



SHIPPINGNetwork

The official magazine of the Institute of Chartered Shipbrokers

Promoting professionalism in the shipping industry worldwide

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Fallible footings

Shipping needs to shore up its foundations



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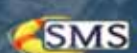


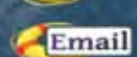
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Does shipping need to be so risky?

Membership committee chairman **Karl Franz** calls for a return to proper training to mitigate modern day risks



Karl Franz

Some people might call me a dinosaur and say that I have missed the necessities of the modern shipping industry after reading this article. Over the 36 years I have spent in the shipping industry there had been dramatic changes in how we conclude business, changes that have happened with little fanfare.

When I started work in shipping in 1979 I had to quietly observe what the experienced shipping experts around me were doing. I could hardly understand a word, spoken or written, as I was clueless about shipping vocabulary. It was a slow process but once I understood what it was that was being discussed I could hone my skills in trading ships and cargoes. What needed particular attention was whether counterparties were trustworthy enough to rely on verbal negotiations that 'subs' had been lifted.

Trust at this base level is something which we will most likely not experience again. While we still work in a people business, today it is of a completely different scale. Today we have huge broking houses employing a large workforce of brokers; the big ones are publically listed and shareholders are focussed on maximising profits. Young brokers are under pressure from day one to produce fixtures to justify their being and consequently the time for training is rather limited. This has, in my view, led to a deteriorating quality of broking work in general. One of the consequences of this is the daily flood of emails of ships and/or cargoes which are of no relevance to your own business at all. Another consequence is that it often takes a substantial amount of extra time to explain and negotiate issues that could swiftly have been dealt with if counterparts had sufficient understanding of the shipping industry and of the necessary terms and details of the contracts in use. This lack of knowledge is compounded by the immense instability in today's shipping markets.

RISK EXPOSURE

All this leads to thoughts about risks. Ships were traditionally built for common trading patterns and employment was mainly fixed by the owners of the ships and commonly on a voyage basis. Owners knew their businesses: some were specialised on specific trades like timber or grain and others had their own liner services transporting general and bagged cargo on regular routes. Ships were far smaller than today and port stays were far longer.

But as global trade grew, the size of cargoes grew considerably and owners had to adjust the size of their ships. This led to higher prices which could not be financed as before so alternative ways of funding became necessary. Banks wanted to limit their risks and it became quite common for banks to request that a shipowner provide a long term contract like a period timecharter as a basis to get the finance agreed. This development has been one of the reasons why more

and more operators have got involved. These companies were set up to provide freight coverage for charterers as owners were unwilling to provide freight rates for large contracts as this was not their business. Risk hedging soon became a magic term in shipping, and freight derivatives became all the rage. Paper trades soon exceeded that of the physical trades by a considerable amount.

More recently, shipping has had to adjust to the needs and the demand of the supply chain and inevitably this has led to the industrialisation of shipping. Larger ships are not desirable, but necessary for both bulk and liner trades.

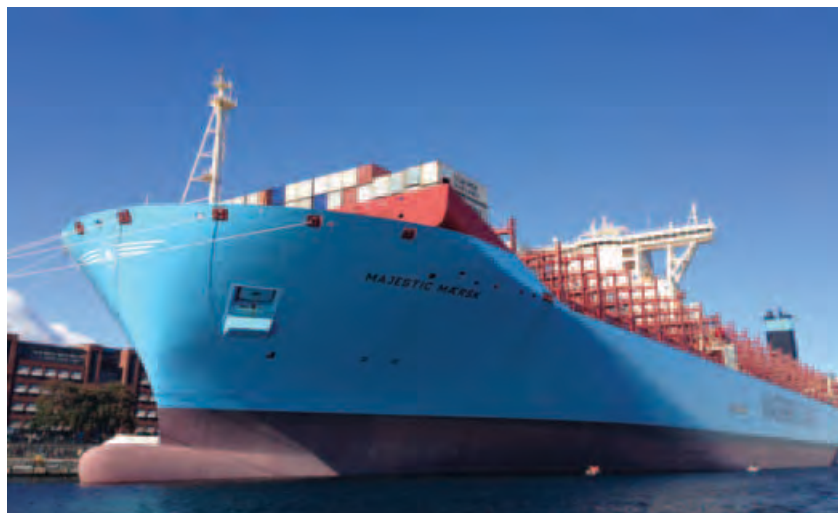
Iron ore and coal are carried in giant vessels and containerships are getting bigger and bigger. On paper, the largest possible ship gives the cheapest freight rate per transported unit, be it per metric tonne of goods or per teu. But what has been forgotten are the costs necessary to berth and load and discharge these beasts. Liner operators aren't keen to contribute to deepening the channels, expanding the storage areas, or investment in larger handling equipment, but they are quick to complain about handling costs being too high.

What about the growing financial risks for underwriters in case of an accident of one of these giants? What about the environmental impacts if these ships suffer a total loss? How many tons of toxic or otherwise dangerous substances may be carried on a single 20,000 teu container giant? These questions have to be considered and answered by shipping experts and not by economic academics.

The industry needs far more of those shipping experts, with practical expertise, knowledge and experience, in top management positions. This can only be achieved if we foster a new generation of well-trained shipping professionals, preferably with MICS and hopefully later FICS on their business cards.

Karl Franz FICS

Membership committee chairman **SN**



Bigger ships bring bigger risks



One hit wonders

Much of the developed and the developing world is skirting around the edge of a serious financial calamity and this is taking its toll on the shipping sector. China's slow down, Brazil's recession, Greece's political quagmire are just some of the woes that the shipping industry is having to endure.

And while these economic realities are sinking in, there's a concurrent rapid pace of change in how business actually takes place. Communications are now available at fibre optic speed, a far cry from the days of telegram and telex. Face-to-face interaction is less essential; ships can be fixed by two parties on different sides of the globe.

These two converging strands have led to an industry that no longer needs to rely on the

treasured relationships of the past, yet is pining for the same to bring back that element of trust so necessary in a shaky market.

With today's easy come, easy go attitude the foundations on which we now do business are not as solid as they once were. There is no margin for error, no extended trust, no benefit of the doubt and a dwindling lack of understanding or appreciation of counterparty needs. While this vanilla style of business might get the job done, it's the repeat business and the value-add options that suffer as shipping companies lose that fundamental uplink with their customers – beware the shipping portfolio built on sand. **SN**

Carly Fields, FICS
Editor

Does shipping need to be so risky?

Membership committee chairman Karl Franz calls for a return to proper training to mitigate modern day risks

Stability key to keeping shipping in Greece

Institute Greece Branch chairman Nikos Tsavlis explains why his company is determined to stay in Greece

Toppling the risk scale

Have commercial operations become more risky as ships have become safer, asks Felicity Landon

One country, operating under two systems

Hong Kong chairman YK Chan asks if international shipping companies are still welcome in Hong Kong

Climbing out of an economic hole

Informall BG's Alexander Khromov says Ukraine is ready for a pro-West trading future

Modern day challenge to historic link

Cyprus Branch chairman Xanthos Kyriacou asks if the connection between Cyprus and Greece is weakening

Falling through the European safety net

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A toxic mix of politicians and water

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Throw out the payment rule book

One pioneering broker thinks it's time to replace the outdated commission concept, finds Carly Fields

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"You can't legislate to develop a maritime centre or 'buy' it through subsidies or incentives; maritime centres evolve and grow through the strength of a city's maritime cluster."

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Offering a different perspective on the maritime industry

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Stability key to keeping shipping in Greece

Institute Greece Branch chairman **Nikos Tsavlis** explains why his company is determined to stay in Greece



Nikos Tsavlis

Greece is currently enduring one of the worst economic depressions to hit a developed country in the memory of historians. The figures compare with – and in some areas even exceed – the Great Depression of the 1930s: Greece has lost more than one-quarter of its economic output in just a few years since the imposition of austerity policies to tackle the nation's debt crisis. Unemployment has jumped to 27% and youth unemployment has reached a high of 60%.

As one of Greece's chief industries, where does shipping stand amid this terrible crisis, and how is it being affected?

● Topic: Crisis

I Keywords: Taxation, tradition, EU

Background: Greek shipping is willing to contribute to its national economy in return for recognition of the historic foundations that led to the modern day success of its sector

The answers to these questions not only have profound importance for Greece's future, but for Europe too and should be clearly understood by policy-makers in Brussels.

The Greek-owned fleet ranks number one internationally, no matter if it is counted by carrying capacity, value or even quality. Comprising nearly 4,000 vessels of over 1,000 gt and totalling approximately 285m tons dwt, it represents 17% of world tonnage. While the Greek-flagged fleet ranks second in the EU, the combined total of Greek-owned ships under all EU flags accounts for nearly half of all European-registered tonnage.

Greek shipping was not always based predominantly in Greece. At the dawn of the 20th century, in the early days of steam, it developed mainly in the UK. In the aftermath of World War II, shipowners were chiefly found in London and New York. Piraeus only became a flourishing modern shipping centre after Greek shipowners began to be attracted back to their mother country by friendly taxation laws introduced in the 1950s. These were reinforced by legislation in the 1970s.

This model of tonnage tax first introduced in Greece is now internationally recognised as a suitable form of taxation for the shipping industry and has been adopted in various forms by most other countries in Europe.

MONEY IN

Although shipping has great importance for the Greek economy, it is peculiar among the country's industries in deriving almost no business from Greece. Being global in scope, Greece's shipping companies draw 99% of their cargoes from the international market. Less than 1% come from Greek exports or imports. Greek shipping has never received any subsidies from the Greek state, nor do



Tsavlis is a proud Greek shipping company

shipping operations (with the exception of the domestic ferry companies) depend on Greek infrastructure. Meanwhile the vast majority of finance for Greek ships comes from international banks and international funds, with only a minority financed by Greek banks.

Therefore, shipping is purely a positive contributor to the Greek economy, differentiating itself from the country's other main economic 'pillar' tourism, which relies on spending on airports, roads, ports, hotel facilities and other infrastructures. Touristic enterprises from time to time have also been supported by Greek and EU grants.

Yet for decades revenues from shipping have covered more than 35% of the country's trade deficit. Given the plunge in the overall economy, shipping now accounts for an estimated 8% of national GDP, despite the reduction in its own revenues due to the long-running international freight rate crisis. The industry provides 200,000 shore-based jobs with above-average pay.

The country's sole world-leading industry and its massive contribution to the economy have been maintained with the help of the friendly tax regime, which is vital for keeping Greek vessels (and Europe's shipping sector) internationally competitive. The regime was specifically accepted when Greece joined the EU in 1981 and nowadays the tonnage taxes paid by Greek shipowners are higher than those of many of their European counterparts, not to mention competitors in Asia.

Greek shipping has not rested on its laurels since the real threat of Greece bankruptcy first emerged. The Union of Greek Shipowners launched its own social solidarity programme to help feed thousands of children and at-risk families, as well as funding community centres and medical programmes for those left too poor to afford such basics.

Additionally, during the crisis government revenues from the industry have been dramatically increased, including the payment of emergency solidarity taxes by all companies. Two years ago the

contribution was further increased by extending tonnage taxes for the first time to non-Greek flagged vessels at the same rate paid by Greek-flag ships. Concurrently, shipowners promised to triple their payments of the tonnage levies voluntarily for four years. The deal is calculated to bring in a further €420m over the period. Altogether, the shipowners' association calculates that tax revenues from the industry are now more than eightfold what they used to be prior to the outbreak of Greece's debt crisis.

NEED FOR COMPETITIVENESS

In return for the industry's commitment to Greece, and countless individual and often private contributions made by Greek shipowners to the country's economic life and social fabric, shipping has never asked for anything except stability and maintaining the system that has allowed it to be internationally competitive.

