

At the same time, the money being speculated on agricultural goods has risen from approximately \$13bn in 2003 to \$600bn in 2010. With speculators now dominating the market, the prices that are paid for actual, physical goods are no longer determined by demand and supply but by the prices of future markets.

Sellers do not sell their goods if they know they can get a higher price in the future, so buyers have to pay a similar price now to what buyers are contracting to pay in the future. When a large amount of money flows into buying future contracts prices are driven up unconnected from supply and demand. Essentially, prices are driven up regardless of how supply and demand are expected to change.

SPECULATION AT BEST

In the shipping market, speculators can make money through contracts that allow them to control commodities without ever directly handling them; they don't have to arrange shipment and storage for the commodities they control.

There's an argument that trading FFAs without having any physical exposure to either shipping or cargo could lead to commodity prices becoming disconnected from the costs of extraction. Already we see this happening in the gold market, where the day-to-day cost of extracting gold is always the same, yet



"We are likely to see a slow start to trading volume this year but annual volumes could increase as much as 15% in 2017, with most of the increase taking place in the second half of the year."

John Banaszekiewicz, Freight Investor Services (FIS)

the day-to-day price already fluctuates due to people betting on where it will be in the future.

What's more, some of these speculators are so big that they can affect not only the market but also profit from it: When they initiate large positions in a bull market, they drive the price of the futures contract even higher. And, when they remove their positions or go short, they can push the market lower. Swamping the market with large orders all at once leads to orders being filled at lower prices and thus, less profit.

It stands to reason then that one wrong move from a large speculator could challenge the physical market, but probably not significantly or for a long period of time.

The hands-off approach has certainly given speculators the erroneous image of aloof financiers jumping into markets they care nothing about in order to make profits from the producers. But in reality, this is not the case.

Despite the risks that come with speculative trading, the vast majority of speculators do indeed have an understanding of the underlying physical market. And, in most cases, it appears that even newer participants such as the banks and financials also have physical exposure to either shipping or cargo and are, therefore, widely considered to be experts fully committed to the market.

To suggest that they are the primary culprits to overall commodity price volatility then is, well, speculation at best. **SN**

"One wrong move from a large speculator could challenge the physical market, but probably not significantly or for a long period of time"



Big data is an aid, not the answer

Ursa Shipbrokers' **Simon Ward** explains why data can only be one piece of the shipping jigsaw



Simon Ward

If you spend any time on public transport, or indeed in any public space, you will know that smartphones and computers drive the world. Social media has the power to swing elections, and hacking is now an effective weapon in the fight for political and economic advantage. Strength in technology is a whole new arms race. For example, China is planning to build a prototype exascale computer by the end of the year, capable of a billion, billion transactions per second.

Topic : Information
Keywords: Indices, analysis, relationships
Background: Numbers can help improve decision making in broking, but cannot be used in isolation



Banks and other financial institutions have also invested heavily in computing power. Big data is processed to create larger and more complex models that read trading patterns and, hopefully, create profit. None of this is really new except the increased scale. Hedging has been around for a long time, indeed the Baltic Dry Index was created in 1985, under a different name, to trade freight futures. We need the numbers to work out where we are in the market, and how badly or well we are doing in comparison. It is just the power of computing that has meta-sized.

The dotcom bubble of the late 1990s and early 2000s was the first financial flowering of the computer technology necessary to analyse and manipulate these numbers. Around that time, I met a cousin of mine who was working in an investment bank. Having gained a double first degree from Cambridge University in mathematics, instead of going into science he went into money. I asked him what he actually did. He explained that

they fed a computer a load of data in the morning and by the end of the day they hoped that the computer, working on a model that they had developed and were continually tweaking, would show a profit. He asked me what I was doing. I told him what a ship sale and purchase broker did. He said: "Ah, you're just a second-hand car salesman for ships". This observation pains me still.

BIG DATA DRIVE

Of course, it was computer models like the one my long-retired cousin developed that led in part to the financial crisis. Despite the legislative efforts since then to make sure it doesn't happen again, it is big data, and the 'internet of everything' that drives our world. Amazon and a host of other platforms are making the links between buyers and sellers. Google gathers the data. Facebook and other social networks maintain and develop the networks. It is predicted that soon there will not be any space for second-hand car salesmen, let alone sale and purchase brokers. Shipping, conventional wisdom says, must surely follow where the rest of the world has already gone.

As technology increases then apparently the more likely it is that the roles of the traditional S&P shipbroker will be replaced by machines. Putting buyers and sellers together to do deals? EBay already has the technology to do that. Making predictions about the health of the market in the future? The banks and other consultancies have far more information and resources (and brainy people) than your average shipbroking office. You can subscribe to websites that provide immediate ship valuations calculated by algorithms.



Human contact can provide added insight into patterns

Although networks, information and the power to crunch numbers are important, it is not the only thing that shipbrokers are good for. Shipping is different.

I was recently offered the opportunity to do a PhD in shipping at a University in Greece. I asked another friend, who runs the data lab at another university, for her advice. She asked me what data would I use. I replied that in order to explain my big idea, i.e. why some cities (or islands) were home to more shipowners than others I could not just use numbers, but I needed to look at the geography (physical and human) and the history of the place. This means looking through historical records in many different formats, and interpretation and analysis of the narrative, i.e. how people actually thought and acted. Although I decided against doing the PhD because of time issues (i.e. the lack of it), I was struck by how much people rely on numbers these days.

MORE THAN DATA

Many areas of shipping are still, perhaps surprisingly, resistant to pure data, and rightly so. Some of the most successful investors, as well as using gut feeling, have a deep sense of history, rather than just relying on spreadsheets. The best time to buy dry bulk tonnage in recent years turned out to be about a year ago. Was anyone in the mood to buy then? Unsurprisingly very few: the market was too bad and depressing for most. But if you had bought then you would be sitting on a healthy profit now in terms of an increase in asset value and enjoying the subsequent, albeit modest, rise in the freight market. Conversely the last time it seemed to be a perfect time to buy, when the freight market was rising faster than prices, was in 2007. An investment bought then would certainly not be showing a profit now, and that is not just down to the shock of the financial crisis.

Numbers do count: indices and benchmarks are a necessary part of our business. But numbers are illusory. They carry the appearance of fact because they represent something solid, but this is misleading. For example, the Baltic Dry Index is made up of the many different opinions of the panel brokers.

Even when numbers are factual, they are not an infallible guide to the future. Combining streams of data together in order to discern patterns and look for 'lead indicators' to predict the future is unwise. The price of coffee from Starbucks may well have had a close correlation with WorldScale rates between the Middle East and Singapore. But this doesn't mean it's a good idea to buy a very large crude carrier when cappuccinos are being sold at a discount.

Nevertheless, predictions based on numbers can carry a great deal of weight. The problem is that there is so much data around we can become over confident in our predictions. A lot of information can be bad for knowledge. Indeed, despite the fact that we now have more up to date information than at any time in our history, our understanding is not any better and we keep making the same mistakes. We forget

one crucial point: if markets could be predicted they would cease to function.

RELATIONSHIPS COUNT

So what is missing? Human relationships. Relationships provide the added knowledge that real-life data exchange – relationships, meetings, phone calls, drinks, dinners and so on – brings. Now I know that having dinner with a Japanese friend is not a very rigorous way of gathering large amounts of data, and carries the risk of killing a few million brain cells with too much sake. But it is precisely this type of human contact that can provide insight into patterns that numbers alone cannot discern, and create ideas that have the power to move markets. I would rather trust my own judgement after meeting and talking – as well as eating and drinking – with clients, colleagues, co-brokers and competitors than rely on someone else's opinion that is restricted to numbers alone.

Shipping is constantly evolving. An observation often attributed to Darwin but in fact from a management studies text suggests it is not the strongest or most intelligent species that survived in the long term, but those that are most adaptable to change. Shipbrokers provide an important role that encourages human contact so we can spot and take advantage of change. Those glued to their smartphones will miss what is going on in real life right in front of their noses, as anyone sitting on a train will know. Indices and benchmarks are useful, but real shipbrokers negotiate deals that create and set the market. We cannot afford to be glued to our screens and restrict ourselves to the consumption and circulation of 'data' if we want to survive. **SN**

Simon Ward FICS is a director at Piraeus-based Ursa Shipbrokers, www.ursashipbrokers.com.



"Indices and benchmarks are useful, but real shipbrokers negotiate deals that create and set the market"



Written by professionals for professionals

Shipping has become more complex to the extent that the name shipbroker, which at one time was thought to apply only to those engaged in chartering dry cargo tramp ships, now embraces separate disciplines in tanker chartering, ship management, sale and purchase, port agency and liner trades.

As an independent international professional membership organisation, the Institute of Chartered Shipbrokers strives to promote a world class program of education and training to ensure that all its members are knowledgeable about their business. As a result, the Institute produces and publishes a comprehensive series of books on shipping business.

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No longer playing second fiddle

Felicity Landon examines the transitioning of developing and emerging country trade



Felicity
Landon

Developing countries continue to contribute larger shares to the total volumes of international seaborne trade. According to UNCTAD's Review of Maritime Transport 2016, their contribution with regard to global goods loaded is estimated at 60% and their import demand as measured by the volume of goods unloaded reached 62% in 2015.

A key and steady trend is that developing countries have not only consolidated their position as suppliers of raw materials but they have also become stronger areas of consumer demand and main players in globalised manufacturing processes, says the report, which concludes: "There are ample opportunities for developing countries to generate income and employment and help promote foreign trade."

Topic : Developing countries

Keywords: South-south, shipping routes, challenges

Background: While trade associated with developing countries is increasing, there are still landside blocks to overcome

South-South trade – the term often used to describe trade between developing countries – is gaining momentum and planned initiatives such as China's One Belt, One Road Initiative and Japan's Partnership for Quality Infrastructure, as well as the expanded Panama Canal and Suez Canal, all have the potential to affect seaborne trade, reshape world shipping networks and generate business opportunities, says UNCTAD. However, while imports into developing countries have increased from 18% of world trade volumes in 1970 to 62% today, growth in trade moving directly between developing countries is not so straightforward.



Trade is increasing between developing countries

Jan Hoffmann, chief of the trade logistics branch in UNCTAD's technology and logistics division, says: "The historic picture was of developing countries exporting raw materials in high volumes and importing low volumes of high-value goods such as cars. The whole picture is now different. For example, Thailand and the Philippines also now import raw materials and produce goods for export. China is buying goods from Thailand, the Philippines, Vietnam and Malaysia.

"Recently I was in Kuala Lumpur and did some research in a supermarket. Malaysia is exporting good quality food to Europe, but the food that the Malaysians buy is largely made in China – lower quality, cheaper foods".

ALTERED REALITY

It is no longer a clear picture of rich versus poor countries. Now, there are many middle income countries as well as countries that

Port Community Systems: a key role to play

Port Community Systems have the potential to speed up the flow of cargo and the processes involved in trade, giving developing countries the lift they need, according to Richard Morton, secretary general of the International Port Community Systems Association (IPCSEA).

"It is about connectivity – not necessarily between ports but of information, to allow transparency in the supply chain," he says. "That is key – ultimately with a Port Community System using international standards, that will help shipping lines and others to use those standards as the basis for trade in that country."

The introduction of 'Single Window' solutions – some supported by a Port Community System – has delivered clear benefits in a number of states. The UN defines a Single Window as an electronic system that allows all participants in foreign trade to file all required

information simultaneously, in one place, in standard form and to one agency.

World Trade Organisation studies show the introduction of a Single Window system in Senegal reduced the time required for pre-clearance formalities from four days to half a day, and Customs clearance from 18 days to nine. Export times were cut from 22 to 11 days. And Senegal's Customs revenue increased from \$625m a year in 2005, to \$1.2bn a year in 2011.

In Thailand, the introduction of a Single Window reduced export costs from \$848m in 2007 to \$595m in 2011 and the overall savings on logistics costs were \$1.5bn. The number of documents required for import was reduced from 12 to three, and those required for export were reduced from nine to four. Overall time to export was cut from 24 to 14 days. **SN**

Procedural barriers holding back trade potential

With developed country demand for imports from emerging economies stable or dropping, south-south trade is destined to become more important, believes trade expert Virginia Cram-Martos, director of the economic co-operation and trade division at the UN Economic Commission for Europe.

At the same time, many developing countries have very high procedural and regulatory barriers to trade – so trade facilitation has an essential role to play in developing south-south trade.

"If you look at the World Bank ratings for logistics, developing countries tend to be at the lower end for efficiency," she says. "What happens is that sometimes it is actually easier and cheaper to ship something to a developed country and for the developed country to ship it back to the developing country (destination),

because procedural barriers between the two developing countries are so high.

"However, there are developments – for example, we would hope that new Customs unions such as that of ECOWAS (the Economic Community of West African States) would result in significantly lower barriers for trade between countries in the region, therefore supporting south-south trade.

"Agreements such as the Euroasian Economic Community should reduce procedural barriers and increase trade – to and from Kurdistan, for example, a very low-income country. And as developing countries' exporters become more sophisticated and established markets such as the US become more saturated, they will look to other developing countries, with their growing middle classes, for their markets – such as China and Brazil." **SN**



"It is actually easier and cheaper to ship something to a developed country and for the developed country to ship it back to the developing country," Virginia Cram-Martos, UN Economic Commission for Europe

no longer purely export commodities. Each country is somewhere along the continuum making the picture that much more complicated. UNCTAD's task is to help developing countries build their trade – and there are significant hurdles to cross.

"There are so many examples of where it is cheaper to get a container from Shanghai to Mombasa, than from Mombasa to Kigali," says Mr Hoffmann. "There are two big differences. First, maritime is much cheaper than land transport. Second, between Mombasa and Rwanda you have to cross two borders and these have a strong, measurable effect on transport costs."

"Developing countries have not only consolidated their position as suppliers of raw materials but they have also become stronger areas of consumer demand and main players in globalised manufacturing processes"

A container crossing the border can wait for a number of inspections – Customs, Ministry of Agriculture, Health, and so on – each one carried out separately with no co-ordination between the authorities and others involved. However, the World Trade Organization's Trade Facilitation Agreement (TFA), now very close to ratification and entry into force, should make a major difference, says Mr Hoffmann.