Unfortunately, for the first time in recent history, shipping's status in Greece has come under serious threat as the agenda of the country's creditors – the European Central Bank, the European Commission and the International Monetary Fund – has now openly included squeezing still higher tax revenues out of the industry.

Greece is currently facing a further round of austerity measures in order to qualify for a possible third bail-out to allow it to remain afloat as a member of the eurozone. At a recent referendum held to gauge if Greeks supported a tough new deal proposed by the creditors, an unexpectedly high 60% of voters said 'No', even though polls consistently show that a large majority of Greeks support the country remaining in the EU and the euro currency. Ironically the vast majority of shipowners and other members of the maritime sector will have voted 'Yes', despite the fact that the package proposed to increase tonnage taxes and phase out special tax arrangements for shipping.

Voting 'Yes' was simply consistent with Greek shipping's belief in doing what's right for Greece, and the course most likely to deliver the stability cherished not only by shipowners but by all economic sectors as a natural prerequisite for business and investment. But this does not mean that the shipping industry will sit still for any measure that will dramatically alter the framework for the industry in Greece, and further undermine its companies' competitiveness.

In total, there are estimated to be about 700 separate shipping groups – large and small – that call Greece home. Each individual company will have its own financial breakeven level, and its own threshold which, when crossed, may prompt it to relocate to a more competitive environment. Other shipping capitals, including Cyprus, London, Singapore, Monaco, and Dubai, have either openly or more subtly made marketing approaches to gain a share of the benefits if large numbers of Greek shipowners decide to leave. At the time of writing, it does not seem that a significant exodus has begun yet as most shipowners wait and see what exactly might be contained in new legislation. However, a couple of major publicly-listed companies have outsourced management to third party managers in other maritime centres.

For quoted companies with international shareholders, it is their duty to carefully monitor any developments threatening their ability to compete profitably with peers in other countries. Most shipowners, public or private, have a 'Plan B' already prepared that can be put into action if conditions in Greece become intolerable.

WILLING AND ABLE

Shipping has communicated its willingness to contribute more to the national economy at this difficult time in the country's history, as long as there are not excessive tax increases and the foundations of the industry in Greece are not undermined. But the intrusions on the industry's traditional tax status have already been significant and it may be that for many tolerance is already at its limit. Any further additions to the burden, no matter whether taxes relate to the shipowner or the shipmanager, the ship or the dividend, could be the straw that breaks the camel's back.

I believe that the majority of the Greek shipping community, including ourselves at Tsavliris Salvage Group, is determined to continue its presence in Greece, despite offers of attractive terms worldwide. Our founding father Alexander G Tsavliris, owner of a fleet of oceangoing cargo vessels, relocated to Greece in the 1950s while maintaining an office in London. It was considered a daring and patriotic decision at the time. The new company, Tsavliris (Hellas) Maritime Co was the third shipping company registered under the then-new fiscal regime introduced to foster the country's fledgling shipping sector.

As well as being a significant employer, with over 1,000 mostly Greek and British seamen, our father long contributed to supporting the Greek economy through the importing of significant amounts of foreign currency. He also patronised the development of the country's shiprepair sector by repairing and maintaining his fleet locally, and he even built ships in Greece. His example was followed by many other successful maritime companies contributing to the so called "Greek shipping miracle".

My brothers George, Andreas and myself wish to maintain our father's legacy and continue growing our business activities and life in Greece. **SN**
Nicolas A Tsavliris FICS is chairman of the Institute's Greece Branch and principal of Tsavliris Salvage Group.



Nikos and his brothers want to maintain their father's legacy

"Intrusions on the industry's traditional tax status have already been significant and it may be that for many tolerance is already at its limit"

Toppling the risk scale

Have commercial operations become more risky as ships have become safer, asks [Felicity Landon](#)



Felicity Landon

In the drive to reduce risk in shipping, have we inadvertently increased it? IMO Conventions, IACS Common Structural Rules and a host of technological advances have delivered ships that are safer than ever before. But those ships – and their owners – are finding themselves in a business that in itself has perhaps never been so risky.

Think of a new, latest-design, state-of-the-art ship. It delivers all the certainties of fuel efficiency, low emissions, flexible cargo capacity, excellent manoeuvrability and every type of safety software and system known to mankind. But will it bring any certainty or security for its owner in terms of payback? That's more difficult to answer.

Topic: Operations

Keywords: Regulations, security, risk

Background: Risk exposure in shipowning has been materially altered by the arrival of investors and financial institutions at the shipping party

Over-ordering, trade volatility, cybersecurity risks, increased fraud, strikes, disputes, sanctions, regulations ... the list goes on. And on top of that, there are many 'new owners on the block', investors and financial institutions who expect their returns but lack the experience, knowledge and sheer instinct of the traditional shipowner.

"Shipping has always been a high-risk industry in the sense that both freight markets and asset values are intensely volatile. Always have been, always will be," says Phil Parry, chairman of Spinnaker Global. "On day one, week one of my shipping degree in the 1980s, my economics professor said: 'Always remember this – it isn't different this time; shipowners will always over-order when times are good."

"What is different this time round is that we've over-ordered twice – once at the top of the market, which is the norm, and again when private equity money burnt a hole in our pockets. This is a new dynamic. Everyone without fail predicts a lot of fallout in the next year or two, but very few know exactly where it will land."

COUNTERPARTY RISKS

On top of 'day-to-day' freight and asset value risks, counterparty risks and trading risks are far more significant than ever before,



Credit: IMO

Shipmanagers need to keep an eye on ever-changing rules and regulations from the IMO

says Mr Parry. "The world is not simply made up of cargo and ship, but of tonnage providers and transport providers. Transport providers, or operators, may own some, a lot or none of the ships they operate and they may be long-established, new players, small, medium or large. They and their customers need to know of each other that they are going to be around in six months' time and able to deliver on contractual commitments and pay their bills.

"Similarly, their trading risks are more complex than before. An operator that owns some ships, charters in many more and commits itself to cargo contracts over the coming one, two or three years has a lot more to think about than a shipowner with ten ships split between voyage and time charter business."

All of this means that hiring the right people to manage much more complex risk profiles is even more important than ever before, says Karen Walthams, managing director of Spinnaker's HR Consulting business. "Being a good chartering person is rarely enough nowadays," she says. "The most impressive shipping people nowadays also come across as part-banker, part-fund manager and part-trader."

Shipmanagers these days are expected to be consultants, mentors and advisors to their clients – delivering services that go far beyond the traditional technical and crew management role, adds Peter Bond, managing director of Interorient Shipmanagement.

A major reason for that is the increasing number of shipowners that are investors and equity houses; for them, shipbuilding/owning is an investment opportunity, and often not a long-term one. They may know little about the technical side of the business or be unaware of regulations coming up fast behind them, which could hit them hard if they are not prepared. A traditional owner would be aware of such issues – perhaps through membership of a shipowners' association, through class bulletins or just because they are an integral part of the industry.



"Shipowners today are looking to the manager to also be his consultant and advisor and to assist the shipowner in future financial projections,"
Andrew Brown, Interorient

LOOKING AHEAD

Andrew Brown, technical manager at Interiorient, says: "What we should be doing as a manager is pointing out to a shipowner all future regulatory developments that may impact on him, such as the recent ECA developments and fuel issues, the coming Ballast Water Management Convention and future developments in hull biofouling. A shipowner needs to know of these 'hidden' costs that will ultimately affect him."

He says 'traditional services' are the norm: "But shipowners today are looking to the manager to also be his consultant and advisor and to assist the shipowner in future financial projections."

As for those onboard, human error continues to be a major focus for the industry, with more attention being paid to crew behaviour and culture. Technical advances can themselves cause problems – the old saying about looking out of the window, instead of relying on Windows, holds true. One former seafarer, still working in the shipping industry, says that when he goes aboard a ship he makes a point of looking for the sextant. Invariably he finds it tucked away in a cupboard, covered in dust – the question is, in a technical meltdown, would anyone know how to use it? But equally, there are stories of highly qualified officers deciding that they know better than whatever the high-tech monitoring equipment is telling them, and then finding out, to their cost, that the equipment was right after all.

And so to the virtual world. Members of the International Port Community Systems Association (IPCSEA) recently got together with supply chain partners and stakeholders for a one-day workshop to consider the challenges, risks and possible solutions in the field of cybersecurity in the maritime and logistics supply chain.

Cybersecurity is now recognised as a 'top ten' risk, according to a survey of 28 industry sectors, they heard. Lives and livelihoods depend on highly complex supply chains – but just one weak link could threaten to bring it all to a halt. For a Port Community System, that means balancing its 'networking' role, which is critical for trade facilitation, with the need to keep data secure.

Discussing the legal aspects of cybersecurity during the workshop, Kevin Calder, of Mills & Reeve, urged companies to test their systems regularly, preferably using third party organisations that specialise in trying to hack into systems; to ensure systems are built to flag up any unusual activity; to restrict access to IT systems on a 'need to know' basis; to put in place a robust identification and password process, routinely updated; and to focus on contingency and business continuity – regularly testing back-up systems, which should be entirely separated from the main system.

HEAVYWEIGHTS

Security issues reach another dimension when it comes to moving project cargo – think massive generators or chunks of machinery – across oceans and often across many miles of lawless territory.

"When you have huge and very valuable pieces of equipment sitting on the back of the truck, it is very challenging," says Des Nott, group project manager at Allseas Global Logistics.

Outbound haulage, vessel loading and voyage times, and onward delivery must all be scrupulously planned, he says. "We put together a schedule that goes right up to the delivery point.



"With the right intelligence, it isn't hard in this day and age for people to know what's being moved where,"
Des Nott, Allseas

With sensitive, expensive, over-dimensional cargo, our clients want a complete breakdown of what is happening. They want tracing and tracking of the cargo, from simple reports right up to hourly reports in many cases. They require tracking devices inside the containers for very sensitive and diplomatic cargo. We will inform them of the exact route to the port and whether any stops are required en route and, if stops are required, we will know where they will be and that any stop site is secure."

It would be tempting to imagine that no one could help themselves to an entire generator weighing 100 tonnes but Mr Nott says: "There are valuable components on some of this machinery. Take copper wiring, for example. We are shipping some very high multi-million dollar pieces of cargo. With the right intelligence, it isn't hard in this day and age for people to know what's being moved where. And people are looking out for specific items – especially in more unscrupulous markets where oil & gas exploration is developing, such as West Africa or Kazakhstan. "The parts are very valuable but in the wrong situation, it is quite possible that someone could lift the whole lot." **SN**



"Everyone, without fail predicts a lot of fallout in the next year or two, but very few know exactly where it will land,"
Phil Parry, Spinnaker Global

Reputations hang on proper documentation

While forged and counterfeit documentation sometimes leads only to petty theft or fraud, it can also lead to safety risks – for example, in the case of fake seafarer's papers or forged safety inspection documents.

One inspection and certification company has come across instances of its documents, with logo, being changed to 'confirm' inspections of agricultural bulks in India, beer quality in Spain and copper in Taiwan. In one case a document was forged to suggest that a bulk cargo had been

checked for moisture – vital for determining whether it is safe to load or if there is a danger of the cargo liquefying through its movement and ultimately capsizing the ship. In fact, the certificate held no weight, as it was not what was needed.

However, as a source at the company says: "If our certificates are being forged and are in the marketplace, and people are placing their reliance on those certificates, then the first impact is on us and our reputation." **SN**

One country, operating under two systems

Hong Kong chairman **YK Chan** asks if international shipping is still welcome in Hong Kong



YK Chan

Sovereignty of Hong Kong was returned to China on July 1, 1997 as a Special Administrative Region (SAR) of the country. As a term of the handover it was decreed that Hong Kong would remain unchanged for 50 years under the principle of "one country, two systems". In other words, Hong Kong has been allowed to maintain its usual capitalism and common law system.

Topic: Politics

I Keywords: Asia, trade, facilitation

Background: Hong Kong's return of sovereignty to China has not diminished the region's thirst for offering supercharged shipping services

As a SAR, Hong Kong has its own constitution, or Basic Law, to rule its government and its people and while this generally runs well, some political uneasiness has occasionally surfaced within the community over the past 18 years.

Despite cultural difference between Mainland China and Hong Kong, some Hong Kong people had started to seek business opportunities in China well before the 1997 handover in anticipation of China becoming a strong economic power in the years to come. Dubbed the 'world's factory', China was already on the path to becoming a dominant manufacturer of goods and products for countries with much higher costs.

In addition to manufactured goods, China also imports and exports substantial amounts of raw materials and as a result international trading activities have rapidly grown in China. Investment in China and/or joint co-operation with Chinese counterparts are increasing in both quality and quantity and associated professional and legal services are increasingly in demand.

Despite these strengthening ties, international shipping companies are still very welcome in Hong Kong; the continued growth and success of Hong Kong's long established shipping companies, together with a clutch of exciting newcomers emphatically proves this point.

Hong Kong's role as part of Mainland China merely adds to the attractions of the SAR to international shipping companies. The fact is that many of China's international shipping operators utilise Hong Kong as a base from which to operate, to raise finance, resolve disputes and access world class maritime services for which the SAR remains justifiably famed.



Credit: Howard Russell

Both China and Hong Kong have benefitted from closer ties

ECONOMIC PERKS

The closer links to Mainland China and the privileges bestowed by the Closer Economic Partnership Agreement (CEPA) make Hong Kong an attractive option for Chinese and international companies alike. In addition to those advantages, the key principles of the Rule of Law, free flow of capital and information, a well-educated workforce and a benign tax regime combine to make a compelling argument for establishing a Hong Kong base.

Most international shipping companies based in Hong Kong view Mainland China as just one aspect of their customer base and few owners (apart from liners) have their ships regularly call at Hong Kong. Instead, Hong Kong's broad range of services and expertise are the main attraction. The new 'One Belt, One Road' development strategy of China and the recent launch of the new Asian Infrastructure Investment Bank in China will further boost Hong Kong's shipping and trade industry.

Hong Kong is an international city with a wealth of experience in finance and trade. It plays a supporting role and serves as a gateway to China for foreign investors. Chinese companies also utilise Hong Kong as a bridge for fundraising by listing on the Hong Kong Stock Exchange. Hong Kong SAR government has been actively promoting Hong Kong as an international finance centre, international maritime centre and regional centre in Asia Pacific for legal services and dispute resolution.

Hong Kong Maritime Industry Council (MIC) plays a key role in overseeing all aspects of sustaining and furthering Hong

"International shipping companies are still very welcome in Hong Kong"

From dynasties to diversity

Hong Kong's modern maritime history can be traced back to the arrival of the SAR's 'grantee' shipping owners from Shanghai in the late 1940s: the Tung (Island Navigation), Koo (Valles), Pao (Worldwide), Chao (Wah Kwong) and Tsao (IMC) dynasties formed the basis of today's shipping community.

These owners continue to thrive having survived every political storm and shipping recession over the past six decades. They have subsequently been joined by companies with Mainland Chinese origins who have chosen to be based in Hong Kong and a raft of companies which have chosen to establish themselves there. These include Pacific Basin, the world's leading handysize bulk carrier operator, founded in the 1980s,

and Noble Group, a big commodity trading house. More recent arrivals in the past few years have included Thomas Söderberg's Tribini Capital, Tim Huxley FICS Mandarin Shipping, and Harry Banga FICS Caravel Group.

There are also a number of professional ship management companies, such as Anglo Eastern, Wallem, Fleet Management, Univan and Bernhard Schulte, which have a substantial presence in Hong Kong.

Additionally, almost all of the members of the International Group of P&I Clubs and all the leading classification societies have a presence in Hong Kong.

SN

Kong's position as an international maritime centre. It has teamed up with Invest Hong Kong and Hong Kong Trade Development Council to promote Hong Kong to overseas and Mainland Chinese entrepreneurs to encourage quality companies to set up their operations in Hong Kong.

As far as shipping is concerned, the Hong Kong Shipping Register ranks as the world's fourth largest, with total gross tonnage of close to 100m. This impressive standing means that Hong Kong must actively encourage talent to join the industry. To this end, MIC offers scholarships to local, Mainland China and overseas graduates to further study courses in shipping, transport logistics and maritime law in Hong Kong. It has also created a Maritime and Aviation Training Fund to support the Internship Network project and also an In-service Professional Training scheme. These initiatives help to ensure that there is enough quality manpower to serve the industry.

KNOWLEDGE SHARING

The close ties with Mainland China have encouraged a number of Chinese companies to set up operations in Hong Kong and vice versa. This has enabled an

exchange of students and professionals to take place between the two places. I represented the Institute's Hong Kong Branch in a delegation organised by Hong Kong Maritime Forum in a visit to Shanghai in March 2013 to meet district government officials, universities management and academics, shipowners, and professional associations. These kinds of cross territory meetings allow both Hong Kong and Mainland China to address the concerns of how to train up young people as our successors and strengthen the supply of quality services to the industry.

Hong Kong is marketed as 'Asia's World City' and shipping is perhaps the area where this tag line is most applicable. All aspects of the shipping industry – owning, chartering, management, broking, legal, financing and others – are represented here and have a truly international flavour both in terms of their scope of business, the nationalities employed and the domicile of their parent companies. You can't legislate to develop a maritime centre or 'buy' it through subsidies or incentives; maritime centres evolve and grow through the strength of a city's maritime cluster. Hong Kong's maritime cluster is dynamic and vibrant and as such will be welcoming shipping companies for decades to come. **SN**

Hong Kong is still open to international shipping businesses



Credit: Jack Tanner

Climbing out of an economic hole

Informall BG's [Alexander Khromov](#) says Ukraine is ready for a pro-West trading future



Alexander
Khromov

This year, Ukraine's economy has continued to suffer from political and economic crises. Kick-started by a military conflict with Russia in the Eastern part of Ukraine in 2014, these crises have had a strong negative impact on the Ukrainian economy. Its high concentration of coal mines, metallurgical plants, heavy machine-building and railway machine-building plants generated most of its cargo traffic, which was shipped in bulk through Mariupol and Sevastopol ports. The military conflict forced plants and mines to stop or significantly downscale activities, which led to a drop in cargo volumes handled by Ukrainian ports.

● Topic: Trade

I Keywords: Reforms, conflict, development

Background: After a traumatic eighteen months, Ukraine is looking to a future where its trading options are significantly bulked up

According to the State Statistics Service of Ukraine, five months into 2015 and total Ukrainian imports had decreased by 38.8% in monetary terms, while total exports had decreased by 35.9% compared with the corresponding period in 2014. Imports from EU countries to Ukraine had decreased by 25.6%, while total exports from Ukraine to EU countries had decreased by 33.5% over the same period. These declines pushed Ukraine from net importer to net exporter.

On top of uncertainty generated by the military action, fundamental changes in the container industry have had a direct impact on cargo flows to and from the country. The formation of the Maersk and MSC 2M Alliance and the Ocean Three Alliance (CMA CGM, CSCL and United Arab Shipping Company) saw Maersk move from the Brooklyn-Kiev Port terminal to the HPC Ukraine terminal in Odessa port, while CSCL and UASC moved in opposite direction. At the same time, the Container Terminal of Ilyichevsk (CTI) lost volume in favour of the Ilyichevsk Fish Sea Port terminal, as a result of Maersk and MSC moves.

In total, the container market of Ukraine lost 14.41% of its volumes or 112,269 teu in 2014 compared with 2013. In 2014, the Ukrainian container market was at 666,802 teu, including empties, but excluding transshipment. It is estimated that the



Credit: Sasha Maksymenko

Military conflict with Russia has taken its toll on the Ukrainian economy

country's container sector will lose a further 20% in volumes this year.

Bulk shipping, however, has experienced the opposite trend. In the first five months of the year, Ukrainian bulk imports were 5.65m tons, while bulk exports were 47.95m tons.

FUTURE OPTIONS

The Russian conflict aside, Ukraine has significant options open to it for future development. For example, the EU-Ukraine Association Agreement (AAs), signed in June last year, takes a big step towards effective and mutually beneficial business relations between the parties. However, Ukraine needed to demonstrate that it could be a competent and reliable trade partner for EU countries.

The first challenge when the AAs entered into force was to deal with the impact of the agreement on Ukraine's legal system. There were two major challenges: the first challenge was how to ensure effective implementation and application of the AAs within Ukraine's law; the second was how to solve potential conflicts between the AAs and the Constitution of Ukraine.

"Ukraine has chosen its development path for the next few years and it is substantively pro-West"

Ukraine applied the EU's state aid reform legislation to harmonise its legal system with the EU. The intention was to improve the institutional and legal system of Ukraine, and in particular competition and state aid control policies. This result is a healthier business environment and improved market access for EU operators in Ukraine. This should lead to increased production, trade, investment flows, sustainable growth and a general modernisation of Ukraine.

Ukraine has now taken the first step towards passing the constitutional amendments required by the EU. On July 15, 2015 the President of Ukraine submitted the bill to Parliament and the next day it voted to send the proposed constitutional amendments to the Constitutional Court. The amendments are designed to provide the regions of Ukraine with greater power and the necessary opportunities to settle the conflict in the Eastern part of the country.

The next step is to undertake judicial reform to ensure the right to a fair trial. This reform needs to cover the procedure of electing judges, excluding Parliament from the process of appointing and dismissing judges. In combination with an uncompromising fight against corruption, these steps and reforms will lead to a healthier business environment. Investors will clearly understand the rules and will have indisputable right to a fair trial, their investments will be safe and their rights will be fully reserved.

To NATO OR NOT

NATO membership is also on the cards. Up until last year Ukraine had a neutral status, but after the annexation of the Crimea followed by a military conflict in the East, the Parliament of Ukraine voted for the rejection of a 'non-aligned status'. It may sound insignificant but that decision marked a small step closer to NATO membership. However, experts say that Ukraine is a long time and a lot of reforms away from joining NATO. First, there needs to be an intention to join the Alliance – which was confirmed by the rejection of non-aligned status. Then, follows a long and complicated procedure of invitation which is set by NATO. Finally comes the Membership Action Plan, a practical support program adapted to the individual characteristics of the country wishing to join the Alliance.

In terms of reforms, Ukraine has to overhaul its military and intelligence services in order to comply with the European and NATO standards, as well as make deep economic and social reforms of the country supported by the EU-Ukraine Association Agreement.

The relationship between NATO and Ukraine has deepened since the crisis with Russia, leading to the signing of a number of agreements to facilitate the implementation of Trust Fund projects focused on logistics and standardisation, communications and computers, medical rehabilitation and a number of other areas. However, in the eyes of Russian leaders, an application for NATO membership will turn Ukraine into a potential military opponent, which could lead to an escalation of the crisis.

That said, Ukraine has chosen its development path for the next few years and it is substantively pro-West. The country and its people are ready to implement the necessary reforms to meet the European and NATO standards, but the requirements of the AAs will have priority as this is vital to stop the immediate economic decline. Focus on the AAs will also postpone any immediate decision on NATO membership and any Russia concerns that might spark. The AAs will allow Ukrainian manufacturers to develop faster to meet the requirements of demanding European customers and in turn, growing trade volumes which will contribute to the shipping business growth. When I write it down it all seems simple enough, but there is much to do and little time to do it in. **SN**

Alexander Khromov is a member of Informall Business Group, an investment & consulting group, operating and researching in the field of transport in Europe and Central Asia. For more information on the group go to www.informall.biz or contact Alex on ak@informall.biz.