The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit, and also sets out measures for effective co-operation between Customs and other authorities on trade facilitation and Customs compliance issues. "Countries will be obliged to put into place certain measures like co-ordination at the border, Single Window, publishing tariffs, pre-arrival processing, transit schemes, and so on," he says.

"For example, some Customs officers don't touch the paperwork until the ship and container actually arrives, and that can take three extra days or more. Under the TFA, they would be obliged to start the paperwork before the container arrives.

This is already happening in Europe but it isn't working in many developing countries."

Yes, there have been steady improvements in many areas, in recent years – "But on the other hand, you have increasing demands in trade – for example, globalised production chains, more just-in-time deliveries – so it is necessary to make trade flows quicker."

INTER-AFRICA TRADE

Trade volumes between African countries are not great, says Rob Gardner, divisional executive, Marine Tech, at Sturrock Grindrod Maritime, based in South Africa. "We have quite a number of Regional Trade Agreements (RTAs) that have been in operation for a substantial period of time, but if you were to compare them to other global trade agreements I think it would be fair to say we have definitely underperformed," he says.

South Africa is probably the biggest trader as far as inter-Africa trade goes, says Mr Gardner. "I would think the SADC (Southern Africa Development Community) is probably the most successful of the RTAs. A considerable amount of this trade is, however, transit cargoes as opposed to commodities being imported or exported between South Africa and her neighbours."

Mozambique is a prime example, he says. "The Maputo Corridor was designed to allow rapid movement of goods from Gauteng to the Port of Maputo and from there to Far East ports. Similarly, with goods being imported into Maputo, they are mainly transit goods for South Africa. Originally the Customs requirements at the border led to massive congestion and delays. The Maputo Corridor Development Company (established by the shippers) has done a tremendous amount of work to streamline the process and it now works very well.

"Namibia is another good example. The country needs trade to pass through Walvis Bay and they advertise the port as five days closer to your market." They are targeting Europe and US trade, looking to take it away from Durban and Richards Bay. "They have allowed free ports to Botswana and to Zambia in an effort to encourage cargoes to go through Walvis Bay. Again the Customs regulations have been minimised."

However, Angola is an example of 'the complete opposite', he says, and it is hard to bring cargoes into Angola by either road or sea. "The main stumbling block is Customs and bureaucracy. Cargo that moves freely through today will suddenly not be permitted tomorrow. Currently we have a container that has been detained for a month. It has ship's supplies and off-the-shelf medication in it. It should be going directly on board the foreign-flagged ship, so it is not even being imported into Angola. Last time we brought it in, it was cleared in a week."

NO RETURNS

Another factor seriously hampering trade between African countries is the lack of return cargo, says Mr Gardner.

"Safamarine runs a breakbulk service on the West African coast calling at a couple of countries and then proceeding through to Europe. They will call at other ports on inducement, but because it is usually very small parcels it is expensive to do this.

"Mozambique has had a couple of cabotage lines operating on her coast, and again the problem is return cargoes. There is a fair amount that can come out of Maputo, but then your freight rate must take into account sailing back down from Northern Mozambique empty."

The result is that if you are looking to ship a container from Maputo to Pemba you would look very seriously at doing this via Singapore, because that is the most direct route for the container lines, he says. "None of them call Maputo and then go up the coast and call at all ports. There is also no north-south rail line and the road up is a hard drive, taking over 48 hours."

There are a couple of successful inter-country shipping lines, he says. Angola South has run a service from Cape Town up to Angola for a long time and it works well. Similarly, Indian Ocean Lines has served East Africa for a number of years.

"When I was a lot younger, Unicorn used to trade up to the Congo on the West Coast and to the Seychelles on the east coast. We took a lot of cargo there, but brought very little back south. The reason for this is that none of the countries are adding value to the raw materials they process in abundance. No African country is dependent on another for raw materials and most have trade agreements with first world countries that are more attractive than trading inter-Africa."

LACK OF INTEREST

Sturrock Grindrod was recently looking to move a piece of equipment out of Douala to Angola – the best way to do this was via Europe.

"Cape Town is quite often used as a hub for commodities to be moved to other African ports. For this to change, we would need African shipping lines to be serving our coast. The major shipping lines quite often will not even bother to respond when you are asking for rates from one African country to another. Or their routing system has them calling with one service to some



Credit: Luck the Gate Alliance

Developing countries have secured their position as suppliers of raw materials

countries, hubbing in Europe and then having a totally different alliance calling at the other African port.

"So from the line's point of view it makes perfect sense. It just means there is a delay in moving goods from, say Lagos to Cameroon. The impact is felt by the manufacturer in Cameroon, whose end product is more expensive because of the delay incurred and the additional shipping charges."

Landside infrastructure is another massive issue. "Transportation costs in Africa run at over 20% of the cost of the goods," says Mr Gardner. "This makes us very uncompetitive. The rail lines built in colonial days have for the most part collapsed.

"The road network in southern Africa is not bad. South Africa has a fantastic road network and the road through to Maputo is also great. In Namibia, the roads are good. The biggest problem with all of these countries is the distances that need to be travelled. Mozambique is well over 2,000 kms from north to south and Namibia is also a fair distance of long straight roads that you can see in the mirror and in front of you extending from horizon to horizon.

"There was a proposal by the Schiller Institute that suggested an Africa Waterway from South to North – admittedly it is quite imaginative and will probably never happen, but it is an interesting idea. They also suggest a rail and a road system that covers the continent."

What's clear, he says, is that the continent needs to reduce the cost of transport if it is to become a serious competitor. **SN**



Credit: Gothenburg Port

Customs officers in developing countries are struggling with container trade

Need for bigger picture-thinking

Olaf Merk discusses why the macro outlook is more important than ever for shipping



Olaf Merk

The shipping sector is traditionally inward-looking; however, this is arguably the worst time to be navel-gazing as the biggest threats to shipping are external threats. Protectionism, trade conflicts and near-sourcing will all have a profound and potentially disastrous effect on the maritime sector. So, the maritime industry, more than any other sector, should be focused on the big picture. Shipping needs to figure out a new business model, be less prone to speculation to make a better case for trade, and take its responsibility in fixing globalisation.

Topic: : Globality

Keywords: External forces, adaptability, communication

Background: Shipping cannot put its head in the sand when it comes to dealing with ever-increasing global pressures

The shipping sector has a strong focus on itself when it comes to strategy, communication and lobbying. The business strategy of most shipping companies is, generally, to closely watch competitors and emulate the behaviour of the industry leader. This leads to competition of grand proportions: who has the biggest market share, who is the cheapest, who has the biggest pockets, and so on. This is a process that is mostly invisible to the common man. Save for spectacular bankruptcies, terrible accidents or new ships of gargantuan proportions, there are only a few shipping stories that make it into the mainstream press.

"Shipping reflects the broader image of globalisation"

Shipping companies do not generally communicate with the general public and target their lobbying activities to specialist policy-makers in maritime authorities. This inward focus is partly related to the sort of industry: most shipping sectors do not have direct contact with the end consumer. Moreover, the tendency for ports to move out of cities has made shipping almost invisible to those same consumers. That said, the choice to engage better with the public has always been there yet many shipping representatives seem more comfortable operating in the shadows.

Today the drive to be biggest and cheapest is becoming redundant as the question is no longer who has the biggest part of the pie, but rather how to avoid that pie becoming so small that nobody has enough to eat?



Political re-orientations like Brexit might lead to trade conflicts

The biggest threats at the moment are external and exogenous: trade growth is falling behind economic growth, protectionism has risen over the last years and political re-orientations (Brexit, and Donald Trump's election to US President) might lead to trade conflicts and the disintegration of markets.

The impacts of this are felt everywhere and in many sectors, but the shipping sector will be particularly hit by a global trade war. The maritime sector is completely dependent on the amount of trade, so less trade has a direct impact on shipping's viability. More than any other sector and more than in any time in recent history, today's maritime industry should have a keen interest in the big picture. And that goes for policy makers at a national and international level, as well as the industry and its representatives.

THINK BIG

In my view, there are four ways in which shipping could focus more on the big picture and in doing so, carve an improved path for itself in the future.

1. Figure out a new business model

The only way for shipping to survive in what promises to be a very challenging external environment is full focus on providing value to customers. That sounds trivial, but is far from the reality. Most energy of the maritime captains of industry seems to be spent in mergers and acquisition, raising capital, ordering ships, acquiring terminals and pricing policy. How much time is actually invested in understanding what customers really want? Put differently, how much time is spent in figuring out how the

pie could be bigger? For example, by offering more value-added and bespoke services, being smarter and smoother, or creating real integrated supply and value chains. More intra-continental trade flows probably require a different business model: small and flexible, instead of big and cheap might become the new norm.

2. Make the sector less prone to speculation

The problems of shipping are partly of its own making, arguably by not looking at that bigger picture. A lot of the trouble is related to overcapacity, which is the result of frantic ship ordering when the global economy was in the doldrums. Although shipping is cyclical by nature, things are made worse by speculative tendencies that have come to dominate the industry, facilitated by government policies. Shipping companies have built up large debts in order to buy ships or competitors. For many companies, buying and selling ships is the main revenue source, rather than providing transport services. This is often made possible by governments that bail out shipping companies and shipping banks, which are in some cases state-owned banks. This is reckless: the task of shipping companies should be to provide maritime transport, not to play casino – particularly when taxpayers' money is at stake. The shipping sector needs to be better aligned with the real economy and take better notice of changing macro-economic trends.

3. Make a better case for global trade

The world would look completely different without shipping, yet shipping is often taken for granted as are the cheap exports and imports that it brings. There is a real unease related to global trade that in some political discourses has been blamed for decline of local manufacturing jobs. Research shows that only a fifth of this decline in the US can be related to outsourcing and that the largest effect comes from robotisation, so this is partly a problem of perception. People can recognise lay-offs when they see it, but often do not realise that the upside of global trade is cheaper imported goods. The shipping sector isn't good at communicating this, and if it does it is for an audience of insiders that does not need to be convinced. How can it do better? For a start, the sector could look at various ports that have taken up the challenge and explain to their local communities what they do and why it is essential. Shipping companies and ports might like to join forces for this exercise. But it is not just about communication; it is also about consultation of people and stakeholders that are confronted with the negative impacts of shipping. Civil society actors could make a better case for global trade if they could be assured that shipping is doing everything it can to act responsibly. Civil society organisations are not a nuisance; they could actually help in changing the current negative discourse about global trade.

4. Take responsibility for fixing globalisation

The global economic integration over the last decades has been made possible by a spectacular decrease in maritime transport costs. However, maritime transport costs are arguably too low, because negative externalities are not included in freight and because many associated costs are offloaded to the public sector. Fixing globalisation is suddenly high on the agenda of global leaders and policy-makers and rightly so, yet, fixing globalisation cannot take place without fixing global maritime transport.

EPITOMISING GLOBALISATION

A recent document aptly captured the perception of many people that globalisation results in "forced liberalisation and a race to the bottom on corporate tax rates and labour and environmental standards; with the detachment between finance and the real economy; with the curtailment of cultural diversity; with the depletion of the planet's resources and climate change; with a growing concentration of the gain in the hands of some multinationals and wealthy individuals who can also bend the political process to their own interest".

This could have been a description of the shipping industry; in a way, shipping reflects the broader image of globalisation. Does the sector



The shipping sector needs to look at the bigger picture

realise this? Is the sector part of the on-going global high-level discussions on fixing globalisation? I hope so, but I have not seen many indications. More than ever, the industry needs to act outside of its comfort zone. Traditionally, most shipping lobbyists focus rather defensively on avoiding new regulation and sustaining support measures for the sector. The current political climate asks for more pro-active and holistic approaches and quickly. **SN**

Olaf Merk is a ports and shipping expert with an international organisation and the author of the Shipping Today (www.shippingtoday.eu) blog.

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Moving out of your comfort zone

BIMCO's **Gemma Wilkie** explains why shipping organisations need to adapt to survive



Gemma Wilkie

Recent years have been tough for shipping, with many companies across the world affected by challenging market conditions. The outlook for shipping of course also has a direct impact for BIMCO and it became more important than ever for us to be able to understand what our members need most and to innovate and diversify where necessary to provide it. In difficult times, it is also crucial for an association to show leadership on tackling issues that are critical for its members.

Topic: Organisations

Keywords: Interaction, evolution, future-proofing

Background: Shipping associations must carefully evaluate their role in weak market conditions

The foundation for an association to provide a good service is to understand what people value most about being a member. In 2015, BIMCO carried out research with over 1,000 members to understand which of our services were most valued, why companies chose to be a member and where we could improve. The clearest message was that members trust BIMCO. They use BIMCO membership as a sign to new business partners that they are trustworthy and 'safe' to work with – and look for it in the companies they do business with. They trust our advice and expertise, which is based on many years of experience – and informed by the shared experiences that our members report to us.

Safety in all areas of shipping is high on the agenda in the maritime industry and although ships have been vetted for many years, efficient and safe shipping also depends on the terminals. Until now the shipping industry has lacked a mechanism that gives a picture of how the dry bulk terminals are performing. BIMCO launched its dry bulk terminal vetting scheme in 2015 and recently issued the first global report, which highlights the status of over 231 different terminals around the world to encourage best practices and ensure safer visits for all ships.

TRUSTING TIMES

We take the trust that members have declared for BIMCO very seriously and we provide our advisory services to members – and to speak out for shipping during debates on global regulation that will impact our members' businesses. Before the crucial Marine Environment Protection Committee (MEPC) meeting in November 2016 concerning the global sulphur cap limit, BIMCO and the International Petroleum Industry Environmental Conservation Association funded an independent study to see if the implementation and date could be met. BIMCO's expertise in scrutinising the details of proposed new regulations means any concerns on behalf of our members and the wider industry is brought to the discussion table in time.

BIMCO, together with some member states and other industry organisations, also worked to obtain more time to allow installation of ballast water management systems (BWMS), entering into force this year, that will be type approved under the revised guidelines (G8) process. Consequently, BWMS that are approved to a higher standard will also benefit the environment. These two regulations will have a huge impact in shipping.