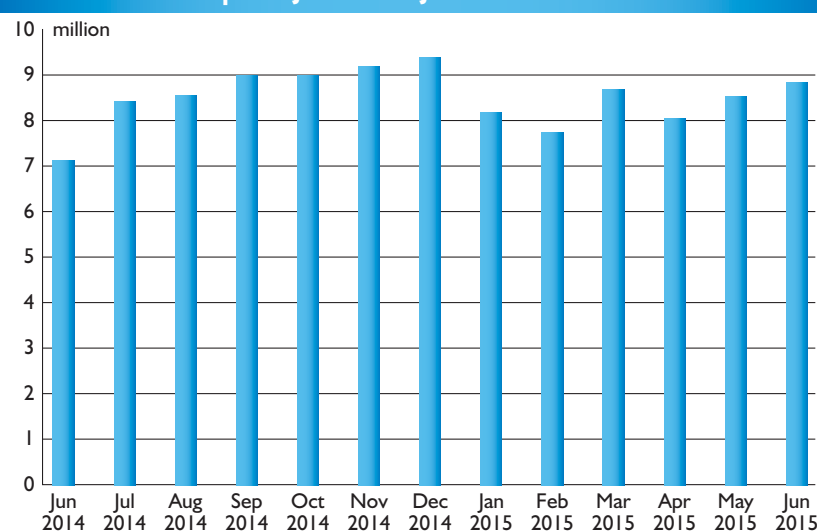
“Ukraine needs to demonstrate that it could be a competent and reliable trade partner for EU countries”



Credit: Martin Schulz

The EU-Ukraine Association Agreement will help trade relations between the two parties

Ukrainian bulk exports June 2014-June 2015



Source: Informall

Modern day challenge to historic link

Cyprus Branch chairman **Xanthos Kyriacou** asks if the connection between Cyprus and Greece is weakening



Xanthos Kyriacou

Throughout recent history, and particularly since the establishment of the Republic of Cyprus in the early 1960s, the island's economy has enjoyed close links with the Greek economy. This bond is the combined result of close geographical proximity, and the common ethnicity, language and religion shared by the two countries.

Topic: Relationships

Keywords: Tradition, economic crisis, instability

Background: Having weathered its own economic storm, Cyprus is ready to welcome Greek businesses who wish to avoid their own downturn

To consummate this bond, a number of big companies and financial institutions have set up operations in both countries - through own branches or affiliates - over the past decades. This extended link means that a major change in one country has a direct impact on the other.

This year, the Greek government has come under extreme pressure from the European Union to adopt a very tight economic reform program. Discussions of a possible 'Grexit' - Greek exit from the euro - and return to local currency were only narrowly avoided after the Greek Prime Minister agreed to the outlines of a bailout during an EU summit.

The EU deal demands a number of strict measures such as capital controls, aggressive taxation, increase on VAT and others. As a result, already suppressed local businesses are now entering a period of further uncertainty. This raises the question of what, if any, will be the impact on Cyprus' economy.

There are two angles to consider: firstly the current state and stability of the Cyprus economy and the current state of affairs



Cyprus Finance Minister Harris Georgiades has said that Cyprus is following its own course

with regards to the Greece-Cyprus close economic ties, and secondly the impact of Greek companies - including shipping companies - relocating their operations to Cyprus.

Back in 2013 Cyprus faced its own major economic crisis, a result of its banks' exposure to the Greek debt crisis as well as a domestic property market bubble. Part of the reform plan imposed by the EU at that time was the severing of banking links in Greece. Cyprus banks had to sell off their Greek branches overnight and write off their investments in Greek bonds. This sudden and dramatic exit from Greece cost the Cyprus banks €23bn in written off loans to the Greek private sector. In the aftermath, Cyprus' second largest bank, Laiki Bank was closed. This move effectively ended the exposure of Cyprus banks to the continued economic stress in Greece.

FORGING A PATH

Since 2013 Cyprus has followed its own path. The economic program imposed by the troika - the tripartite committee led by the European Commission (Eurogroup) with the European Central Bank and the International Monetary Fund - has been strictly followed and Cyprus has returned to the bond markets this year.

On the ground, the people of Cyprus have shown strong will and determination in tackling their economic and financial difficulties. There has been a general acceptance that there is no quick fix and that the only way to avert economic stagnation is to continue with steadfast resolve in furthering reform. Continuing along this path is critical to ensuring a sustained return to economic prosperity and jobs.

Taking advantage of the upsides

While Cyprus could be considered as an alternative solution for Greek ship owners and operators, the country is not expected to be influenced by any negative developments in Greece. Shipping and in particular third-party ship management is already a well-established industry on the island with currently around 130 ship operators.

Cyprus is the only EU-approved open registry, which means ship owners do not have to be Cypriot nationals to register a ship and enjoy the variety of benefits of the flag. In fact, around 80% of the Cyprus flag registered vessels belong to Northern European shipping beneficial interests. Cyprus is the largest third party ship management centre in Europe and the largest crew management centre in the world. Local companies employ around 4,500 highly educated shore based personnel and over 55,000 seafarers worldwide. **SN**



Credit: Patrick Denker

Cyprus has turned its financial fortunes around

As a result, after three years of recession, 2015 witnessed a modest return to growth for the Cypriot economy. Most recent forecasts show the GDP returning back to positive growth as of 2016 and the European troika has recently revised its forecasts upwards.

Moreover, the government is trying to distance itself from Athens. Cyprus Finance Minister Harris Georgiades recently stated in an interview to Reuters that “sharing a language is one thing but being the same economy is completely different. There are cultural ties but that's it. We are following our own course.”

According to recent studies, trade ties between the two countries are now modest. Greece ranks second behind UK in service exports to Cyprus, but it lags far behind Russia, UK and Germany in service imports. In view of the recent agreement for a Greek bailout, it is expected that trading activities between the two countries will be negatively impacted. Greek companies which export may face difficulties in meeting their obligations due to either a shortage of raw material or a shortage of cash. On the flip side, Cyprus companies that export to Greece will likely want to sell only under ‘cash on order’ conditions in view of the economic uncertainty.

CLOSER LOOK

As Cyprus offers various investment and tax incentives to foreign investors, Greek companies could look closer at Cyprus as an alternative, in an attempt to manage the current situation and uncertainty in Greece. Indeed, initial enquiries have been made by companies to move their operations to Cyprus, which demonstrates the renewed trust in the Cyprus economy, taxation, and legal systems. This will be a positive development for Cyprus as it will create demand for jobs, however it should be noted that a number of Greeks who are unemployed will likely make the same move in search of a more prosperous future.

During a recent interview, director general of the Cyprus Shipping Chamber Thomas Kazakos confirmed that Greek companies were contacting maritime service providers asking about tax issues and other shipping administration questions. “Bearing in mind the developments in Greece, it is a normal consequence that some ship owners will look into ... having a second base in Cyprus, as apart from the national, social, and religious

connection, there is also the shipping relationship we have had for years,” Mr Kazakos told the Cyprus News Agency.

Some companies have gone a step further: last May, Diana Shipping, a company based in Athens, and Wilhelmsen Ship Management announced that they have established a new 50/50 joint venture named Diana Wilhelmsen Management Limited (“DWM”). Diana Wilhelmsen Management Limited will initially provide management services to a limited number of vessels of Diana Shipping’s fleet and will be based in Limassol, Cyprus.

RISE TAX

Greek shipowners are already under pressure from the economic uncertainty. One of the latest measures enforced by the government is a tax rise on shipping companies. Earlier this year, several ship owners in Greece’s important shipping sector publically expressed the fear that the new government would levy higher taxes that the industry can ill afford.

Shipping is one of the few sectors in Greece that has successfully weathered the ravaging debt crisis which has wiped out about a quarter of the economy over the past five years and impoverished much of the population. It is one of the country’s biggest employers, providing about 250,000 jobs, and makes up 8% of the economic output. However, many Greeks perceive shipowners as a privileged group, protected by special tax laws, who haven’t contributed their fair share to push the country out of the crisis.

Jean-Claude Juncker, European Commission President recently demanded “more social fairness by challenging vested interests, such as removing favourable tax treatment for shipowners”. As a result, increasing numbers of the Greek shipping community are reportedly considering limiting their operations in Greece or even moving out of the country altogether.

Over the next few months, there will likely be a number of developments in Cyprus, and in particular in the local shipping industry. Based on both the current stability of the Cyprus economy and the weakening of the connection of Cyprus with Greece, we shall see more Greek companies exploring opportunities of operating out of Cyprus. **SN**

“Greek companies could look closer at Cyprus as an alternative, in an attempt to manage the current situation and uncertainty in Greece”

Falling through the European safety net

If the UK was to leave the European Union, where would that leave shipping, asks [Felicity Landon](#)



Felicity Landon

When the US President warned in July that the UK must stay in the European Union in order to retain its influence on the global stage, Conservative eurosceptic Member of Parliament Daniel Hannan responded with an acerbic tweet: "I accept that there may be some arguments for Britain staying in the EU. Humouring Barack Obama is not one of them."

But what about the shipping industry? What would humour the maritime sector, and what might be the impact of a United Kingdom outside Europe?



Topic: Trade



Keywords: Regionalism, politics, facilitation

Background: A promised referendum on remaining in Europe has already made potential investors in the UK jittery



The UK has strong trade ties with Europe

In February this year, Guy Platten, chief executive of the UK Chamber of Shipping warned that the debate over Europe, with the prospect of a referendum two years away, was creating uncertainty for business. He said: "More than 50% of the UK's international trade is conducted with Europe, so there is a clear role for the EU to play in supporting industry – most notably in promoting trade and fostering economic growth. Shipowners operate globally, and any system that removes barriers and allows free trade is a good thing."

However, he followed this by commenting: "The shipping industry has a global regulator, the IMO. As a result, there is a global level playing field, but whenever a regional power such as the EU creates its own regulations, the concept of a level playing field comes under threat, and as a maritime nation the UK is disproportionately affected."

Peter Aarosin, managing director of Danbrit Shipping and chief executive of the RMS Group, both on the Humber, is Danish by birth but has lived and worked in the UK for more

than three decades. He is also chairman of the Humber 'Bondholders', an organisation of nearly 300 companies working together to promote the Humber estuary and surrounding area.

"I do believe that Europe is absolutely crucial to the UK and it is crucial for UK shipping," he says. "I believe that the UK's infrastructure (road and rail) is going to become more aligned and we will see a lot more shipping movements to and from Europe. If we ended up going out of the EU and became the UK on our own, we would end up with an awful lot of problems in exports and imports. We would end up with a lot more bureaucracy, including paperwork and licences, and with import/export restrictions and quotas."

"We would be going back to the bad old days, long before cargo was moved in the efficient and easy way it is today. It would definitely have an impact on that."

INVESTMENT DELAYS

Being outside the EU would hit exports in more ways than one, he says. "We have seen big companies coming to the UK and investing here over the year. It would be more difficult to attract foreign companies to set up manufacturing bases in the UK. Take the car industry – there are an awful lot of raw materials being imported into the UK, for producing cars like Nissan, Jaguar Land Rover, Toyota, Honda, etc. And there are an awful lot of cars being produced in the UK and being shipped out of our ports. That would be affected."

He believes the in-out debate is already having consequences. "The whole question of the referendum on the horizon is potentially very bad for business," he says. "There will be businesses out there not daring to invest in the UK because



UK operator RMS sees a potential return to 'bad old days' if the UK leaves the EU

they want to see what the outcome of the referendum is going to be."

Mr Aarasin adds: "No politician has been able to tell me so far the benefits of getting out of Europe. And they can't really quantify what it will mean. On the reverse side, we know where we are at the moment and while I agree there is too much involvement in some areas within Europe – I'm thinking of the bent bananas issue – coming out of Europe is a bit like going to a casino and putting all your money on red, because you don't really know the outcome of it."

"We know where we are at the moment and yes, it isn't perfect. But at least we can go in and try to help change it and have better terms."

Alan Long, chairman of the International Port Community Systems Association, which moved from a European to an international organisation a year ago, says that any increased bureaucracy as a result of the UK being outside the European Union would be an ironic contradiction to the many trade facilitation initiatives in Europe and globally.

"It is difficult to say exactly what would happen without knowing the terms of a UK withdrawal from the EU," he says. "Before 1993, we made full Customs entries for anything going from the UK to Europe, and vice versa, but a wholesale return to that situation would be pretty unlikely, given today's growing emphasis on trade facilitation, including at UN level. A return to full Customs declarations being required both in and out of the UK would clearly be a recipe for chaos."

FERRY FIXES

By way of example, Mr Long, chief executive of Felixstowe-based Maritime Cargo Processing (MCP), points out that ferries operating between the UK and the EU don't have to fulfil any regulatory requirements currently, whereas pre-1993 there were requirements for manifests and freight forwarders' declarations. Being within Europe dramatically reduces the level of cargo inspections by Port Health and other government agencies.

In the wider picture, a UK outside Europe could also miss out on full member state participation in major EU projects that help to direct policy within Europe and also bring substantial funding into the UK, he points out. "I presume we would be able to participate in EU projects but in the same way that third countries do now – certainly not to the extent that we have at present," he says. "We could also end up outside the TEN-T, Connecting Europe Facility (CEF) and other funding programmes."

The UK Major Ports Group was careful to sit on the fence in its recent statement on the in-out issue, stating that UKMPG members would each have their own view on UK membership of the EU. However, it did add: "All members support the need for free trade unencumbered by unnecessary regulation."

That comment refers to the UK's ongoing battle against the EU's proposed Port Services Regulation.

A joint statement from the UKMPG and British



"A return to full Customs declarations being required both in and out of the UK would clearly be a recipe for chaos,"
Alan Long,
Maritime Cargo Processing

Ports Association earlier this year stated: "The EU needs to do more to promote fair and unsubsidised competition between major international ports, not least by enforcing Maritime State Aid rules consistently and fairly. EU measures such as the proposed EU Port Services Regulation would impose red tape, cause uncertainty and put investment and jobs at risk. These must be fought off."

A less obvious impact of a pull-out from Europe might be on the UK ship register. There has been a notable movement of European owners looking to register more vessels with a European flag, often under pressure from oil majors or other charterers, and sometimes tied in with the influence of cabotage – official or not – in Europe. Might the UK flag lose out, as it would no longer be a European one?



"I do believe that Europe is absolutely crucial to the UK and it is crucial for UK shipping"
Peter Aarasin, Danbrit Shipping

Small fish in a big regulatory pond

For shipping recruitment and maritime HR consultant Spinnaker Global, freedom of movement would be the big issue if the UK were to end up outside the EU.

"There are four fundamental freedoms enshrined in the EU treaties, which are freedoms of movement [of labour], goods, capital and services," says Teresa Peacock, managing director of Spinnaker Global's recruitment business. "Freedom of movement gives employers a wider talent pool. Within shipping, where skills supply is stretched, this is a significant benefit of membership. The big European economies particularly benefit from the supply of ex-seafarers from Eastern European countries."

"With almost 50 staff, Spinnaker Global might be a big player in terms of shipping recruitment and maritime HR

consulting, but we are a small business in terms of our ability to cope with regulatory burdens.

"For example, Singapore has recently introduced a requirement for companies recruiting staff into Singapore to be licensed. No problem with that and its intended benefit, which is to prevent exploitation of low-paid workers by 'gang-master' types. However, in practice it doesn't simply mean licensing. It also forces overseas recruiters to set up a Singapore office company and employ staff in Singapore."

"If the UK left Europe and we were unable to provide our services without complying with different regulations in each country, it would hugely impact our ability (and that of many companies) to do business." **SN**

A toxic mix of politicians and water

Politics and shipping are uneasy bedfellows, finds [Andrew Lansdale](#)



Andrew
Lansdale

Generally speaking, politicians and the shipping industry are not adjacent. There are exceptions though. Jan Simon, also known as the 3rd Viscount Simon, sits in the UK's upper chamber, the House of Lords. He was fortunate to have served as a cadet with British India, part of the P&O group. His biography mentions that he went to the School of Navigation at Warsash and attended Sydney's Technical College. This suggests that he sat his Second Mate's Certificate in Southampton and after a further year's seetime as a watchkeeper, studied and passed his Mate's ticket in Sydney. So having worked for probably five or six years at the nautical coalface, his maritime knowledge would be extensive. You cannot gain experience from books.

Topic: Ministers

I Keywords: Policy, regulation, destabilisation

Background: Many politicians the world over dabble in shipping issues without having the knowledge or the understanding of the intricacies of its workings

A similar figure in the House of Lords is the former Deputy Prime Minister of the UK, John Prescott, now Baron Prescott of Kingston-upon-Hull. He served with Cunard as a steward and waiter in the 1950s and '60s. It has been mentioned that, in rough weather, a passenger chided him for having his thumb on a passenger's steak as he served them at table.

"I'm sorry," says Prescott, "I didn't want it to fall on the deck again."

When in 1982, former Prime Minister Margaret Thatcher faced up to the Argentineans over their invasion of the Falkland Islands, British shipping had to come galloping to her rescue.

The logistics chain required for that event was 8,000 nautical miles long. And the seaborne cargoes consisted of 100,000 tonnes of freight, 95 aircraft, 9,000 personnel, 430,000 tonnes of fuel and water. This was carried by scores of British ships manned by civilians.



Credit: UK Parliament / Photography by Jessica Taylor

Politicians often do not understand the intricacies of shipping

CHINA COLLAPSE

Turning to Asia, politics in China threaten to destabilise shipping well beyond the country's borders. Its currency, the renminbi or yuan, has been steadily strengthening. This is because it is effectively pegged to the value of the US dollar. It has risen 20% against the Euro this year and Europe is the country's major trading partner.

Japan's politicians continue with their massive quantitative easing (QE) programme. The aim was to force down the value of the yen and this has been a success. The Chinese yuan has risen 16% in value against the Japanese currency, the country being China's fifth largest trading partner.

Another future threat to the renminbi is the US' intention to increase interest rates later this year. As the dollar strengthens, China will be left with an even greater currency appreciation. With a strengthening currency and rising wages, the country is no longer the manufacturing powerhouse it once was.

Added to this is its \$28trn debt mountain. Borrowed money has found its way into massive share purchases and the stock market has rocketed since 2014. But things are now unravelling fast and the Chinese authorities have been desperately trying to stabilise the situation before a stock market crash, similar to that in America in 1929.

"The dream of freedom from debt under Alexis Tsipras had several politicians looking at the shipping sector"

Much of China's troubles are hidden behind an official statistical smokescreen. It has long been believed that China has overstated its economic growth in recent quarters. Tellingly, the government is considering making policy changes, for example considering devaluing its currency by as much as 20%. This will make its products much more competitive abroad. One of these major products, from its more than 300 shipyards, is ships. Shipbuilding has stalled this year and many yards face closure.

But timing is of the essence. Later this year, China is hoping that the IMF will choose the renminbi to join its basket of four major currencies, the US dollar, the euro, the pound sterling and the Japanese yen. These comprise the 'special drawing rights' that one hears so much about. So by delaying any substantial action – apart from a recent 1.9% devaluation – the yuan will remain strong and shipbuilding will continue to suffer.

ROMANTICISM

New Zealand's politicians also have an idealistic view of shipping. Helen Clark held office as Prime Minister from 1999 to 2008. One of her ministers, Annette King was appointed Minister of Transport in 2005. She had a romantic view of coastal shipping. She foresaw the simple fact that in the 10 years from 2005, there would be double the amount of freight to move around New Zealand's coast. Moving cargo by ship would also help the environment by reducing harmful emissions.

In 2005, about 15% of New Zealand's domestic freight was moved by sea. Ms King's target was that by the year 2040 at least 30% of all inter-regional domestic freight would be carried by coastal shipping services.

Fast forward a few years. Two huge mining trucks were to be imported from Borneo, destined for the Stockton coal mine near Westport on the west coast of South Island. The ship they were planning to tranship these trucks onto could berth at Westport without difficulty, but the ship's gear was too small to lift them. If locally-available shore cranes had been used, it would have worked, but the shippers wanted a simple, not a mariner's solution.

So the trucks were dismantled, put into containers and shipped to Lyttleton. The containers were then taken 300 kms by a fleet of lorries to Westport and the mining trucks were reassembled. This one example reveals how one minister's dream of a revival in coastal shipping is not as simple as it seems on paper.

EUROPE'S WOES

On to Greece, where the dream of freedom from debt under Alexis Tsipras had several politicians looking at the shipping sector. From the days of Niarchos and Onassis, Greek shipowners have had a reputation for being mega-rich. But too many of the politicians involved did not understand shipping. They assumed shipowners, operating ships under the Greek flag and having offices in Piraeus would naturally be there to



China's devaluation of its currency might help lift shipbuilding

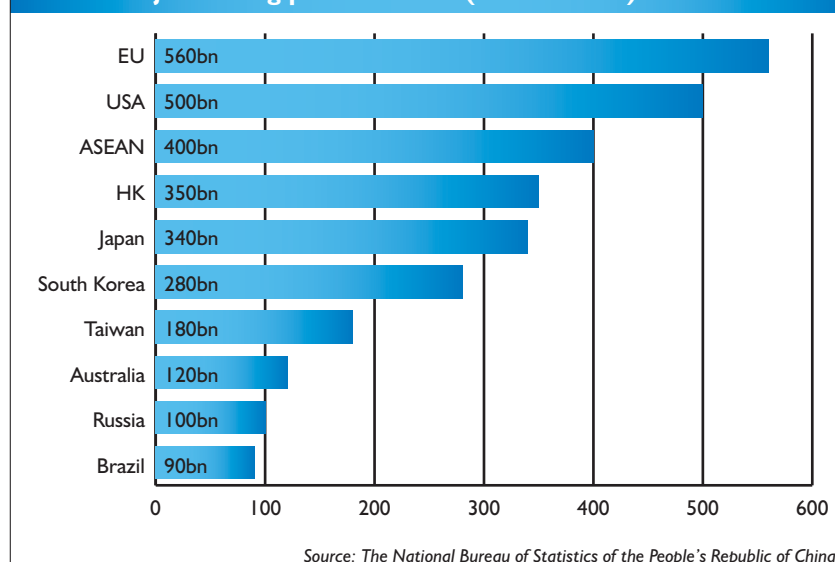
be squeezed of cash. They would, as one of the UK left-wing politicians so neatly put it, squeeze them until the pips squeaked.

Additionally, European commissioners assumed that diesel fuel is the same the world over. So they were very quick to introduce emission regulations in all European ports and sea lanes.

Primarily to reduce the incidence of engine room fires, British elected representatives in the post-war period had decreed that marine diesel oil (MDO) should have a flashpoint of 60°C. For safety reasons, this was incorporated in the 1948 International Convention for the Safety of Life at Sea (SOLAS). It is quite obvious that the higher the flashpoint, the less likely it is that the fuel will ignite. Marine Diesel engines were designed with this fuel specification in mind. Oil refineries produced adequate volumes of this fuel to suit its maritime customers.