Beyond this, we also aim to provide leadership on some of the major emerging issues affecting global shipping during these difficult times. This sometimes means stepping into new territory.

In response to the dry bulk shipping sector crisis, BIMCO produced a unique analysis model, named the "Road to Recovery". It is designed to highlight the actions needed for struggling shipping markets to recover – and to follow their progress. Our analyst will continue to track the industry on the actions needed for recovery in this sector and will extend this knowledge-sharing series of analysis by looking at the crude oil tanker sector in 2017.

CONTRACTS AND CLAUSES

BIMCO is already the world leader on standard contracts and clauses for the shipping industry. Our aim here is to develop standard documents for every niche of the shipping industry so when we were asked to propose a term sheet for the shipping finance sector, we knew we could add value. We launched "SHIPTERM" in January 2017, a ship financing term sheet, which was an industry first in shipping finance and a diversification for BIMCO into new territory. This year will see this development continue with work starting on a syndicated loan term sheet.

Meanwhile, cyber security is an ongoing challenge across all sectors and an issue where BIMCO took the initiative to respond on behalf of the maritime industry. The result was the introduction of the first set of Guidelines on Cyber Security Onboard Ships in 2016.

Our ongoing task is to continue to provide the core services that our members rely on, while also staying ahead of the game in terms of global regulation and the financial, market and other factors that will continue to affect global shipping business. We will do this by offering the best of our insight and knowledge to our members to help them tackle the road ahead. **SN**

Gemma Wilkie is director of communications at Copenhagen-based shipping organisation BIMCO, www.bimco.org.



Shipping organisations must adapt to survive in today's market



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Jordi, Next Maritime Agency

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Countering the folly of youth

Faststream's **Mark Charman** looks at the employment prospects for young people in shipping



**Mark
Charman**

You have completed your shipbroking qualifications and you are ready to find a job. You have your eyes set on working for a big broking house and you are ready and raring to go. But the reality is that finding your first job may not be as easy as you might think.

Shipping is indeed an industry crying out for young talent and generally the employment prospects for junior employees are good, but getting your foot in the door may require more work than you expect. That said, the glamour and rewards that go with a career in shipbroking are not out of reach, but they may just require you to take a different approach to your career than simply applying for a job online and waiting for the phone to ring.

Topic: : Careers

I **Keywords: Jobs, shipbroking, recruitment**

Background: With the shipping market in the doldrums, would-be shipbrokers may need to think creatively to get their foot on the recruitment ladder

The fact is that in today's climate of economic uncertainty, broking houses are looking to bring in people with an already established network, which you probably won't have. There's more people doing shipping courses and there are fewer junior roles available. Faststream is one of a handful of specialist recruiters finding jobs for would-be shipbrokers and we speak to people on a daily basis that want to get on the career ladder. Based on that knowledge, this is our advice to shipbroking jobseekers.

"Working for a large broking house might be your long-term aim but don't let this overshadow your immediate objective of getting a job"

First, make yourself stand out by doing part-time work during your study time. You won't be getting paid big bucks, but the hands-on experience that you can gain will help elevate you from the rest of the competition when you are going for jobs. If you can show what you are made of when you are gaining this experience then there is a good chance that the company will take you on when you graduate.

Second, working for a large broking house might be your long-term aim but don't let this overshadow your immediate objective of getting a job. Look at smaller broking houses which are local to you. There's plenty about and they may be more



Candidates must think creatively to get ahead

open to training and developing younger staff.

Third, get your blinkers off and look at the other options which are available to you. Your understanding of the shipping market will be valuable to many employers. You could go into a post-fixture or analyst position with a broking house. You could look at a range of logistics roles or apply to become a port agent. You could even look at recruitment – Faststream have a number of shipbrokers on the team. All of these roles will give you real shipping experience.

Fourth, build up your network by attending Institute events, shipping dinners or many of the other regular events which take place. Talk to people that have made it into the industry and extract their knowledge on how they went about securing their first job.

Lastly, be aware that you will be competing with a large number of applicants when you apply for a job. Make sure that your CV and LinkedIn profile is up to scratch and when you do get an interview, do your research on the company and the people who are going to be interviewing you so that you can make a good impression. Turn up like you mean business by wearing a suit and most importantly, turn up on time. It still amazes me how many people turn up late for an interview or not wearing business attire. This preparation may just give you the edge over someone else.

Remember that you are the future of shipping so don't get disheartened by setbacks or disengaged with the industry because it's taking you longer than you expect to find your first job. Keep focused, follow our advice and enjoy the ride – shipping is one of the most exciting markets you can work in and the long-term career prospects are excellent. **SN**
Mark Charman is chief executive of the Faststream Recruitment Group & Faststream Executive Search, www.faststream.com.



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Expect more of the same in 2017

Moore Stephens' **Richard Greiner** says there's nothing normal about shipping's appetite for survival



Richard Greiner

Shipping is the ultimate cyclical industry. It is not a suitable investment for those who are not prepared or equipped to deal with highs and lows, and with levels of volatility engendered not only by factors within the industry itself but also by geopolitical and economic developments on an international scale.

Last year was no exception for shipping, which struggled to achieve profitability in a market characterised by too many ships operating at below break-even in a depressed freight market. This scenario was played out against an unpredictable political background which included Britain's vote to leave the EU and Donald Trump's victory in the US presidential elections.



Topic : Outlook

Keywords: Politics, regulations, risk-reward ratio

Background: Don't expect fireworks in 2017; shipping is more likely to continue its steady but tempered recovery

"Unpredictability, volatility and changes in the risk-reward balance are central to shipping's DNA and part of its attraction to existing and new investors alike"

While it would be inaccurate to characterise 2016 as the 'New Normal' for shipping, some things, at least, will have a familiar ring to them in 2017. Oil prices should continue on an upward trend on the strength of the recent Organisation of Petroleum Exporting Countries' production cuts. Calls for higher levels of ship demolition will increase significantly, although not necessarily ship demolition itself. The cost of meeting regulatory requirements will become clearer as the industry and its financiers grapple with the consequences of having to burn lower-sulphur bunker fuel while ensuring that their ballast water management systems are fit-for-purpose.

In common with other industries, shipping will be waiting to see what Brexit really does mean. Orders will be placed for new ships. If they are not, a number of shipyards will go to the wall. For many, freight rates will continue to struggle to reach the levels required to ensure commercial viability, while consolidation will remain the buzzword in the container liner trades. And cyber-crime will further exercise the minds of those in the shipping industry, as the insidious threat which it poses continues to spread on a global basis.



Credit: Nate26

Oil prices will keep ticking up, as shipping continues its steady recovery

POLITICAL THREAT

Shipping is highly susceptible to political developments, and will be especially so in 2017 with elections due in, among others, France, the Netherlands, Germany, India, Singapore, South Korea and Iran, as well as the five-yearly National Congress of the Communist Party in China.

This year, also, shipping will have to continue with its preparation for new accounting standards for leases which were issued last year both internationally and in the US. When these new standards enter into force, some companies in the shipping and offshore maritime sector will see major changes to their balance sheets, and some will see a change to their reported profits. Both standards are still a little way off coming into force, but shipping and offshore maritime companies would be well advised to start checking the potential effect on their financial statements now, in order to be well-prepared for implementation.

Vessel operating costs, meanwhile, are expected to rise by 2.5% in 2017. This will undoubtedly be of concern to owners and operators, but it should be viewed in historical perspective. In 2008, for example, the average operating cost increase absorbed by the industry was no less than 16%. If operating costs don't rise this year, it will give rise to doubts about whether quality and safety are being sacrificed.

Unpredictability, volatility and changes in the risk-reward balance are central to shipping's DNA and part of its attraction to existing and new investors alike. Despite a number of negative factors, confidence in shipping actually increased steadily for most of 2016. The rest of this year will bring new challenges, along with the need to meet existing ones.

As for the New Normal, shipping is an indispensable industry in which there is precious little normality, only a remarkable robustness in good times and bad. In 2017, shipping – as it has so often in the past – will find a way. **SN**

Richard Greiner is a Moore Stephens partner in its Shipping & Transport division.

Come sun, rain or shine

Vittorio Lippay explains why developments in weather forecasting are significant to shipbrokers



Vittorio
Lippay

The 72-hour lead time weather forecasts that have become routine over the last two decades are important to seafarers and port operators, but have little influence on fixtures. That, however, may soon change as within a decade forecasts with a much longer lead time are likely to become a crucial factor in shipping negotiations and decisions.

Topic : Forecasting

Keywords: Models, climate, predictions

Background: The evolution of weather forecasts will bring increased climatic certainty to fixture negotiations

According to the US Academy of Sciences, subseasonal to seasonal forecasts (S2S) have a lead time from one week to twelve months, allowing "naval and commercial shipping planners [to] designate shipping routes weeks in advance, seeking to stage assets strategically, avoid hazards, and/or take advantage of favourable conditions". These medium range forecasts, requiring co-operation between weather and climate researchers, promise to eliminate the gap between day-to-day forecasts and climate predictions. Forecasts in this medium range are critical for taking mitigation measures in natural disasters, but will also be invaluable for routine activities, like choosing ports of destination, or ship types for a specific route.

NEW SOLUTIONS

Since the introduction of weather satellites in the 1960, the prevailing Numerical Weather Forecasting (NWP) model is

based on physical models that are limited to the atmosphere. This "deterministic" method produces accurate short term predictions, up to ten days, by calculating the development of initial conditions during a lead time. However, the American meteorologist Edward Lorenz showed in 1963 that in environmental phenomena with a chaotic nature – like weather – two states "differing by an imperceptible amount" can evolve, leading to a range of widely different states. In other words, even small mistakes or differences in starting observations that are fed into model codes will increase with time, leading to a forecast that gets increasingly blurred as the lead time increases. 'Chaotic' here does not mean that events do not follow rules understandable to us, rather it means that the outcomes are so wide that they lead to confusion and no obvious choice for a forecast.

At the turn of the century meteorologists, such as Tim Palmer at the European Centre for Medium Range Weather Forecasts (ECMWF) in the UK and Timothy DelSole at the National Oceanic and Atmospheric Administration in the US, pioneered a method, known as "ensemble forecasting", which returned to probabilistic approaches to compensate for those uncertainties in initial measurements. Putting it simply, they favoured making a set of forecasts based on slightly different assumptions, enclosing elements of diverse forecasting to create more realistic predictions than the one perfect forecast offered up before. Typical ensemble forecasting is made up of some 20 or more forecasts.

MATHEMATICAL MODELS

The next step, multi-model S2S forecasting utilises different mathematical models of the atmosphere to produce simulation ensembles to maximise the advantages of each model. Until recently, weather simulation models primarily addressed the troposphere, the 75% mass of the lower atmosphere lying between ground level and an altitude of approximately 36,000 ft.

Improved forecasts now include the stratosphere and are likely to include phenomena in the Geospace.

Research strategies towards producing S2S forecasts focus on coupling together different multi model forecasts of environments. The Met Office in the UK (UKMO), America's National Oceanic and Atmospheric Administration and Naval Research Laboratory, the Australian Bureau of Meteorology and the European Centre for Medium-Range Weather Forecasts (ECMWF), have tested coupled atmospheres, ocean, and sea ice models. They have found that there is currently a shortage of observations on the oceans, which would benefit from contributions from the shipping industry.

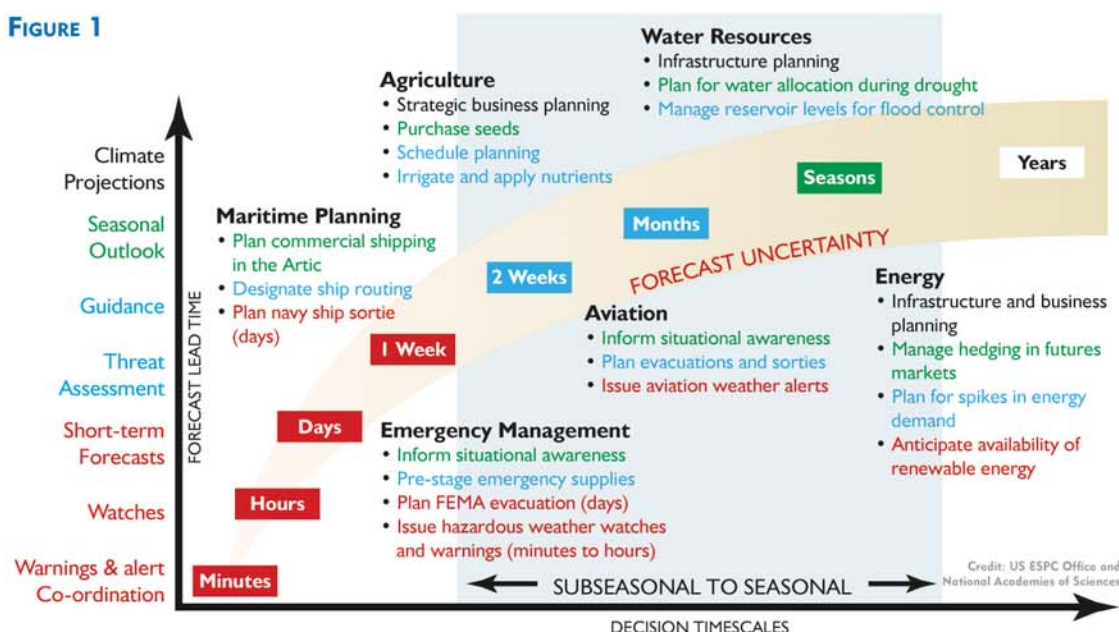
Retrospective forecasts or re-forecasts can also help test and improve the S2S prediction models. To integrate and support models, so-called 'hindcasts' made on past data are compared with known weather patterns. Vast case libraries are planned to allow for comparison of pre-vision validity and to improve future forecasting runs.

"Weather has always been a good conversation starter, but it will soon become a critical part of shipping-related business negotiations in the future"

Credit: Burt van Stratum



FIGURE 1



S2S DATABASE

Through the promotion of the S2S database – in operation since May 6, 2015 – the World Meteorological Organization (WMO) has taken the first step towards mid-term forecasting within the World Weather Research programme.