Automotive road fuel, surviving in a less harsh environment, has a flashpoint of 50°C in Europe and 52°C in North America. Politicians attempted to alter SOLAS so that MDO has the same specification as automotive diesel. The result: more engine room fires and more engine failures. **SN**

China's major trading partners 2014 (in US dollars)





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.

The Institute's sixteen books are unique in that they have been written by professionals for professionals in the shipping industry. They now undergo a regular review where they are peer reviewed, revised and updated by professionals in their particular discipline and peer reviewed again, so that an accurate revision can be achieved.

The books themselves will continue to be part of the TutorShip course, but our goal is to make them more widely available to the general shipping industry, which has long requested our books as general reference titles.

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**INSTITUTE OF
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Throw out the payment rule book

One pioneering broker thinks it's time to replace the outdated commission concept, finds [Carly Fields](#)



Carly Fields

Last year, Rotterdam-based young shipbroking firm Blue Ocean Brokers launched a revolutionary concept in shipbroking: charging a flat fee instead of the traditional percentage as brokerage for their shortsea activities, regardless of the freight level.

The concept is part of a strategy that aims to help both shipowners and charterers, as well as hopefully leading to more fixtures for the shipbroking firm.

Managing director Alain Grotenhuis explains one of the anticipated benefits: "The shipowner can account less for brokerage in his voyage calculation which is reflected in a lower seafreight the charterer, has to pay. In the end, this will result in more fixtures for Blue Ocean Brokers BV."

Is there still a place for charging commission in broking?



Mr Grotenhuis admits that the concept breaks all traditional conventions, but he makes no apologies for upsetting competitors.

"In our opinion, it is unfair to both a shipowner and a charterer that we, as intermediary, gain more money when the seafreight level is higher although the workload remains the same," he says. Blue Ocean Brokers offers its services at a flat fee per fixture, regardless of freight rate agreed.

He explains that the traditional brokerage calculation is based on a system which was invented decades, if not centuries ago, at a time when brokers did not have access to easy and cheap international communications. "Times have changed and it simply became cheaper to communicate and as a result the network which a broker protects so carefully is frankly wide open," he says.

Mr Grotenhuis adds that shipbrokers should be very careful not to be left jobless as a result of these technological advantages: "We have to realise that we operate in a market where prices are still rock bottom and many shipowners having to fear Chapter 11 bankruptcy," he says. "In our opinion, you have to think about your competitive position and learn to understand that it is the shipowner who makes the investments in assets and thus risks the most.

"As a broker you can now basically sit behind your laptop and can even work remotely on your smart phone, which (besides time) is the only investment the broker needs to make.

"For example, we also operate our own warehouse through our sister company Odin Warehousing in the Port of Rotterdam and we also feel that it is the one who has the asset (and bears the risk) should earn the most and not, with all respect, an intermediary such as ourselves," Mr Grotenhuis adds.

CUT OUT THE LINKS

Ultimately, he is convinced that the shipowner will eventually work in direct contact with the charterer, leading to the demise of the role of shipbroker. "With that vision, we have reviewed our cost structure and calculated how many vessels we need to fix in order to still be profitable and what we deem is a realistic scenario. As a result of that calculation, we feel we work against a decent brokerage fee which is completely transparent and is appreciated by the shipowners.

"Together with the flat fee and our network we are sure we are a real added value towards the shipowner and the charterer without the fear of being surpassed. In our opinion, this also adheres perfectly to the Blue Ocean Strategy which served as an inspiration to the company name."

Blue Ocean Strategy is a book published in 2005 based on a study of 150 strategic moves spanning more than a hundred years and thirty industries. In it, the authors argue that companies can succeed not by battling competitors, but rather by creating "blue oceans" of uncontested market space.

That the competition is unhappy with this initiative is obvious to Mr Grotenhuis: "I realise that with this strategy many of our competitors will be upset. But I refer you back to my comment that otherwise brokers could end up out of work if shipowners and charterers opt to deal directly.

"At least we are fighting for the continued role of a shipbroker in the shipping industry and demonstrating that we understand the interests of both charterers and shipowners," he concludes.

SN



"The network which a broker protects so carefully is frankly wide open"

Autumn PREP weekend

The Institute's autumn PREP course will be held at the Wesley Hotel, London

PREP 2015

From Saturday 10th October to Sunday 11th October

A study experience tailored specifically towards preparation for the Institute of Chartered Shipbrokers' exams, open to all students irrespective of their method of study.

PREP provides students with an intense, interactive and highly motivating study experience tailored specifically towards preparation for the Institute's exams.

PREP is designed for the Institute's students preparing for the November 2015 examinations and is also a perfect start for students commencing their studies in preparation for the April 2016 examinations.

To secure your place at PREP, please fill in the form available on the Institute of Chartered Shipbrokers' website: www.ics.org.uk/exams and send it back to our education team at: enquiries@ics.org.uk or call the office on: +44 (0) 207 623 1111

The PREP weekend offers:

- lectures
- mock exam
- networking opportunities
- offered with accommodation*
or without accommodation**

*£849 residential bookings include room (2 nights; 9th & 10th October), breakfast and all teas/coffees and lunch

**£699 non-residential bookings include teas/coffees and lunch



**INSTITUTE OF
CHARTERED
SHIPBROKERS**

Dealing with anguish and anger in Ajman

The Mission's [Revd Dr Paul Burt](#) highlights the case of side-lined seafarers serving in the Middle East Gulf



Revd Dr Paul Burt

Abdullah is a shopkeeper in the city of Port Sudan on the Red Sea coast. His scale of business does not threaten Walmart's position at the pinnacle of the retail pyramid. However, when it comes to cramming as many different grocery and general household items into a square metre of shelf space as possible he makes Walmart look like bumbling amateurs.

Abdullah has known Mrs Rahman and her family for several years. Mrs Rahman comes in to get her groceries several times a week. Abdullah doesn't see Mrs Rahman's husband Abdul anywhere near as often. That's because Abdul is the 2nd Engineer of a small oil tanker and he is away from home for many months at a time. Until recently whenever Mrs Rahman came into the shop she and Abdullah would spend a while chatting amiably. She would ask him about his wife who suffers from poor health, and he would ask her about her eight children (four boys and four girls, from 15 years down to 7 months).

But a few months ago Mrs Rahman had to apologise to Abdullah for not having enough cash for her purchases. In fact she didn't have any cash. Her husband's salary, which supported their family and both sets of grandparents had stopped coming several months ago. The little savings they had were going on school fees. Now she was having to ask Abdullah for credit. Abdullah was happy to provide this while the family was struggling. But now after several months he doesn't know whether he can afford it much longer. Not surprisingly their conversations are becoming a bit strained.

Brijesh, from Madhya Pradesh in Northern India, is the Chief Officer on the ship whose 2nd Engineer is Abdul. Arunabadhwa, Brijesh's wife, is to all intents and purposes, a single mother because for ten months of the year Brijesh is away at sea. Their daughter Presha, who is 12 years old, is doing well at school and wants to be an engineer one day. Their son, Punir, who is 6 years old, thinks school is fun some of the time and a real nuisance the rest of the time. Brijesh hasn't been paid for seven months. When the school fees became due for the current term Arunabadhwa had to use their savings to pay the bill. Unless Brijesh gets his salary they will not be able to pay next term's bill and the children will not be able to go to school.

When it is working the Fateh, Brijesh and Abdul's ship, plies the waters of the Gulf carrying petroleum products, usually diesel. It hasn't worked for many months because its owner is in financial difficulties and cannot pay for its operations. He wants to sell the vessel, and if he can sell it the debts, especially the salaries of the 17 crew, can be paid.

Living conditions on board are difficult. Without fuel to run the generators there are no lights and no air conditioning so it is always very hot and very dark in the inner recesses of what is in effect a detention cell. Living supplies are irregular. The most recent delivery from the agent (a month ago) consisted, bizarrely, of some Arabic bread, some jam, and some mayonnaise! The



Abdul and his fellow seafarers on Fateh are frustrated

Mission to Seafarers UAE now delivers fruit, vegetables, rice and pulses every couple of weeks.

The crew do their best to keep the ship clean, but it is difficult to remain motivated as far as proper maintenance is concerned. The combination of frustration, worry and anger places them all under severe emotional and psychological pressure. Arguments over petty things punctuate the long hours of inactivity. Of them all Brijesh is the most pragmatic and realistic. He recognises that they may simply have to accept that their chances of being fully paid are almost zero, and that their only pro-active option is to sign off and try and get another job while writing off their salary and the many months on board the Fateh, putting it all down to painful experience.

The youngest member of the crew is 22-year-old Mouvin. Mouvin is from Sudan and is the electrician. Until some months ago Mouvin had never been to sea. His job on board the Fateh is his first as a seafarer. Until the end of last year Mouvin worked as an electrician at a factory, earning about \$250 a month. The prospect of earning \$800 a month (the stated salary) as an electrician on a ship was understandably attractive. In the eight months that Mouvin has been on board the Fateh he has received just one salary payment – of just \$270. His rudimentary seaman's training cost several times that amount and now seems like a less than wise investment. Yet his mother, father and two brothers are looking to him as the family breadwinner. He is determined to hold out for what he is owed because to return home with nothing is for him an unthinkable option. But determination may not be enough in the face of cruel circumstances beyond his and his crewmates' control. **SN**

More than football and friendliness

George de Paula Ribeiro explains why we need to pay more attention to South America



George de
Paula
Ribeiro

Think South America and one of three things generally come to mind: football, friendly people or exotic tourist destination. All three are correct, but what most outsiders fail to realise is just how intimately connected they are to the continent through the food or drink at their table, electrical wiring in their home, the steel in their car or the lithium that powers their batteries.

Despite the common cultural background of the continent's Spanish and Portuguese countries, some have evolved distinct social and economic structures that demand closer and individualised analysis. In general terms the dynamics of these economies – that held a common gross domestic product of \$6.7tr in 2014 – can best be understood through the three trading blocks that have emerged in the region since the 1990s. These are Mercosur, the Pacific Alliance and the Bolivarian Alliance.

Mercosur or Mercosul is made up of Argentina, Brazil, Paraguay, Uruguay, Venezuela and more recently Bolivia. Despite representing 72% of South American economy, exposure to foreign trade is very small and equates to a modest 26% of the partners' GDP. While the grouping initially boosted trade within the block, presently the group's growth potential in international trade is restricted by a wave of protectionism, which is especially strong in Argentina. Populism, high level of government intervention in the economy and bureaucracy are common negative traits in most of this group's countries.

On the other hand, South American countries from the Pacific Alliance – Chile, Colombia, Mexico, and Peru – are open for international trade

which currently represents close to 44% of their respective GDPs and has assisted these countries in their ability to sustain good levels of economic growth. For Chile – the first country in the region to think outside the box and the continent's only representative in the OECD – this figure swells to over 60%. The prospect of this alliance joining the future Trans Pacific Partnership will further boost local economies and promote an influx of direct international investment.

The Bolivarian Alliance is made up of Bolivia, Ecuador, Venezuela, Cuba, Nicaragua and Guatemala. It is primarily politically orientated and centres on the Venezuelan petrol subsidy program. Venezuela and Bolivia have recently become members of the Mercosul block which has become the main economic forum for these countries.

HORN OF PLENTY

The abundance of mineral and agricultural resources, many of which still to be prospected and exploited, are both a blessing and a curse common to all of the region's countries. They are a blessing as revenues generated by these exports allow countries to invest in correcting the chronic social deficit that afflicts the region and, in some isolated cases, invest in infrastructure improvements and industrial modernisation. They are a curse as this abundance has, in many cases, led to a severe case of 'commodity dependence'. This has resulted in low diversification of the economy and a gradual de-industrialised process.

With today's depressed commodity prices local governments are no longer able to sustain the investments necessary to maintain the social improvements which the population demand. One example of this is in Venezuela, which holds the world's largest individual oil reserves and is unable to diversify its economy. As a result 96% of Venezuelan exports originate from the oil and gas industry while 60% of food has to be imported. With the slump in oil prices the local economy is collapsing and the country is close to a situation of civil unrest. On the other side of the scale you find countries like Peru and Colombia, which are following in Chile's footsteps and employing revenues from commodity exports to innovate their economies and thus become less exposed to the fluctuations of the commodity markets.

SELF-SUFFICIENCY

Since the opening of the Panama Canal, South America has been technically excluded from the major shipping routes and thus the local shipping industry had to become self-sufficient. As a result, despite some brief periods of recovery fuelled by government subsidies, the local shipping industry has nosedived. There are a few notable exceptions, for example Chile where shipping is strategically important due to the country's exposure to foreign trade.



South America has much more
to offer the shipping world

Draft limitations are a major obstacle, restricting the region's ability to fully benefit from the economies of scale generated by the present generation of mega-ships. There is a silver lining in the form of increased feeding activities, which are restricted by flag legislation. However, not all local economies are yet able to generate sufficient cargo to sustain such services.

A segment that has, however, shown a notable development – fuelled by suppressed demand and growth in trade – is that of private investment in cargo terminals and port hinterland infrastructure. This process has been facilitated by regulation of public concessions and labour relations, which has provided the necessary institutional security so as to attract both local and foreign capital. This has also led to improvements in productivity and reductions in operational costs.

However, it must be noted that investments made by the local governments in port, road and rail infrastructure have not followed the same rhythm as those made by the private sector, or the growth in the local economies. Consequently some bottlenecks, such as port access and berthing delays, have become more critical. One good example of this is the Port of Santos which despite ranking as the busiest container port in Latin America with movements of 3.7m teu in 2014, dredging works to increase the draft to 15 m are long overdue. As a result the operators of post panamax vessels have severe cargo intake limitations and even risk length overall restrictions until the project is concluded.

THREE STRIKES

The impact of the frequent strikes that affect South American ports is another factor that rightfully causes much concern to the shipping industry. Figures from the UN CEPAL committee from 2010 to 2014 reveal that the region suffered a combined total of 312 days of port strikes, 61% of which were concentrated in Chile and Argentina.

As I write this article, Chile, which harboured the region's first port strikes back in 1903, is undergoing a nationwide port labour strike motivated by protests against a labour reform law that among other points will consider strikes conducted in strategic areas for the local economy such as ports as illegal.

Brazil is presently calm and most disruptions in the past have originated from strikes in the road transport segment. This, however, could change in the near future as the local economic and political scenario worsens. The government is also trying to implement tax and labour reforms which will exacerbate. Argentina is currently experiencing a comparatively less turbulent period, primarily due to the strong link between the government and the syndicates, but this could all change in the near future with the upcoming presidential elections in October and the country's track record on street protests. Venezuelan ports have been kept stable due to fact that the unions are firmly under control of the government, which in turn is heavily dependent on oil exports and import of



Potosí silver mine in Bolivia – one of the 'unseen' contributors

foodstuffs. However, this scenario is also susceptible to sudden change.

Meanwhile, corruption is a plague that has blighted the continent for centuries and is responsible for much of the disparity that is seen in the streets. One recent case that has made it to the international headlines is the corruption scandal involving the Brazilian state-controlled oil company Petrobras, where, according to official projections, up to \$2bn has been siphoned off the company over the past 12 years for the benefit of political parties and individuals. The only positive aspect of this sorry state of affairs is that all of those involved, including high level politicians, are now either in prison or under investigation – this would unlikely have been the case in the past. Of course, it would be remiss of us not to note that for corruption to take place there has to be co-conspirators. In this case, offshore operators and shipyards located in Europe and Asia had a key role to play in the Petrobras scandal.

CHINA'S DRAW

As for the near future, the US has moved its priorities elsewhere and the EU has been dealing with its own problems, leaving China to consolidated itself as the region's main trading partner. This switch gained momentum post-2009 and since then China has invested close to \$110bn in South America. Its primary focus has so far been to secure access to energy, raw materials and agricultural resources.

Chinese investments are also being directed at infrastructure with the ultimate objective of reducing freight costs for Chinese imports of raw materials and exports of finished products. Here we can highlight the projects for the Trans Andean Railway connecting Argentina with Chile, the Trans Amazonian Railway connecting Brazil with Peru and the Pacific Caribbean Railway at Colombia. If ever concluded, these projects will affect the region's present flow of maritime traffic to and from the Far East for both the bulk and containerised segments. **SN**

“Corruption is a plague that has blighted the continent for centuries and is responsible for much of the disparity that is seen in the streets”

The path to becoming a prize winner

MSC's **Laura Beckett** talks about her learning journey and her successes in the 2014 examinations

The credibility of any training institution, from schools to universities and beyond, rests not only on the standard of education provided, but also on the calibre of students who progress through their doors. That chain can be extended further to include the quality of the student's support network, be that family, friends or employer.

Here, one of the Institute's 2015 prize winners talks about her experience of studying with the Institute, and the support she had, from both the Institute and her own network, along the way.

Laura Beckett is claims and insurance supervisor for container line agency Mediterranean Shipping Company (UK) and the proud winner of the 2015 Cory Brothers Award in Port Agency.

"I've worked in this department for nearly five years, dealing with cargo, vessel, personal injury and container claims, as well as assisting with insurance queries and issues," says Laura. "Prior to that I worked for OOCL for a year and a half as part of their graduate scheme, after gaining a law degree at Kent University."



Laura has already applied some of what she has learnt to her current role

"I would recommend TutorShip and PREP to new Institute students because it provides clear direction on how to approach the course and the type of questions that will be asked in the exams"

"I decided to gain membership to the Institute and take their professional exams because I wanted to broaden my knowledge of shipping in general, to study more practical aspects of this field and to look at other trades such as dry, tankers and offshore industries."

"I chose TutorShip, the Institute's distance learning course, because I wanted assistance and direction, to be able to ask questions and to understand what level I was working at. Handing in essays and receiving marks and comments meant that I knew throughout the course the areas that I was struggling with and therefore needed to concentrate on."

"Having a tutor responding and encouraging me helped keep me motivated and on track. My TutorShip experience was invaluable in helping me study and pass my exams."

"I was lucky enough to have lots of support from my manager Glyn Smy. He's a member of the Institute, so he knows how hard the exams are! Working for MSC also really helped and I picked up lots of knowledge I needed for the exams in my day to day job. I also applied some of what I learnt to my current role, teaching my colleagues for example about economies of scale or the capacities of different terminals around the world."

PREPARATION, PREPARATION

"Just before the exams I went to the Institute's revision weekend, PREP, in Warwick. It helped me fill in any gaps in my knowledge and was really good preparation for the exams. The other students I met there also provided new ideas, experiences and the feeling that I wasn't doing this alone!"

"I would recommend the TutorShip and PREP to new Institute students because it provides clear direction on how to approach the course and the type of questions that will be asked in the exams. It helps with motivation and acts as an encouragement to keep studying, even when life is really busy or stressful."

"I still have two exams to go, one of which one is Economics. I intend to keep studying and will continue to apply the knowledge that I gain to my current role." **SN**

Registration for TutorShip for the 2015/2016 academic year is now open. Students can enrol for TutorShip via the London head office, their local Branch or Institute Teaching Centre. Existing students can now register for TutorShip directly online by logging in to their personal account at www.shipbrokers.org.

Students enrolled in TutorShip receive the latest coursebook and workbook and are allocated a tutor to answer their questions and guide them through their studies. A mock exam and assignments related to each chapter of the coursebook can also be submitted to the relevant tutor for marking and all-important feedback.

A new academic year begins in earnest

Deputy head of education **Leif Ollivierre** MICS discusses the success of two examination sittings



**Leif
Ollivierre**

The Institute has successfully increased its access to exams for students worldwide to cater for the growing demand for qualified maritime professionals.

The introduction of a November exam session in addition to the traditional April sitting proved incredibly popular last year, providing students with even more flexibility and options towards completing their professional qualification.

Over 1,500 papers were sat by over 900 students across 33 exam centres in last November's exam session. This year's November session will allow students to sit twelve subjects, four more than last year.

The response from students on this extra opportunity to sit their exams has been very positive, and the Institute's education and training committee has expressed delight at the resultant increases in both the number of students and the overall pass rates.

For the April 2015 exam session, some 2,200 students registered for over 4,500 exams in over 100 centres globally. This provided the Institute with 32 prize winners globally. These students came from shipping centres in five of the seven continents from Quebec to Auckland, from Aberdeen to Singapore. We also welcomed some additional prize sponsors including the Port of London and Safmarine.

The most successful student this year is Ioannis Domvros from Greece. Ioannis sat all seven of his qualifying exams in November and April, and received impressive grades across all his chosen subjects.

The prize giving ceremony will be held in October at Trinity House London and will highlight the achievements of those students. It will follow the Institute's AGM, and all members are welcome to remain after the AGM to join the prize giving celebrations.

SIGN UP ONLINE

Looking ahead, registration is now open for all students online through our online portal at www.shipbrokers.org. The new online registration follows on from the opening of www.shipbrokers.org to members last year.

The Institute continues to strive to develop better ways for its students and members to access information and correspond with the Institute. Students will be able to use this area of our system to register for exams, choose exam centres and buy books. The Institute's education team are running a 'back to school' sale – check out the offers at www.shipbrokers.org!

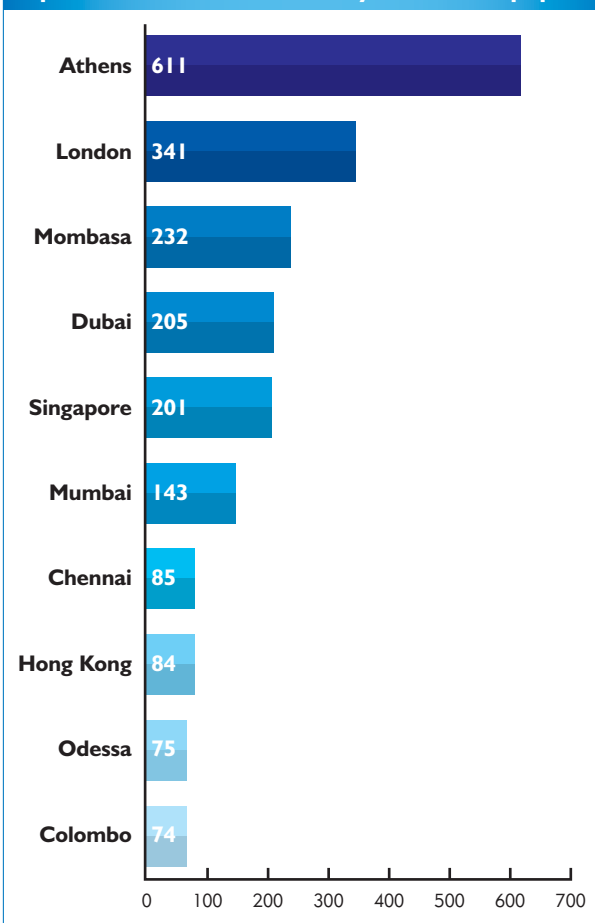
The popular PREP revision weekends are back this year for both November and April exams. These weekends are a great way for students to interact with tutors, get answers for those final concerning questions and gain valuable feedback. PREP also brings fellow students together who use it as an opportunity

to network and to discuss relevant exam topics and concerns among their peers.