Research centres in 11 major countries, including the UKMO, supply forecasts and reforecasts made using their different models and their coupled tests. The overarching aim is to capitalise on the advantages of different forecasting schools in order to find and formulate the best research strategies for S2S. The ensembles include from four to 51 members and their forecasts are made with lead times of 32 to 60 days. Re-forecasts then can extend up to 30 years retrospectively.

The ECMWF in the UK hosts open access to the S2S database using a web application programming interface. The China Meteorological Administration has provided a second access point since November 2015.

After registration, users can download database contents for their studies or for training purposes. For obvious reasons, however, there is a three-week forward embargo on forecasts. Real time previsions are expected to become available to national meteorology agencies in a few years.

Two major examples of currently available forecasting systems are the National Center for Environmental Prediction (NCEP-NOAA) in the US which has run a coupled programme since 2011 and the Climate Forecasting System 2, which provides seasonal and sub-seasonal forecasts by considering the interactions between atmosphere, oceans, lands, and sea ice for up to 45 days ahead.

In Europe, the ECMWF runs two separate systems: System 4, an atmospheric model and Nucleus for European Modelling of the Ocean (NEMO), which is the ocean component.

THE BIG VISION

In 2016, the Naval Research Office, NASA, the Academies of Science, and the Heising Simons

Foundation promoted a study with a roadmap for an ambitious plan towards S2S forecasts, almost as a prerequisite

for a Virtual Earth System (VES). VES, in their words, will provide “a continuous and dynamically consistent portrait of the atmosphere, ocean, and land... a digital mirror reflecting events all over the planet”, and so form the foundation for the Future Earth System, a probabilistic instrument for picturing and forecasting events and states on our planet with a given lead time.

According to the US Department of Commerce a large part of American GDP producing activities, including shipping, is vulnerable to weather conditions, hence investments in the order of billion dollars in such an endeavour are justified. To this end, the interagency Earth System Prediction Capability office (ESPC) was launched in 2010 with the aim of co-ordinating federal agencies towards exploiting both physical and ensemble forecasting techniques to their full predictive potential.

Figure 1 shows that critical decisions for the shipping industry, like designating ship routing (shown in blue) or organising commercial shipping in the Arctic (shown in green), fall exactly in the forward time zone for which there are no certain forecasts available today.

Efficient S2S forecasting could change this situation in the near future to the point that negotiations, fixtures and details therein – like ice clauses or port ranges – may largely depend on S2S weather information available to operators. Additionally, Sea Traffic Management systems, like those envisaged in Europe, will eventually incorporate weather details with longer lead times in their planning.

S2S previsions, however, will not have the level of certainty we experience on day-to-day forecasts. The probability of finding specific weather and sea conditions in a voyage will be expressed in terms of percentage, with certainty degrading as the lead time increases. Still, S2S will allow a successful broker to offer the best ship for the most probable weather conditions.

Weather has always been a good conversation starter, but it will soon become a critical part of shipping-related business negotiations in the future. **SN**

Vittorio Lippay is a Member of the Institute.

Still a need for the human element

Robert Hawkins believes the world is not yet ready for autonomous ships

With much of the shipping industry currently in the doldrums with only minor glimmers of hope in many sectors even for 2017, it is interesting that some research departments within various establishments, including Lloyd's Register, are committing serious time and effort to the development of autonomous ships.

I've read with interest various articles of late concerning the pending introduction of such ships and it's led me to wonder whose agenda those that are promoting this shift in transportation by sea are working to.

Maybe I'm already of the 'old school' – being semi-retired and not overly computer literate – but I'm still very much involved in the industry and in more recent years, in the profession of marine surveying.

Taking a step backwards in time, I was brought up in what might be considered the real world of shipping from the age of 17 in 1966, attaining my master's foreign going certificate in 1975 and consequently serving on all types of ships – except tankers – and trades worldwide, from 3rd mate to chief officer. Then, after a short stint as master, I took up shore-based employment.

As a trainee shipbroker and ship's agent I studied for the Institute of Chartered Shipbrokers exams in the early 1980s, and on passing the exams became a member of this illustrious body of maritime professionals.

After assisting in the setting up of a small Trans-Tasman shipping company, I was assigned as the company's marine superintendent dealing with all manner of tasks from initial crew engagements to arranging outward cargoes for the company's chartered ships, along with the dubious task of negotiating terms and conditions with the maritime unions.



Wärtsilä envisions one master leading a fleet of crewless ships



Rolls Royce's vision for autonomous ships – too much, too soon?

After three years of working 24/7 I decided enough was enough and a further change of course followed with a step up another rung into the marine surveying profession. I ended up owning my own business, along with various partners, and here I am today semi-retired and contracting my services as a marine surveyor.

I'm also currently very involved in the Australia/New Zealand Branch of the Institute's activities as the NZ Chapter representative. Other activities involve volunteering as a sailing master on the NZ National Maritime Museum's floating fleet and a Trustee, and finally somehow still have a 'part-time' position as a family man to boot. I lead with these facts to demonstrate that I do know what I'm talking about.

QUANTUM LEAP

Shipping has moved from the age of sail and steam, sacks of grain and rice, kitchen sinks and toilet rolls, to containers in a very short time span of something short of 100 years, while the computer age has really only jumped ahead in leaps and bounds in the last 10 or 15 years or so.

The transition from sail to steam and later to motor ships again took a relatively short space of time and while many seagoing jobs were lost initially when sail succumbed to the new-fangled steamship, the expansion in trade and the rapid shipbuilding programmes especially following World War 2 saw a huge expansion in the requirement for trained officers and seamen worldwide.

Those autonomous ships now being considered by the brains would certainly bring a quantum change to an industry that has been heavily and totally reliant upon human technical skills to keep the floating fleets both sailing and maintained in fully operational condition, both ashore and afloat.

In more recent years, the progress in technology could be

likened to the fuel consumption/power curve: that is, as one increases the speed, the fuel consumption line on the graph goes through the roof.

Is this where we as a human race are headed? I for one, certainly hope not, and while not wishing to be negative in a progressive world, surely there are others with sufficient common sense who can see the pitfalls in the ideas of promoting a fleet of autonomous ships?

While I don't doubt that designing and building an autonomous ship is entirely possible – small experimental craft have indeed been produced, and with unmanned robot-type remotely operated vehicles having been deployed in the offshore industry for many years, the technology itself is well-developed. However, to my way of thinking the operation of a commercial ship must surely be an entirely different prospect.

While superior computer skills are no doubt out there, my first question would be where will these superior computer-skilled operators get their marine expertise from? The computer expert may have all the information he/she needs on the computer screens but does he/she have any idea of the reaction of a vessel in a seaway in adverse wind and sea conditions?

Additionally, would the shore-based computer operator have a similar reaction to another computer operator controlling another vessel in a collision avoidance situation? The second controller may be located in another part of the world and be less educated in collision regulations. Although you may rightly point out that's nothing different to what may occur with humans on board operating ships.

COMPUTER MODELLING

The human factor is an interesting case in point. Take the highly enlightening incident involving an aircraft crash which was recently made into the feature movie *Sully*. Captain Sully landed his passenger jet aircraft on the Hudson River, New York, a couple of years ago. No lives were lost but Captain Sully was taken to task by the judiciary. The computer modelling said the captain could have made an emergency landing at two close-by airports, rather than attempting a landing on water. The captain responded that he had applied live and real-time manual actions and was subsequently exonerated when it was proved that the computers were incorrect. If he had relied on the computer information alone, the jet would have crash-landed before reaching the runway.

With no humans on the bridge of a ship in autonomous' operation, how would a court of law react in a computer-generated collision?

I have witnessed first-hand how a cruiseship manoeuvres into and out of its berth without the use of tugs, and controlled by a single lever. It's very impressive, however there is still a qualified officer or officers nearby to take over the controls if there is a failure or un-programmed action required.

I personally have also been involved in one or

“With no humans on the bridge of a ship in autonomous' operation, how would a court of law react in a computer-generated collision?”



Credit: Chris Gardner, New York District Public Affairs

two marine insurance claims in recent years involving cruiseships, where catastrophic failure has resulted in near-disastrous consequences. While the causes went back to simple human failures, the human input in averting those potential disasters was critical.

The machinery powering a ship is essentially unchanged in its raw form with diesel engines as the prime movers. This is today complemented by sophisticated electronics, monitoring and controls. Yet, the skills of the onboard marine engineering staff cannot be replaced entirely.

HUMAN ELEMENT

I return to the question I posed at the start – where to from here? Nippin Annand's excellent and very enlightening article published in the 25th anniversary edition of the International Institute of Marine Surveyors' journal, *The Report*, entitled *Light bulbs, red lines and rotten onions*, highlights a number of very important issues referring to the human element in shipping which I believe, cannot be replaced by automation. At least, not at this point in time.

I concede that the intentional grounding of the *Hoegh Osaka* in Southampton Water exposed an inherent problem of human input – or more correctly the lack of human input – which resulted in an unknown stability situation and the vessel's eventual capsizing. But this incident is in my opinion, the thin end of the wedge.

As a marine surveyor, I frequently see potential catastrophe on board containerships that is averted by human input from a surveyor. Maybe I'm still only a simple surveyor, a one-time ship's officer and shipbroker, but in my view the industry is nowhere near ready for a 15,000 teu autonomous container vessel, let alone a whole fleet of them. **SN**

Robert Hawkins, FICS, FNI is senior surveyor at Auckland-based Dunsford Marine. He can be contacted on bob@dunsfordmarine.co.nz.

PhotoCall for entries

Awe-inspiring seascapes, monster machines, floating steel behemoths – shipping is an industry of striking contrasts. In recognition of this, the September 2017 issue of *Shipping Network* will be our second special edition issue celebrating the imagery of the shipping industry.

We are inviting all Institute members, fellows and students to submit high resolution photos, the best of which will feature in the September 2017 issue of *Shipping Network*. The best overall photo will be awarded a prize of £500.

Categories:

- People/portraits
- Weather

Technical information:

Photos can be colour or black & white and must be at least 300 dots per inch resolution (300 dpi).

Terms & Conditions:

The photos must have been taken within the past year by an Institute of Chartered Shipbrokers' current Member, Fellow or Student and be copyright and royalty free.

There must be verbal or written consent for publication with photos submitted of people. Eligible members, fellows and students may enter **one** photo per category.

Final deadline for photo submissions: July 15, 2017

To submit a photo, please send the image as an attachment to: design@carmarmedia.co.uk.

All entries **must** include the entrants full name, the category entered, Institute membership number or student number, and a photo caption.



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Don't overlook people management

HR Consulting's **Karen Waltham** explains why human resources could be an invaluable asset



Karen Waltham

An organisation's most valuable resource is its people and for many, the largest part of the company budget is often the annual salary bill. Why is it then that the Human Resources (HR) profession is often disregarded or viewed with scepticism?

In a recession, HR teams are often impacted with increased workload, supporting 'right-sizing' exercises across departments, and reviews of the resourcing and development plans already in schedule. Training is stopped, training teams reduced and often whole departments closed down in favour of other departments seen as commercially critical.

As a profession we may not be helping ourselves. For many years there was a push to get HR on the Board and the topic was heavily debated. Yet, HR professionals do not promote themselves; maybe our focus is too much on others – to the detriment of our own mission and goals.

Maritime is still many years behind other industries in the development of HR. The HR departments and functions are often little understood, and the benefits of a well-constructed and professional HR team have yet to be fully seen, felt or appreciated.

Companies must not confuse the management of people across the business with the line manager's responsibility of the day to day people management. In years' past, a line manager would pass all issues relating to the staff to the personnel or staff manager, who understood what needed to be done and did it for them. This included hiring, firing, training, performance management and communications. In today's world, HR's role is to provide or offer a toolbox of people management instruments, for effective use by the management and staff across all layers of the organisation.

Depending on your experience you may shudder at the size of some HR departments, whether it be half a person combined with a reception role, or a team of 120 split across a large number of HR functional departments. Our professional responsibility to CEOs and boards, is to help them understand the difference that can be made and the potential competitive edge that can be offered through people.

DIFFERENT FUNCTIONS

By breaking HR down into functional areas, it can be easier to understand the opportunities and potential benefits. Basic functions can include:

- Compensation and benefits (reward) management, where a well-designed and constructed compensation and benefits plan can support the attraction, motivation and ultimately retention of talent in a company. Salary benchmarking enables and supports salary planning management.
- Learning and development/management development/talent management. Products, systems and processes can



HR teams could help the maritime industry stay afloat

be copied, however people are the biggest differentiator to any company. People can become your competitive weapon and the investment in their development is crucial to ensure they stay that way.

- Recruitment – determining the plans and the strategies for attracting the right kind of people is fundamental to the success of the company. Having the right people in the right job at the right time will always be a challenge; however good planning helps.
- Manpower planning and resourcing. Some organisations have manpower plans looking up to 35 years ahead, in 5 or 10 year intervals. Scenario planning, where you consider the impact of hypothetical situations on your company including your resources and assets enable you to react to your previously considered plan, and prevents the need to have knee-jerk reactions, which could be costly in the future.

So in the same way that you have specialists such as charterers, professionally working on the negotiation of terms and charter parties, the HR department is working across the company focusing on your people.

At the annual Maritime HR Association Conference, HR professionals from across the global maritime industry meet to share experiences, challenges and discuss topical issues facing today's business world. Knowing there are like-minded people who face similar struggles but also have a passion for making a difference is reassuring.

You ignore HR at your peril; in times of a recession ensure that you work with the HR team to enlist their help and support. The HR team can be your best investment to ensure you stay afloat. **SN**

Karen Waltham is managing director of HR Consulting. Find out more information at hrc.spinnaker-global.com

Ready to meet the next challenge

Innovation and entrepreneurial spirit keeps shipping alive, says **Ken Peters**



**The Revd
Ken Peters**

International shipping has always been adept at adjusting to new circumstances and indeed rising to fresh challenges. The entrepreneurial spirit enables innovation and change to be a perennial feature of the industry and a hallmark of the maritime community. This community also displays mutual respect even across the diversity of its sectors.

One feature of the economy of shipping almost defies rational explanations. That is the cyclical nature of its 'boom and bust' dynamics. In times of high freight rates and significant profits there is a rush to purchase ships and orderbooks fill up. Then comes an economic downturn just as the new ships are delivered resulting in the overcapacity that perpetuates and further depresses freight rates, leading to much wringing of hands with complaints that business is not good.

This is a familiar scenario and yet breaking the cycle seems to be beyond the capacity of the industry. Yet coping with other conditions is met with a steely determination to succeed. The change from sail to steam, containerisation, the breakdown of family-run companies, the establishment of transnational corporate entities and multinational crewing, did not spell doom and disaster for shipping. Rather, these circumstances were met with strategic changes that changed forever the face of shipping.

Even the International Transport Workers' Federation's Flag of Convenience campaign has not daunted the spirit of those seeking to introduce working practices that favour the shipowner. Such working practices have led to the enormous growth of flags of convenience, second registries, or open registries. Call them what you may, the emergence of such registries has shifted the focus of power away from traditional flag States to previously unfamiliar or even unheard of jurisdictions. This is another change that was unpredicted and yet landed on the industry with such an impact that the post-colonial scope of flag size was transformed. The Red Ensign all but disappeared and the

rise of Panama, Liberia, The Marshal Islands and their ilk to prominence in the league table of flag States was something the original tax efficient pursuit never anticipated.

"Certainly, the camber of conditions is moving more towards a 'level playing field' than ever before in the history of navigation"

LABOUR REVOLUTION

These changes have stuck for some considerable time and there is little to suggest any radical shift away from the current power bases is forthcoming. If I look for any disruptive influences to the current status quo I must highlight the introduction of the raft of rules and regulations that are the provisions of the UN-ILO Maritime Labour Convention 2006 as prominent among the introduction of a plethora of other conventions.

The constraints of this article do not allow for an in-depth analysis of the impact of conventions, though the MLC is without doubt the single most significant influence on the living and working conditions of seafarers since the 13th Century Rules of Oléron. By this measurement, the industry could be criticised for progressing at a 'snail's pace' or indeed that shipping in the 13th century was way ahead of any other endeavour in caring for its personnel. I anticipate that the desire to comply with the MLC among not only the reputable shipowners and unions, but also flag and port State authorities is the most significant driving force for improving living and working conditions of seafarers. So much so that there may well need to be a rebranding of the FOC campaign. Are we on the cusp of seeing a transformation to the badge of honour in being a 'Flag of Compliance? Wishful thinking, or the realisation of the aspirations of the creators of the MLC? Certainly, the camber of conditions is moving more towards a 'level playing field' than ever before in the history of navigation.

WHISTLE-BLOWING

For maritime ministry practitioners in the various missions, the MLC has occasioned the most significant rise in the number of seafarers presenting with concerns for the way in which the MLC is being contravened. Seafarers seek out those they trust – and the Port Chaplains are those that enjoy that trust – and seek remedy for the disadvantages they are subjected to under the onshore complaints procedure.



Credit: Ed Perry

“It is time to do away with the spurious arguments that it is not good for seafarers to receive bad news from home”

To dare to anticipate not an evolution away from tolerance of the substandard operator but a revolution in the respect given to seafarers is not unrealistic. Within the UN system of the ILO and IMO we have the possibility of avoiding the chaos that comes from a multiplicity of unilateral laws as we move to a coherent and safe global model of development.

Such a revolution may well come from the power currently residing with seafarers. The disruptive technologies of IT shift the balance of power away from recruiting agencies, placement services and shipowners to seafarers. The current generation of seafarers are technologically ‘savvy’ and the next generation are well aware of the advantage they have in the labour market. They have had tablets and smartphones in their hands since they were three years old. To tell such potential seafarers that they will be at sea for several months without connectivity means recruitment and retention will be all but impossible. Shipowners will be forced to install and make accessible on board all the means of communications that are available. If they do not, recruitment will be from the ranks of the disaffected rather than the legion of professionals.

It is time to do away with the spurious arguments that it is not good for seafarers to receive bad news from home. The reality is that they will find out and direct their ire at those in the company who knew but did not pass on the news which will not only be detrimental to morale but will also affect productivity through the loss of loyalty.

Increasingly, seafarers are highly educated and determined and even those with a dearth of qualifications are motivated to provide for their families. In an increasingly competitive labour market with emerging labour supply countries and the mobility that comes with a free flow of labour, one might expect the recruiter to have the upper hand, offering jobs further down the list. But those further down also have smartphones.

EMBRACING INNOVATION

This technological revolution is easily coped with by seafarers but the industry does not keep abreast of innovation so easily. The skills gap is a looming threat to an industry desperate to claim the competency of seafarers. How often does a bridge officer join a ship confident that his training on ECDIS is current, only to find that the model on board is actually the latest and his training was on an obsolescent unit? There needs to be a wake-up call for nautical colleges to ensure that their courses are keeping pace with the supply of ever more sophisticated equipment.

What more sophistication could there be than in the ‘roboship’? The anticipation of a fully automated ship with no crew is a great matter of debate. Apart from an analysis of the technology there is a more fundamental discussion to be had within the realm of adoption and acceptability.

The ‘techies’ among us will claim that such a vision is well within the capability of existing systems let alone any leaps forward in artificial intelligence. Political acceptability and public attitudes are more likely to slow down the progress towards roboships. Algorithms may well be capable of safe navigation but who in the general public wants an unmanned ultra large crude carrier traversing the coast of Alaska?

Technology can be introduced and sold, but ‘selling’ people a cultural shift requires significant resources and an almost endless retail campaign. The suspicion of technology that replaces labour is far more sceptical than purchasing the latest smartphone.

Given these few examples of influences on the role of seafarers, what is the future for seafarers? For the



On board connectivity is essential for today's tech-savvy seafarers

first time in 39 years of ministering among seafarers I see the genuine possibility of leaving behind the historic view encapsulated by Samuel Johnson in his infamous quote: “No man will be a sailor who has contrivance enough to get himself into jail; for being in a ship is being in a jail, with the chance of being drowned.”

Seafarers are the life blood of a sustainable world. Our dependency on them is intrinsic to our own wellbeing as a well as their own dignity. Recognise their dignity and our world will be well served, maintaining and enhancing economic growth, the distribution of wealth and the consequent political stability, with opportunities for all. [SN](#)

The Reverend Ken Peters is the former director of justice and welfare services at the Mission to Seafarers, www.missiontoseafarers.org.



The hand of politics in trade

How will changes in the standing of global countries affect shipping, asks [Andrew Lansdale](#)



**Andrew
Lansdale**

The legal systems in the West seem to allow endless appeals against an official decision or judicial sentence. In last year's Brexit vote in the UK, the majority of voters – by a slim majority – decided to leave the EU. Thousands of people took to the streets demanding a further referendum. One supposes that they would insist on one referendum after another until, lacking the will to live, the opposition gives in and the protesters get their way.

Earlier this year, Donald Trump was sworn in as the 45th President of the US. In all, 250,000 people protested the appointment. For more than 225 years, Americans, under the 1st amendment to its Constitution, have been allowed freedom of speech and the right to peaceably assemble and protest.

In the world of shipping, one must study how these changes in various countries' global positions affect seaborne trade. President Trump had already influenced American producers into not migrating manufacturing overseas. This was attained with just a dangled carrot rather than a big stick, and achieved while he was waiting in the wings as the President-elect. Incoming Presidents are usually judged after 100 days. But this one took his detractors and his



President Trump has shown support for the oil and gas industry

opponents by surprise and hit the ground running, surprising the captains of industry. In his first day at the office, with the chair barely warmed, he withdrew from the TransPacific Partnership Talks and demanded a renegotiation of the North American Free Trade area.

GOING FOR GAS

The gas industry was one of the first to demonstrate how things will be. Shale gas, pipelined down to the US Gulf became an accelerating export. Commentators declared that gas would be too expensive to attract foreign buyers. But two incidents turned this on its head. The breakdown of the Chevron-controlled Gorgon field a year ago that had slimmed down exports of LNG to Asian markets was the first episode, as well as the Soyo facility in Angola.

The second was the opening of an enlarged Panama Canal. This is now able to accommodate much larger vessels: Not only 130,000 dwt bulk carriers and 13,000 teu containerships, but 180,000 cubic metre gas carriers. Typical is the 2016-built, Spanish-flag LNG carrier, *Rioja Knutsen* of 176,400 cu m which loaded at Sabine Pass terminal on the border between Texas and Louisiana. It transited the Panama Canal and headed for the Far East earlier this year. It was one of some 100 cargoes of shale gas that have been exported from the US since the opening of the expanded Canal. And more than half these cargoes have gone to North Asia.

Trump has so far shown himself to be keen to encourage domestic oil and gas production. As a parting shot, outgoing President Obama brought to a halt oil exploration in the Arctic by presidential decree. It will take a Supreme Court ruling to overturn such an executive order. And this will be dogged by the inevitable appeals which have so blighted the lives of those who just want to get on with things.

But oil and gas production from shale deposits, although

Trump has revived the controversial Keystone XL and Dakota Access pipelines



Boxed up



Containership woes continue. Close to 350 ships remain laid up with an aggregate capacity of more than 1m teu. But now tonnage availability is being slimmed down slightly. We are now seeing younger and younger ships being sent for demolition. First it was a ten-year old vessel with accident damage. Then came the 10-year-old, 5,500 teu, YM *Los Angeles* in an undamaged condition. Panamax ships seem to be the ones suffering a premature death.

Then came a seven-year-old ship: The 2009-built, 4,500 teu, *Rickmers India* which was sold for 10% of its estimated secondhand value. We mentioned earlier this year that owners must be prepared to scrap younger and younger ships. This is reported as the youngest ship ever sold for demolition. Looking at the statistics, the Shell-owned *ULCC Batillus*, of 553,662 dwt, entered service in 1976; it was taken out of service and laid up in 1983, but was not scrapped until two years later.

As mentioned in the past, the introduction of ultra large containerships on the East-West trade routes is still causing a major problem. As you will recall, they caused a cascade, with replaced, smaller tonnage entering other trades and displacing other smaller ships and so on. Through consolidation, the ultra large vessels will make meagre profits. And after pushing back deliveries as far as possible, 54 boxships between 14,000 and 21,000 teu will be delivered between now and the end of 2017. **SN**

more expensive to explore and produce, is being encouraged. Oil from this source as well as that from tar sands in Canada are propelling North America into a self-sufficiency not seen since the late 1960s. Canada holds about 80% of the world's proven reserves of tar sands or bitumen sands amounting to about 81 billion barrels, with non-proven reserves more than doubling that figure. Now that oil prices have risen and stayed above \$50 per barrel, tanker trades with the US have become less of a feature. Domestic production will follow the 'Buy American' presidential diktat and the fall in US imports will continue. With one of his first executive orders, Trump gave the go-ahead for the controversial pipeline from Canada to the South.

This will not assist the tanker market, already overburdened with tonnage. VLCCs are earning a lot of freight, but the most modern ones are only trading at close to breakeven. Suezmaxes are faring similar, while clean tankers are struggling.

In 2016, world oil demand grew at about 1.5m barrels per day (bpd). The International Energy Agency (IEA) forecast a slowdown to 1.3m bpd for this year. Higher crude oil and product prices will ally with a stronger US Dollar to produce this effect. Although OPEC and non-OPEC producers expect production to ease to a deficit of some 700,000 bpd against demand, increased production from the US should more than compensate for these predicted red figures.

CRUISING INTO TROUBLE

Far from the oil world, there is one sector we have not touched on for a long time; cruiseships. There are numerous passenger ships in existence. Some are quite well known, such as the *Queen Mary 2* and the huge *Independence of the Seas*.

And the operators of these ships are having one or two problems

Keeping dry



Bankruptcies in the dry cargo sector continue. Italian shipowner Giovanni Bottiglieri applied for court bankruptcy protection or 'concordato preventivo' earlier this year. The company, founded by Captain Giovanni Bottiglieri in 1850 with a fleet of coral fishing boats, has 15 ships made up of four MR product carriers, one capesize bulk carrier and ten panamax bulk carriers. None of these sectors has performed particularly well in recent months, although there are signs of a recovery in dry bulk markets. But it is nothing to write home about.

Undaunted, one owner has put its faith in the future. Germany's Oldendorff Carriers owns or operates more than 600 ships in the dry bulk sector. Under its direct ownership are 21 capesize, six post-panamaxes, six kamsarmaxes, eight panamaxes, 14 ultramaxs, four supramaxes and 23 handymaxes. Its purchases in the last year approached 25 units. Such a large company must have extensive research facilities, so one presumes that it expects an upturn in the market as well. So perhaps the name Bottiglieri will be preserved. **SN**



Not all cruiseships are as profitable as the *Queen Mary 2*

finding sufficient passengers to fill them and thus make profits. And that is with the current number of cruiseships in service.

So what of the future? There are currently 84 new cruiseships contracted; this is the highest number of passenger vessels on the orderbook in shipping history. Fifty of these are of 100,000 gross tons or more, many above 200,000 gt.

Under SOLAS, passenger ships should be capable of evacuating the people on board within 30 minutes of their gathering at their muster stations. It is estimated that when the 'abandon ship' order is given, sixty to eighty minutes should see everyone off the ship; that is getting to their muster stations, boarding lifeboats and getting clear.

The stricken *Costa Concordia* took more than six hours with 35 fatalities. But the secret is to avoid such casualty situations, an outcome which comes with the training and experience of officers and crews. Already we are seeing Cadets acting as watchkeepers on ships with close to 5,000 guests on board. These new vessels will require a huge tranche of highly-qualified officers to keep their vessels on course and out of trouble. A Chief Officer, Chief Engineer and Chief Purser and their deputies are essential to keep more than 1,000 crew in line, plus the requirement for two watchkeepers on duty at all times. And from where will these fine upstanding officers be recruited? If safety is compromised with a shortage of such officers, passenger lists will shrink, and fast. **SN**

Legal Eagles...



Do you have a burning legal question for the HFW Shipping Network team? Email legaleagles@ics.org.uk for them to answer your question in the next issue of the *Shipping Network*. Questions should be of a general nature and not specific to a particular live issue.

Holman Fenwick Willan's crack team of specialist shipping lawyers answer your legal questions



Guy Main



I have agreed to sell my ship but the Buyer has not lodged the deposit. Is the deposit still due to me?



Simon Clark



This question arose in the case of *Firodi Shipping Limited v Griffon Shipping LLC (Griffon)* [2013] EWCA Civ 1567. The sellers had agreed to sell their vessel, *Griffon*, to the buyers for a price of \$22.0m.

The sale contract was based on the Norwegian Sale Form 1993 ("the MOA"). The deposit was required to be paid within 3 banking days of the MOA being signed. The deposit was not paid. The sellers accepted the buyers' conduct as repudiation of the MOA. The buyers accepted that their conduct was a repudiatory breach.



Daniel
Martin

Clause 13 of the MOA for the sale of *Griffon* stated: Should the deposit not be paid in accordance with Clause 2 [which set out the level of the deposit and by when it was to be paid], the sellers shall have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest. ... If the deposit does not cover the loss, the sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

The market understanding at the time was that if a buyer did not pay the deposit, the seller would be entitled to compensation for the loss suffered. The difference between the contract and market price in the *Griffon* case was said to be \$275,000. The deposit due was \$2,156,000 (that is, 10% of the sale price less 2%). There is a big difference in the two figures.

The sellers commenced arbitration. They claimed that the deposit was due before the MOA was terminated and therefore should be paid to them, either as a debt or as damages for breach of contract. The buyers argued, relying in particular on Clause 13 of the MOA, that if the deposit was not paid then the sellers were entitled only to "compensation for their losses". The Tribunal's award was that the sellers were not entitled to the deposit and were instead due compensation for their losses, per Clause 13 of the MOA.

ALL IN THE WORDING

The sellers appealed. The Commercial Court considered not only the wording of the MOA but also existing case law, which provides that the sellers' right to claim the deposit depends on whether that right accrued before the contract was terminated. The Court decided that under the wording of the MOA the

deposit had to be paid to the sellers in any event, as Clause 2 states that it is due as security for the correct fulfilment of the MOA. It follows that if the deposit had been paid and the buyers breached the contract leading to its termination, the deposit would be forfeited to the sellers as the right to the deposit had already accrued. In this case the deposit was due unconditionally before the buyers breached the contract, and therefore had to be paid to the sellers.

The buyers appealed to the Court of Appeal. The Court said the proper approach was to decide, first, what rights the sellers had under the MOA in relation to the deposit immediately before they accepted the repudiation and, secondly, what was the effect of the acceptance of the repudiation on those rights. The Court held that Clause 2 of the MOA gave the sellers an unconditional right to the deposit which was not altered by the acceptance of repudiation. The Court of Appeal agreed with the Commercial Court that the sellers were due the deposit.

The aim of a deposit is to encourage the buyers to perform the contract rather than compensate the sellers for any loss. As a result, and absent clear agreement to the contrary in the contract, the sellers in the case of *Griffon* were due the deposit. **SN**

While every care has been taken to ensure the accuracy of this information at the time of publication, the information is intended as guidance only. It should not be considered as legal advice.



Under the wording of the MOA, the sellers in the case of *Griffon* were due the deposit

"The aim of a deposit is to encourage the buyers to perform the contract rather than compensate the sellers for any loss."



What does a time charterer who charters a vessel for a trip from A to B promise to do?



Does he, for example, undertake to load cargo only at the specified load port(s), for discharge at the specified discharge port(s)? Or is the description of the "trip"

effectively irrelevant, so that as long as the charterer redelivers within the contractual redelivery range, he can during the stated duration trade the vessel wherever he likes?

A new ruling finds unexpected flexibility for charterers. The vessel (the "Wehr Trave") was chartered on an NYPE form for one time charter trip "via East Mediterranean/Black Sea to Red Sea/Persian Gulf/India/Far East always via Gulf of Aden". The charter duration was "minimum 40 days". Redelivery was to be Colombo/Busan range, including China. On the day she was delivered, the charterer gave voyage instructions showing loading ports in the Black Sea and Turkey, and a probable discharge port rotation of "Jeddah + Muscat + Hamriyah + Jebel Ali + Dammam".

Having loaded her cargo the vessel proceeded to discharge ports in the Red Sea, the Gulf of Oman, Sohar, and the Middle East Gulf. The last of the cargo was discharged in Dammam and, during discharge, the charterer ordered the vessel to load further cargo at Sohar for discharge in India.

The owners refused. They stated that the order to sail to Sohar was illegitimate because the charterer was not entitled to load additional cargo once the initial cargo had been completely discharged. The charterer persisted with its orders, arguing that it was entitled to employ the vessel as it wished, provided it did not infringe any of the restrictions in the charter.

The vessel undertook the voyage and in due course an arbitration took place. The charterer succeeded in the arbitration, the arbitrators finding that it was entitled to employ the vessel for the further voyage.

ONE TIME TRIP

The owner appealed this decision to the High Court, deploying two main arguments. First, it argued that "one time charter trip" meant a voyage from one place, or range of places, to another, and that "one" such trip clearly meant a single voyage. The charterer therefore had the right to load in the "Eastern Mediterranean/Black Sea" and to discharge at ports in the "Red Sea/Persian Gulf/India/Far East" and was not entitled to load in Sohar.

Second, the owner argued that the "trip" defined the duration of the charter which came to an end with the conclusion of the cargo-carrying leg, and that the right to load cargo therefore came to an end with that trip. If not, there was a risk that a one trip time-charter would become "open-ended".

"As long as the charterer redelivers the vessel within the contractual range, and the route taken from the place of delivery is substantially that agreed, he will have complied with the terms of the charter."



Ruling offers unexpected flexibility for charterers

The Court decided in favour of the charterers. It held that the trip conducted under a trip time charter could reflect a number of permutations, including loading at a single port and discharging at a single port, but also a series of loading and discharging operations at different ports along the contractual route.

The Court also found that as the charterer was only permitted to give orders that were lawful (i.e. within the trading limits and on the contractual route) the charter party would not be open-ended. It was open to the parties to agree the trading limits and contractual route.

In answer, therefore, to the question, it seems that as long as the charterer redelivers the vessel within the contractual range, and the route taken from the place of delivery is substantially that agreed, he will have complied with the terms of the charter. **SN**

While every care has been taken to ensure the accuracy of this information at the time of publication, the information is intended as guidance only. It should not be considered as legal advice. The articles were written by Simon Clark, Daniel Martin and Guy Main. Research was conducted by Margarita Kato. Simon is a partner in the Insurance & Reinsurance Group in HFW's London office. Daniel is a partner and Guy a senior manager (partner equivalent) in the Shipping Group in HFW's London office. Guy is also a Fellow of the Institute and, before joining HFW, he spent 18 years as a shipbroker. Margarita is a trainee solicitor at HFW.

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Open house a 'roaring success'

International open days give attendees a chance to learn more about the Institute

On February 2, the Institute threw open its doors to prospective students in over 20 centres internationally and online via LiveChat. The events were greatly attended and appreciated by many who are considering further study and the route towards professional qualifications.

Institute staff, members and tutors were on hand to answer queries and all who attended experienced a range of informative and fun occasions including presentations and one-to-one advice. The Institute is sincerely grateful to everyone who gave their time to contribute to this year's record event which was a roaring success! Some selected event reports follow:

GREECE

The Open Day held at the Greece Branch was a great success and was an opportunity for potential students of the Institute to come and find out more about the Professional Qualifying Exams (PQE). More than 40 potential candidates attended the event and they were given the chance to discuss study options offered by the Institute and the syllabus, as well as to meet the tutors. These highly experienced shipping professionals were able to offer invaluable guidance regarding which subjects to attend depending on their academic and professional background.

CANADA

Numerous college students and industry professionals showed up at the Institute's Canada Branch events on the west and east coasts of Canada. The sessions were held at the Chamber of Shipping of British Columbia and the Shipping Federation of Canada in Montreal. Visitors were keen to understand how the Institute could help them take their careers to the next level. Presentations were given to explain the qualifications and methods of study available as well as administrative aspects such as cost and duration.

KARACHI

Pakistan Branch hosted a full house event between 15.30 and 18.30 on the day where their team of advisors were fully occupied addressing queries. Promotional materials were eagerly taken by students at the end of the evening.

COLOMBO

Colombo Branch held a very successful open evening which was attended by 30 students. Sri Lanka Branch education officer Kingsley Abeywickrema opened the forum by explaining the courses on offer and the benefits of embarking on

professional examinations. He was supported by lecture in Legal Principles of Shipping Business, delivered by Jayanath Perera and chair Anoma Ranasinghe.

SINGAPORE

Prospective students came to the Singapore Branch's open day and enquired about the programmes as well as the government's study grants. Members and Fellows of the Institute were on hand to guide students and describe the benefits of the Institute's network and the 'kitemark' of professionalism, which underscored the importance of this event.

COPENHAGEN

Institute Training Centre Copenhagen (ITC Copenhagen), managed by Danish Shipbrokers' Association, took part in the Institute's truly global open house to present its first class offering in shipping education.

Both potential and current students attended the evening in Copenhagen and took part in roundtable discussions.

ITC Copenhagen wish to thank Palle Klug FICS (Holship) and Luis Bernat FICS (Nicipia Shipping and chairman of Denmark Branch) for their contributions and introductions during the evening. The branch would also like to thank those students that contributed to the evening.

ITC Copenhagen took great pleasure in sharing knowledge as part of the open house in tandem with our colleagues and friends in branches and ITCs around the world.

LONDON

London Branch's open event was held at the Baltic Exchange. In addition to the Head Office team, Richard Scott MA MCIT FICS of London branch also kindly attended. [SN](#)



Canada Branch's dry bulk conference proves popular

The Institute's Canada Branch's third annual Dry Bulk and Commodities conference in November was well attended by industry professionals from across North America.

Held at the Vancouver Convention Centre, speakers included commentators from several dry bulk commodity exporters, who provided an insight on the future of bulk demand both regionally and globally.

Simpson Spence Young's chief economist, and the event's special guest and key note speaker John Kearsey provided a detailed analysis of current market conditions and what the future may hold.

The event was followed by the annual Institute Christmas reception, including a fundraiser for the Mission to Seafarers, Vancouver. **SN**



Delegates enjoyed the Canada Branch reception

Tees dinner at Middlesbrough Football Club a sell-out



Richard Booth presents Victoria Parkin with The Branch Rose Bowl

The North East of England Branch hosted its annual Tees Dinner in November at The Riverside Stadium, home of Middlesbrough Football Club.

Guests were welcomed by the local branch of The Sea Cadets and the branch's chairman Richard Booth.

During the event, Mr Booth presented Victoria Parkin with The Branch Rose Bowl for her distinction in *Shipping Business*, and a gift to Gerry Drewitt to mark his retirement as Tees harbour master.

Guests enjoyed an excellent meal provided by Middlesbrough Football Club's catering team and entertainment by comedian Patrick Monaghan.

A charity raffle at the event raised more than £2,000 for the local branch education and Sea Cadets funds, with prizes kindly donated by members' companies. **SN**

Hong Kong's party music to the ears

The Hong Kong Branch's traditional annual Christmas Cocktail Party and Certificate Presentation Ceremony went off with a bang in December with a live band and complementary food and drink, provided by the branch.

Members of the Institute and guests attended the event, and students who had completed their Professional Qualifying Examinations (PQEs) and who had been elected to membership were welcomed as members as part of a certificate presentation ceremony, presided by the branch's chairman Joseph Chau FICS.

The branch would like to thank Gulf Marine, Valles Steamships, Anglo Eastern Ship Management, Asian Marine Services, Caravel Group, Hassei/Fairwind and Yiu Lian Dockyards for sponsoring the event, which was a great success with their generous support. **SN**



Hong Kong Branch guests enjoyed the evening

MCA seminar aids CERS3 understanding

Members of the South Wales and the West Branch, joined by port users and agents, recently attended an MCA seminar on the pending CERS3 report requirement.

The invitation was extended by Associated British Ports, and held in its offices at Cardiff Docks. ABP hosts the ISPS/waste report system that has been in effect for many years and will continue to be the host for the new CERS3 method which is expected to be implemented by the end of March at the latest.

Staff from MCA Southampton delivered a presentation and were available after to answer any questions. This was the first of a series of seminars that the MCA plans to present throughout

the UK in 2017. The branch and its guests were grateful for the opportunity to have this process explained by these experts. **SN**



Branch Members learnt about the new reporting system

Lujiazui Shipping Association supports China social

The China ITC hosted an Institute Social Evening on the Bund of Huangpu River on November 30, 2016, supported by Lujiazui Shipping Association.

Joseph Wu Chia Shiang from Taiwan was honoured as the 2016 Institute China Prize Winner and 'Best Candidate' of the Institute's Classical Shipping Development Program in 2016.

Mr Shiang passed five courses in one academic year with the highest average marks in China, due to his hard work and gritty determination.

Guests had a great time at the event which, in addition to the prize giving ceremony, included food and drink, and discussions over shipping and career development. **SN**



China ITC hosts social evening on the Bund of Huangpu River

Greece forum looks to the future

The Greece Branch held its 12th Annual Forum in December, titled *Future Imperfect: Shipping's route out of crisis*, at the Eugenides Foundation.

More than 400 shipping professionals from both the Greek and international shipping community attended the forum.

The welcome address was made by Natalia Margioli-Kominou FICS, managing director of the Greece Branch and Hellenic Management Centre, and Nicolas A Tsavlis FICS, chairman of the Greece Branch and the Tsavlis Salvage Group. International chairman of the Institute Michael Taliotis FICS also made a special address at the event.

This year's forum featured a Q&A session, where a number of distinguished speakers were called to answer questions related to their field of practice.

The list of speakers included Kimon Angelopoulos, managing director at Dena Shipping & Commodities; Robin King, head of marketing at The Baltic Exchange; and Amalia Miliou-Theocharakis MICS, chartering manager at TEO Shipping Corporation, among others.

This year's forum also included an awards ceremony for the students that excelled in the Institute's examinations in November 2015 and April 2016.

For the third time, the Greece Branch was recognised for being the largest examination centre in the world with the most students participating in the Institute's examinations.

Also, two Greek students were distinguished internationally for achieving the highest marks worldwide: Maria Ioanna Meletsi



This year's Greece Branch Annual Forum featured an informative Q&A session

from Sea Traders for achieving the highest mark worldwide in Marine Insurance, and Vasilios Patonis for not only achieving the highest mark worldwide in *Shipping Law* and in *Ship Sale and Purchase* but for also gaining a distinction in *Legal Principles in Shipping Business* and for the President's Prize for his overall performance in all seven of the Institute's examinations.

The forum closed with a presentation of the newly elected Honorary Fellow, Nicky Papadakis. **SN**

FONASBA and BIMCO launch new agreement

FONASBA and BIMCO have launched a new Agency Appointment Agreement document. The new form, which is based on BIMCO's tried and tested box layout, provides a simple yet clear and effective means of confirming the details of an agency agreement for an individual or short series of port calls.

The agreement was drafted over a period of eight months by a small group comprising of senior members of both FONASBA and BIMCO. After completion, the document was presented to and approved by FONASBA's Council at its London Annual Meeting in October 2016 and BIMCO's Documentary Committee at its meeting in Copenhagen the following month.

The document is now ready for use by ship owners, ship operators and ship agents worldwide.

John Foord FICS, chairperson of FONASBA's drafting group and now the federation's president, said that the new form would bring "clarity and certainty" to the process of appointing agents and "ensure that both parties are fully aware of their responsibilities and obligations".

Mr Foord added that FONASBA would be urging its national associations to encourage the widest possible use of the new form among its member companies.

The document can be obtained from FONASBA's website or through BIMCO's IDEA system. [SN](#)



New Agency Appointment Agreement brings 'clarity and certainty'

Cricket sixes counts on Hong Kong support



The Hong Kong Branch donated a prize and trophy to the event

The Hong Kong Branch once again supported Noble Group's annual cricket sixes tournament in December.

Held at Kowloon Cricket Club, ten teams of six players from different shipping fields competed in the event with the teams divided into two preliminary groups.

In the preliminary league, teams played on a round-robin basis to qualify for the Cup, Plate and Bowl matches. Teams ranked at number one, two and three from both groups played finals for the Cup, Plate and Bowl respectively.

The branch showed its continued support to the event by donating a trophy and cash prize to 'The Player of the Tournament'.

Hon Secretary Rakesh Sethi MICS represented the branch at the award giving ceremony. [SN](#)

Ireland Branch honours its students

The Institute's Ireland Branch hosted its annual dinner in Waterford in September, celebrating its students.

During the evening, guest speaker and well known television rugby pundit Brent Pope presented Mark Ewings with his fellowship certificate, and Sarah McGuinness with the IMDO Award for the Best Institute Ireland Diploma result.

Hilary Park also became the first woman in Ireland to receive the Sworn Shipbrokers Medal, presented by chairman Derek Dunne.

The Ireland Branch gave out more awards at its Annual General Meeting in November and Mr Dunne presented the chairman's medal to the incoming chairman Sean McCabe. [SN](#)



Hilary Park receives the Sworn Shipbrokers Medal

All change at Liverpool AGM

Changes to the top two positions on the Liverpool Branch committee were made during the branch's Annual General Meeting, held in the Khrua Thai Orchid Restaurant in Heswall in December.

During the meeting, Alyson Loughlin FICS and Vikki Whitfield MICS were elected as chair and vice chair, respectively. Both positions are for two years.

In his final chairman's report to the AGM, outgoing chair Spencer Barton-Hope FICS reflected on what has been achieved against his objectives for the branch over the last two years.

He also gave a brief overview of his attendance at the Institute's Controlling Council meetings, which, among other matters, saw approval being given to the revised route to membership. He then congratulated the branch for hosting a number of successful events during his time as chairman.

To conclude, he thanked Barry Stokes, Seb Gardiner and Joanne Jones for hosting the branch's monthly meetings; David Gilmour for his help with the annual dinner and the Institute's Open Day event; Alyson Loughlin for her support as vice chair;



Alyson Loughlin (centre) and Vikki Whitfield (left) with outgoing chair, Spencer Barton-Hope

and Roy Cooke for keeping the website updated, producing the branch newsletter, and his assistance and support during the year. **SN**

Hong Kong Branch tackles cyber crime



John Wilson discussed guidelines to counter cyber crime

The Hong Kong Branch and the Hong Kong Shipowner's Association jointly sponsored a seminar on the topic of 'Cyber risk and cyber crime in the maritime industry' in November.

The seminar was initiated by the American P&I Club and held at the offices of Stephenson Harwood.

Manson Cheung FICS, vice chairman of the branch, opened the seminar and introduced the speakers, which included Paul Taylor, director, financial advisory for Deloitte; John Wilson FICS, director of technical services, Asia, for the American P&I Club; Stephenson Harwood's Andrew Ridgen Green; and Andrew Brooker, founding partner of Latitude Brokers.

After the presentations, Arthur Bowring FICS, director of the Hong Kong Shipowner's Association, acted as moderator, posing questions to the speakers and fielding questions from the assembled audience of some 70 people. **SN**

Greece Branch goes football crazy

S spurred on by its participation in last year's Posidonia football competition, the Greece Branch football team, represented by current students, is taking part in this year's Maritime Shipsoccer Championship.

The Maritime Shipsoccer Championship is a unique football event for the Greek shipping community, attracting football players from the entire shipping industry, including shipping companies, suppliers and international organisations.

The Championship started in October 2016 and will end in May 2017. The games take place once a week, and at the time of writing the branch team was ranked third in the tournament. Its goal is to make it to the semi-finals.

We wish them the very best of success! **SN**



Greece Branch takes part in local tournament

Hong Kong hosts legal presentations

In co-operation with Hill Dickinson, the Hong Kong Branch organised a Maritime Law Seminar January covering a range of topics.

Presentations included *'Knowing your business partners and managing counterparty risks'* and *'Charterers are late paying hire – what to do?'*.

The guest speakers were Caroline Thomas, partner at Laracy & Co in association with Hill Dickinson Hong Kong, and Julian Clark, global head of shipping at Hill Dickinson LLP.

The welcome address was delivered by branch chairman Joseph Chau FICS. Mr Chau briefed the audience on upcoming

branch initiatives. He also invited students to take up the Institute's qualifying examinations and assured them that the local branch would provide help for students to prepare for and successfully take the exam.

Rakesh Sethi MICS, branch secretary, delivered a vote of thanks to speakers and expressed his gratitude to Ms Thomas in particular, without whom, he said, the Hong Kong Branch would not have been able to organise the event.

The event was followed by a branch gathering, which provided members, students and guests with a networking opportunity over drinks and food. [SN](#)

East India Branch 'ready to adapt'

'Be ready to adapt' was the wisdom imparted on guests at the East India Branch 21st Annual Day Seminar in January.

Discussing disruptive progress in shipping and logistics, branch chairman Captain KP Rajagopal FICS said the present era of centralised, command-and-control, extraction-based energy resources was coming to an end.

He continued, saying that this was not because we are running out of petroleum, natural gas, coal or uranium, but rather because these energy sources, and the business models they employ and the products that sustain them, will be disrupted by superior technologies, product architectures and other business models.

"We are getting into a knowledge-based, sustainable, low cost high value model where ease of doing business will be key," he said.

A number of other speakers agreed with this sentiment, the consensus being that the industry has moved beyond incremental changes and that quick, disruptive changes are now necessary.

The seminar came to a close with high tea, followed by the Annual Day Celebrations.

During the celebrations, Capt Rajagopal traced the branch's outstanding growth internationally, and gave credit to its members and past office bearers.

Founder and senior partner at Hauer Associates and the event's guest of honour Mr S N Srikanth spoke about the cause and effect of changing times, applauding the services rendered by the members of the Institute for the maritime industry.

The chief guest also presented fellowship and membership certificates on the night. [SN](#)

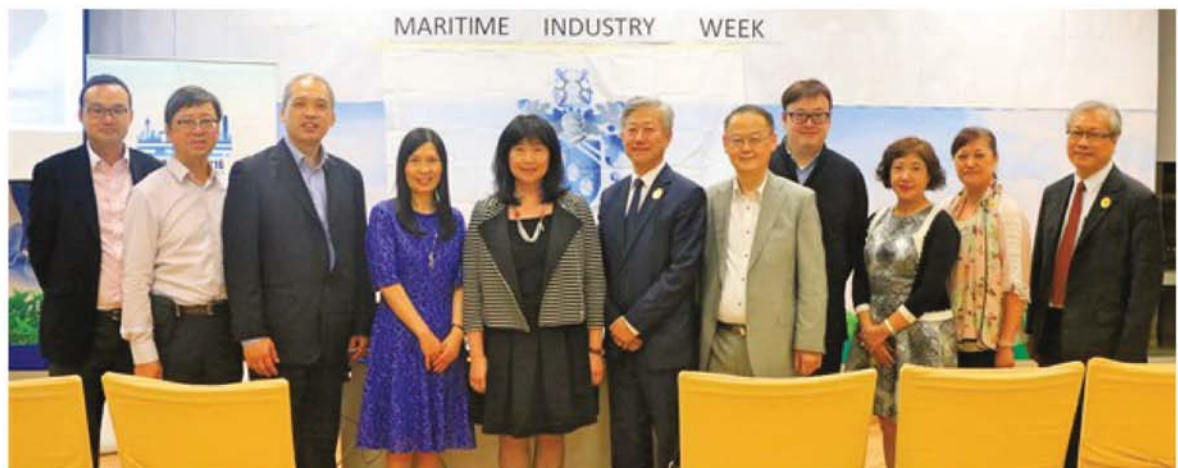
Law seminar opens Maritime Industry Week

The Institute's Hong Kong Branch organised the first seminar of the Hong Kong Maritime Industry Week, together with the Institute of Sea Transport, the Hong Kong Logistics Management Staff Association and Marine Insurance Club.

Award-winning maritime lawyer Rosita Lau was the guest speaker at the seminar and she presented three recent maritime cases that will each have a significant impact on the world of

shipping. Ms Lau also offered advice on dealing with these situations.

The feedback was positive from participants, which included lawyers, shipowners, ship managers, shipbrokers, insurance brokers, maritime consultants, average adjusting companies, weather routing companies, P&I Clubs, the Maritime Services Training Institute, the Hong Kong Polytechnic University and local associations. [SN](#)



Hong Kong Branch brings award-winning lawyer to maritime week

Passing exams is the start of the journey

Completing the Institute of Chartered Shipbroker qualifications isn't the end, it's the beginning of a different kind of journey, full of potential for a rewarding career in the international shipping and port sectors.

For more than 100 years, the Institute has adhered to its founding principle of making education as accessible as possible, offering a twice-yearly programme of examinations and continuing to promote the vital role of shipping in delivering goods and services around the world.

The exams in November 2016 were the first to feature the full 16 available subjects. While the students that sat these exams are likely celebrating, another group is readying itself for the second set of exams in May 2017.

As always, these candidates are supported by a plethora of open evenings and residential courses to help engagement with their studies. But personal development does not begin and end with the newly acquired certificate.

Consequently, the Institute takes a proactive role in encouraging former students to give back to the next generation; to share their experience together with industry expert examiners. The Institute has hosted two 'global open days' over the last 12 months, inviting potential students into study centres, local branches and company offices across 20 locations around the world to hear about the joys of a career in shipping.

Institute director Julie Lithgow says: "We hear so much about the changes going on in the maritime industry and the need for new and better skills in an age of smart shipping. The achievements that Institute students once again made this year demonstrate that they understand these challenges and are preparing themselves to play a global role in the future of our industry."

The full list of students that passed the Foundation or Advanced Diploma, or completed the Professional Qualifying Examinations in the November 2016 sessions can be found on pages 44-45. [SN](#)

Warm welcome for new Honorary Fellows

The London and South East Branch chair, Marianna Vitazkova welcomed two recently elected Honorary Fellows to the branch and presented them with their membership certificates at a recent luncheon.

Rodney Lunn, chief executive of Shoreham Port and chairman of British Ports Association, and Chris Isherwood, deputy general manager at Petroineos Trading Limited, were both delighted to be elected as Honorary Fellows, and are looking forward to supporting the branch and the Institute. [SN](#)



Rodney Lunn receives his Honorary Fellowship from Marianna Vitazkova

Liverpool Branch launches new award

The Liverpool Branch Committee is to present a new award at its 2017 Annual Dinner for 'Local Contributor to Education'.

Education is a topic that is frequently mentioned by speakers at the branch's Annual Dinner. This, coupled with the recent

international open days held by the Institute to promote education, gave the branch Committee the idea for this award.

Local companies are invited to enter by completing the branch's application form, which can be obtained from the branch secretary at roycooke7@icloud.com. [SN](#)

BRIEFS

GREECE BRANCH ATTENDS 'I CHOOSE SHIPPING' EVENT

The Greece Branch attended the all-day I choose Shipping 2016 workshop and conference at the Laskarides Foundation in Piraeus in November to provide information about the Institute, its courses and examinations.

The Greek journal *Naftika Chronika* and the educational initiative ISALOS.NET organised the event, which was designed to provide a communication channel between graduates from maritime universities and colleges and shipping market representatives.

Many guests visited the branch's stand, where they learned more about the Institute's professional qualification, the benefits of the Institute membership and the programmes on offer. It was a very successful event that contributed significantly in promoting the Institute.

HOW TO BUILD A SHIP IN CHINA

The Singapore Branch had its bi-monthly talk in January at Singapore Shipping Association, finding out how to 'properly' build a ship in China.

Captain Mike Meade, chief executive and founder of M3 Marine Group, delivered the presentation, which was followed by networking of members, students and guests.

TRADITIONAL PIE CUTTING

The Greek Branch hosted its Traditional Pie Cutting event in January at Pirée Venue in Piraeus and over 80 members attended the event.

Theodora Leka MICS and Natalia Margioli FICS were the winners of the 'flouri' – the lucky coin on the pie. [SN](#)

Examination results

FOUNDATION DIPLOMA AWARDED

Subject	Name	Country	Subject	Name	Country
Dry Cargo Chartering	Peter-Paul Wagenborg	Canada	Port Agency	Jacob Mwasi Mracha	Kenya
			<i>Continued</i>	Lydia Muchoki	Kenya
Liner Trades	Japheth Maundu	Kenya		Daniel Muita	Kenya
	Jackline Waweru	Kenya		Mwanaidi Mwameli	Kenya
				Robert Page*	Vietnam
Logistics and	Wambua Mbithe	Kenya			
Multi-modal Transport			Ship Sale and Purchase	Xiaolu Li	Singapore
Offshore Support Industry	Cheng Wang	China	Shipping Finance	George Kefalos*	Greece
				Konstantia Loizou*	Cyprus
Port Agency	Michael Archibald*	United Kingdom			
	Nirmal Dissanayake	Sri Lanka	Shipping Law	Nicholas Brewer	Australia
	John Kaalf	Kenya			
	Jesca Mary	Kenya	Tanker Chartering	James Fuller	Australia
	Najash Mdathiru	Kenya			

* Distinction awarded

ADVANCED DIPLOMA AWARDED

Subject	Name	Country	Subject	Name	Country
Dry Cargo Chartering	Tom Garrett	United Kingdom	Port and Terminal	Yash Boolkah	Mauritius
	Wan Ying Lau	Hong Kong	Management	Gowrishna Jaunky	Mauritius
	Ahmed Top Sakkal	Switzerland	<i>Continued</i>	Bea Ramasawmy	Mauritius
Liner Trades	Pei Fen Chua	Singapore	Port Agency	Monique Goosen	South Africa
	Robert Doolan	Ireland		Emmanuel Mganga	Kenya
	Joel Ng	Singapore		Agustino Oballa	Kenya
	Kang Sheng Ooi	Singapore		Lucy Pascal	Kenya
	Oleksandr Smahlii	Ukraine			
	Soo Han Tay	Singapore	Ship Operations and	Mary Eleftheriou	Cyprus
			Management	Afzal Machingal	Singapore
Logistics and Multi-modal	Morris Mwaniki	Kenya		Eirini Nakou	Greece
Transport	Dino Varghese	United Arab		Gavriela Yiannopoulou	Cyprus
		Emirates			
			Shipping Law	Dimitrios Tampouras	Greece
Offshore Support					
Industry	Brian Newman	United States	Tanker Chartering	Edward Evison	United Kingdom
				George Iordanides	Greece
Port and Terminal	Muzammil Bakurally	Mauritius		Oliver Manners	United Kingdom
Management	Louis Barbier	Mauritius		Thomas Woods	United Kingdom

PROFESSIONAL QUALIFYING EXAMINATIONS COMPLETED

Country	Student name	Country	Student name	Country	Student name
Bulgaria	Dimitar Popov	Canada	Galina Belokopytova	Canada	Adelene Kassabian
	Svetoslav Todorov		Melissa Gobby	<i>Continued</i>	

PROFESSIONAL QUALIFYING EXAMINATIONS COMPLETED (Continued)

Country	Student name	Country	Student name	Country	Student name
China	Hongda Tang	India	Rochelle Macwan	Thailand	Malik Khan
		<i>continued</i>	Pooja Nair		
Cyprus	Kristine Calite		Talha Sait	Turkey	Mehmet Doymus
	Stavros Stavrou		Shrikant Shrikant		
			Haris Siddiqui	Ukraine	Dmytro Bychkov
Denmark	Heidi Koerner Rasmussen		Sonu Singh		Natalia Alexeeva
	Mihhail Semikin		Deepak Tiwari		Ievgen Antonov
			Sarvesh Kumar Yadav		Andrii Bondarenko
Ghana	Ebow Acheampong-Quaicoe Jr				Yanina Borsa
		Ireland	Mark Gaskin		Dmytro Filipchuk
Greece	Theoni Agiotafytaki		Fabio Ricci		Maryna Gnidina
	Christian Becker				Vladyslav Kravchuk
	Marina Bei	Kenya	Maureen Arodi		Iurii Levadko
	Charalampos Birlis		Dorothy John		Andriy Loshitskiy
	Akrivi Christina Fitlera		Liam Kimeu		Konstantin Tesnoy
	Stavros Kairis		Grace Makokha		Andrey Trufanov
	Konstantinos Machairas		Khalid Mohamed		
	Stella Makri Konstantara		Thomas Mwadzidze	United Arab	Ankush Jain
	George Marinos		Virginia Obadiah	Emirates	Anoob Jose E J
	Ioannis Minopoulos				Joseph Kennelly
	Alexandra Mourmouri	Myanmar	Thant Zin		Rakesh Raje
	Dimitris Papantoniou				Syed Sadiq
	Ioannis Politis	Netherlands	Rahie Bali		Vengatesan Sundaramoorthy
	Charikleia Polomarkaki				T R Syamchandran
	Georgia Sgouraki	Nigeria	Obiora Efobi		
	Maria Skoufalou		Folaranmi Esan	United	Nicholas Allen
	Konstantinos Stais			Kingdom	Michael Barr
	Athanasios Tranoudakis	Norway	David Halvorsen Røeislund		Sarah Berry
	Georgia Trikola				Michael Boni
	George Tsakirakis	Pakistan	Muhammad Alam		Patrick Britton
	Elina Tsokali				Iryna Cherepanova
	Konstantinos Xenogiannis	Singapore	Ekaterina Belovitskaya		David Fortey
			Alexander Hartnoll		Ali Gokal
Hong Kong	Zhuoer He		Anna Hupfeld		Stuart Hunter
	Sanjeev Verma		Swetlana Kumar		Ross Irvine
	Chenxi Zhang		Arnold Leong		Rajesh Kanojia
	Yuan Zhuang		Yong Jie Ng		Francesca Lowe
			Yan Soh		Siddhartha Paul
India	Himanshu Arora		Garry Steiner		Anton Remarchuck
	Atanu Basu		Ker Han Tan		Abel Smith
	Gopaljee Choudhary		Koon Wong		Magdalena Wolowska
	Sheetal Desai		Yixuan Wu		
	Ashish Dubey		Jinru Wu	United States	Michael Belmore
	Animesh Garg		Huajian Yan		William Parker
	Arindam Ghosh				
	Sulochana Ghosh	Sri Lanka	Ramanan Renganathan		
	Ranjit Kumar				

Calendar

Cardiff Bay

APRIL EVENTS

3 April

Deadline for registering
for May 2017 exams

6-9 April

Institute PREP
University of Warwick, UK

12 April

London & South East
Branch
Student Revision Evening
Norton Rose Fulbright,
London

27 April

Liverpool Branch
Annual Branch Dinner
Crowne Plaza Hotel,
Liverpool

27 April

London & South East
Branch
Branch Seminar

MAY EVENTS

8-18 May

Institute May 2017
Examination Session

12 May

North East of England
Branch
Annual Branch Spring
Dinner
Civic Centre, Newcastle
upon Tyne

JUNE EVENTS

15 June

South Africa Branch
Branch Luncheon
Durban

22 June

London & South East
Branch
Summer BBQ
London

The Secret Broker

Are you feeling lucky?



From what I can understand as a result of many well lubricated lunches and soirees over Christmas 2016 and into 2017 the best thing about 2016 was December 31.

We are all hoping that 2017 promises better things for shipping, but this sentiment is embellished by the predictable prognostications of experts and their end of year forecasts. The same people are again suggesting the recovery is on its way – wait, didn't we hear this back in December 2014 and December 2015?

That said, there have been a couple of events that have certainly rocked quite a few boats, so change could be on its way. Brexit is one such event. There is still some astonishment that the UK referendum voted the way it did, but the out camp won and that fact will now define the UK's future relationship with the EU.

On January 17, Theresa May laid out her stall regarding how Brexit will take place. Surprisingly, a number of my European chums were not so sure about their own governments' stances on all this. It seems that the perceived mainland Europe government view that the UK should be punished for voting to leave is not necessarily shared by those on the street. Instead, there is a definite feeling that the politicians are out of touch with their own people; more pragmatism is desired. Unfortunately, we have discovered that the rules of the EU do not exactly cater for someone wanting to leave.

TRUMP'S TRIUMPH

Another surprise in 2016 was the election success of Donald Trump. Back in June 2016 nobody took him seriously and the Clinton camp virtually took it for granted that Hillary would become the first woman President of the US. That would have made Bill the 'First Man', an odd turn of events.

In a similar way that the Brexit vote led to a stock market upturn in the UK, his success resulted in an immediate recovery on Wall Street.

In their voting, the US population that plumped for Trump demonstrated that they were fed up with the political elite and their friends deciding their future.

The whole Russian 'sleeper' debacle actually seemed to work in Trump's favour in the end as he countered it head-on, in his own inimitable way.

Trump's choice of Wilbur Ross and Elaine Chao to be members of his administration could prove very beneficial for the oft-forgot shipping lobby. Benefits could occur within and without the US. The fact that Trump is a successful businessman has not been lost on his populace. Once the rhetoric is sorted Trump's presidency could be very interesting.

The 'Trump' effect will be felt in Europe and directly in the UK – perhaps the torment of the 2008 recession may lessen at last. Trump has landed at 1600, Pennsylvania Avenue; let's get optimistic. **SN**



the stern

THE END IS NIGH... AGAIN!

As BHP Billiton pressed the 'go-live' button on its online auction system in January the sense of gloom from shipbrokers was palpable. 'The end is nigh', BHP Billiton may have shouted as the auction kicked off. But before we completely write off the shipbroking community, let's look at the facts.

Shipping is all about relationships and complex negotiations – both of

which require real people. This industry has a diversity and fluidity which a computer program would struggle to make sense of. Let's face it, not all shipbrokers can make sense of its complexity, what chance has a computer algorithm got?

Digitalisation is not new to shipping and for some, the dot com attempt to do away with shipbrokers is still a not-so-painful memory. Previous claims that technology will spell trouble for shipbrokers have, thus far, come to nought.

As Simon Ward, director of Ursa Shipbrokers and Fellow of the Institute, eloquently pointed in a blog post: "The interaction of real people in real life is, I would argue, far more important, certainly until love affairs can be managed by robots, heart-moving art can be subcontracted to computers and actual wine can be downloaded from the internet.

"As brokers we advise, market, negotiate and execute. Until these functions are replaced by new technology we are safe to party until gone five in the morning if we like, as long as we continue to provide the services that our clients value." We couldn't have said it better ourselves. **SN**

Credit: BHP Billiton



BHP Billiton shook the market with its fixture auction

TURN THE VOLUME DOWN

While the shipping industry and the bodies that regulate it may have wised up to the damage caused by unrestricted marine emissions, noise generated by shipping traffic remains much less understood.

That noise has an impact on marine life is known, but how and to what extent remains unclear. Even the European Union (EU), which has taken a leadership position in the field by categorising underwater noise as a general marine pollutant under its Marine Strategy Framework Directive, acknowledges the data deficit.

To combat this information shortfall, larger-scale underwater noise studies have been kick-started in Europe. In the UK, the Centre for Environment, Fisheries and Aquaculture Science (Cefas) has formed a coalition with several organisations and academic institutions to develop a bigger picture of subsea noise in UK waters.

The study's preliminary findings have revealed an array of underwater noise conditions around the UK, with the results both encouraging and concerning. It's no surprise that the North Sea registered high noise levels, given the heavy shipping traffic there. But perhaps more surprising is that the Celtic Sea recorded relatively



Credit: Cefas

Just how much noise does shipping generate?

little noise, despite being located just 15 kilometres from a major shipping lane.

The findings will form a vital benchmark to help build a picture of whether shipping's noisy footprint is getting smaller, bigger or remaining static over time. Then we just need to find a suitable way to turn the volume down. **SN**

SHIPPING SPEAK

“There will be an increasing amount of events that are outside of our control. The best we can do is to make sure that our own shops are in order and be best prepared to take on the challenges ahead.”

Andrew Hampson, Tufton Oceanic

“We have clear and shared commitment to work together to do more, to be still greater; to broadcast UK maritime's successes and significance; to promote our maritime sector to the rest of the world.”

John Hayes, UK Shipping Minister

”

Find your next move

The Institute and Spinnaker Global work together to promote the value of professional qualifications and training. A selection of our latest vacancies is below, visit spinnaker-global.com for our full listings.

Suezmax Tanker Broker – London

Our client, a London based broking house, is seeking an experienced Suezmax Broker to join their established Tanker department. The right candidate should have a minimum 3 years' experience in a similar role, a proven track record and a strong desire to succeed. All candidates must have EU working entitlement.

Apply at jobs.spinnaker-global.com/go/HQ00010962

Dry Cargo Broker – Shanghai

Exciting opportunity for an established Dry Cargo Broker to join a leading and reputable broking house currently looking to expand their team in Shanghai. The ideal candidate will have at least 3 years' broking experience ideally with Panamax and/or Capesize vessels within the Asia Pacific market. You must be an active broker with an established network and strong relationships with clients. Please note: candidates must currently be based in China in order to be considered for this role.

Apply at jobs.spinnaker-global.com/go/HQ00010958

Dry Cargo Broker – Singapore

Exciting opportunity for an established Dry Cargo Broker to join a leading and reputable broking house currently looking to expand their team in Singapore. The ideal candidate will have at least 3 years' broking experience ideally with Panamax and/or Capesize vessels within the Asia Pacific market. You must be an active broker with an established network and strong relationships with clients.

Apply at jobs.spinnaker-global.com/go/HQ00010957

Panamax Broker – Singapore

Are you an established Panamax Broker looking to utilise your wealth of experience and contacts within the Asian markets? Our client, a well established & reputable broking house is looking for an experienced dry broker to join their expanding team in Singapore. The ideal candidate will have at least 3 years' broking experience within the Panamax markets. Priority will be given to candidates who have experience dealing with grain markets. You must be an active broker with an established network and strong relationships with clients.

Apply at jobs.spinnaker-global.com/go/HQ00010931

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- Advice on loss prevention

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