With the start of a new academic year filled with optimism and determination, the Institute recognises the hard work and motivation of all its students. We wish all our new and returning students continued success on their path to becoming professionally qualified maritime professionals. **SN**

The most successful student this year is Ioannis Domvros from Greece. Ioannis sat all seven of his qualifying exams in November and April, and received impressive grades across all his chosen subjects

Top ten exam centres 2015 by number of papers



FOUNDATION DIPLOMA

Country	Name	City	Foundation diploma in:
BELGIUM	MR K WOODBYRNE	ANTWERP	SHIP OPERATIONS & MANAGEMENT
CAMEROON	MR I K MUKARA	DOUALA	PORT AND TERMINAL MANAGEMENT
CHINA	MR P R BAKKER	SHANGHAI	DRY CARGO CHARTERING
GHANA	MR AK MARKWEI	ACCRA	PORT AGENCY
	MR GK NIGMANJUI	ACCRA	PORT AGENCY
	MR RK NFODWO	ACCRA	PORT AGENCY
GREECE	MS G TRIKOLA	ATHENS	SHIP SALE AND PURCHASE
IRELAND	MRS A WISZOWATA	DUBLIN	SHIP SALE AND PURCHASE
	MR C J MCINERNEY	DUBLIN	SHIP OPERATIONS & MANAGEMENT
	MR P MCDONNELL	DUBLIN	PORT AGENCY
	MR R P DOOLAN	DUBLIN	PORT AGENCY
KENYA	MISS M N WANYAMA	MOMBASA	PORT AGENCY
	MR M S SAKWA	MOMBASA	PORT AGENCY
	MR T B HARKER	MOMBASA	DRY CARGO CHARTERING
	MR D M KAYANDA	MOMBASA	PORT AGENCY
	MR DM MALICHANZE	MOMBASA	PORT AGENCY
	MISS FA SHAFFI	MOMBASA	PORT AGENCY
	MR A S MASINDE	MOMBASA	LINER TRADES
	MR M M MUTISYA	MOMBASA	LINER TRADES
	MR KING` ORI	MOMBASA	LINER TRADES
	MISS GITHINJI	MOMBASA	LINER TRADES
	MISS WAZOME	MOMBASA	LINER TRADES
	MR S O OMITI	MOMBASA	LINER TRADES
	MR J M MNYETO	MOMBASA	LINER TRADES
	MR E C MBEGAH	MOMBASA	LINER TRADES
	MR E MAVURU	MOMBASA	LINER TRADES
	MR B IRERI	MOMBASA	LINER TRADES
	MR K M GICHOB	MOMBASA	LINER TRADES
	MISS L N WAWERU	MOMBASA	LINER TRADES
	MR F A MWANZU	MOMBASA	LINER TRADES
	MR JO OLUM	MOMBASA	LINER TRADES
	MS L K PASCAL	MOMBASA	LINER TRADES
	MR P O JUMA	MOMBASA	PORT AGENCY
	MR E K JACOB	MOMBASA	PORT AGENCY
MOZAMBIQUE	MR T MUSSA TEMBE	MAPUTO	PORT AGENCY

FOUNDATION DIPLOMA *continued*

Country	Name	City	Foundation diploma in:
NORWAY	MR C OLSEN	OSLO	SHIP SALE AND PURCHASE
	MR D I ANGHELOPOULOS	OSLO	PORT AND TERMINAL MANAGEMENT
	MR J PEDERSEN	OSLO	OFFSHORE SUPPORT INDUSTRY
QATAR	MR M R MOHAMMED JABBER	DOHA	PORT AGENCY
SIERRA LEONE	MS B BANGURA	FREETOWN	LINER TRADES
SINGAPORE	MS E BELOVITSKAYA	SINGAPORE	SHIP OPERATIONS & MANAGEMENT
SOUTH AFRICA	MR RE CROUS	RICHARDS BAY	PORT AGENCY
	MR E SHABALALA	DURBAN	PORT AGENCY
	MR G GORTON	CAPE TOWN	OFFSHORE SUPPORT INDUSTRY
	MRS H STURROCK	CAPE TOWN	OFFSHORE SUPPORT INDUSTRY
	MR T VAN MAASDYK	DURBAN	LINER TRADES
SPAIN	MISS A SANCHEZ SIMON	BARCELONA	TANKER CHARTERING
SRI LANKA	MR A B MOHAMMED CASIM	COLOMBO	PORT AGENCY
	MISS WEERASINGHE	COLOMBO	PORT AGENCY
	MISS A S M FERNANDO	COLOMBO	PORT AGENCY
	MR S D FERNANDO	COLOMBO	PORT AGENCY
	MISS J U DISSANAYAKE	COLOMBO	PORT AGENCY
	MR M L R C DIAS	COLOMBO	PORT AGENCY
	MR S L PERERA	COLOMBO	PORT AGENCY
	MR M S MOHAMED IBNU SHUHUTH	COLOMBO	PORT AGENCY
	MISS H M K FERNANDO	COLOMBO	PORT AGENCY
	MR S M SUWANDA HANNADIGE	COLOMBO	PORT AGENCY
	MR A V THALGAS MUNUGE	COLOMBO	PORT AGENCY
UK	MR A KHARITONOV	LONDON	SHIP OPERATIONS & MANAGEMENT
	MS C A JACHARAN	LONDON	SHIP OPERATIONS & MANAGEMENT
	MR W L WEAVING	LONDON	SHIP OPERATIONS & MANAGEMENT
	MR B KAIGORODOVS	LONDON	SHIP OPERATIONS & MANAGEMENT
	MR J M-J FEEHAN	LONDON	SHIP OPERATIONS & MANAGEMENT
	MR D KOKENY	LONDON	SHIP OPERATIONS & MANAGEMENT
	MR M RUSSELL	GRIMSBY	PORT AGENCY
	MISS V J PARKIN	MIDDLESBROUGH	PORT AGENCY
	MR L C L STEVENS-YULE	LONDON	PORT AGENCY
	MR O C BRETT	GRIMSBY	PORT AGENCY
	MR L MCIVOR	MIDDLESBROUGH	PORT AGENCY
	MISS N D NEWBURY	LONDON	LOGISTICS & MULTI-MODAL TRANSPORT
	MR M JOHNSTONE	LONDON	DRY CARGO CHARTERING
	MISS L K CALDWELL	LIVERPOOL	PORT AGENCY
	MR J D S BESWARWICK	SOUTHAMPTON	PORT AGENCY

FOUNDATION DIPLOMA *continued*

Country	Name	City	Foundation diploma in:
UK <i>continued</i>	MR S KENT	MIDDLESBROUGH	PORT AGENCY
	MR J P R WOAD	SOUTHAMPTON	SHIP SALE AND PURCHASE
	MR D A R HOWELLS	LONDON	DRY CARGO CHARTERING
	MR S MCNABB	LONDON	DRY CARGO CHARTERING
UNITED ARAB EMIRATES	MR S B NAUTIYAL	DUBAI	DRY CARGO CHARTERING
UNITED STATES OF AMERICA	MR ROEDEL	MINNEAPOLIS	SHIP SALE AND PURCHASE
	MR E STEWART	LOS ANGELES	OFFSHORE SUPPORT INDUSTRY

ADVANCED DIPLOMA

Country	Student name	City	Subject
BELGIUM	MR C A FAMAEEY	ANTWERP	DRY CARGO CHARTERING
BRAZIL	MR T CONRADI GRANLI	RIO DE JANEIRO	OFFSHORE SUPPORT INDUSTRY
	MISS NV FIUZA	RIO DE JANEIRO	OFFSHORE SUPPORT INDUSTRY
CANADA	MRS MELISSA GOBBY	MONTREAL	DRY CARGO CHARTERING
	MISS G BELOKOPYTOVA	MONTREAL	DRY CARGO CHARTERING
	MS S BENNETT	HALIFAX	OFFSHORE SUPPORT INDUSTRY
CHILE	MISS L SOARES MEDRADO	SANTIAGO	DRY CARGO CHARTERING
FRANCE	MR L A A LEZCANO	NANTES	DRY CARGO CHARTERING
GHANA	MR WN STEELE-NETTEY	ACCRA	PORT AND TERMINAL MANAGEMENT
GREECE	MS K STRATI	ATHENS	DRY CARGO CHARTERING
	MRS MARGARITA TSAOUSI	ATHENS	SHIP OPERATIONS & MANAGEMENT
	MR G DEMERTZIS	ATHENS	DRY CARGO CHARTERING
	MR Z KAPELLAKIS	ATHENS	DRY CARGO CHARTERING
	MS M MELETSI	ATHENS	LOGISTICS & MULTI-MODAL TRANSPORT
	MISS A ANTHOPOULOU	ATHENS	SHIP OPERATIONS & MANAGEMENT
	MR S TAVOULARIS	ATHENS	SHIP SALE AND PURCHASE
	MR A AVDIMIOTIS	ATHENS	SHIP SALE AND PURCHASE
INDIA	MR S A KHAN	NEW DELHI	DRY CARGO CHARTERING
	MR N ARORA	NEW DELHI	DRY CARGO CHARTERING
	MR P A PADALKAR	MUMBAI	SHIP OPERATIONS & MANAGEMENT
	MS P S NAIR	MUMBAI	TANKER CHARTERING
	MR A KAPOOR	NEW DELHI	TANKER CHARTERING
	MR P S GUPTA	MUMBAI	TANKER CHARTERING

ADVANCED DIPLOMA *continued*

Country	Student name	Company	Subject
IRELAND	MR E O'CONNOR	DUBLIN	LINER TRADES
	MISS A SKOWRONSKA	DUBLIN	PORT AGENCY
KENYA	MISS D A JOHN	MOMBASA	PORT AGENCY
	MR M K MITEI	MOMBASA	PORT AGENCY
	MR L M MWANGI	MOMBASA	PORT AGENCY
	MISS OBADIAH	MOMBASA	PORT AGENCY
	MR BARASA	MOMBASA	PORT AGENCY
	MR L M NYANGE	MOMBASA	PORT AGENCY
	MR MWADZIDZE	MOMBASA	PORT AGENCY
	MR R M YAA	MOMBASA	PORT AGENCY
	MISS MUJA	MOMBASA	PORT AGENCY
	MR AMANIALE	MOMBASA	PORT AGENCY
	MISS L CHEPKIRUI	MOMBASA	PORT AGENCY
	MR ESIALAI	MOMBASA	PORT AND TERMINAL MANAGEMENT
MALAYSIA	MR KAH KHEONG TAN	PENANG	LINER TRADES
	MR W L TAN	PENANG	SHIP OPERATIONS & MANAGEMENT
MAURITIUS	MISS A B KARRIMBUCCUS	PORT LOUIS	LOGISTICS & MULTI-MODAL TRANSPORT
	MR R MAMODE ALLY	PORT LOUIS	LOGISTICS & MULTI-MODAL TRANSPORT
MYANMAR	MR PAING HTET KO	YANGON	LOGISTICS & MULTI-MODAL TRANSPORT
NETHERLANDS	MR R VAN ROOIJEN	ROTTERDAM	DRY CARGO CHARTERING
	MR D V NIKOLOV	ROTTERDAM	DRY CARGO CHARTERING
NIGERIA	MR G N NKIRIBARI	LAGOS	PORT AGENCY
NORWAY	MR D H RØISLAND	OSLO	DRY CARGO CHARTERING
	MR I ROCHE	OSLO	DRY CARGO CHARTERING
	MR A SINGH GILL	BERGEN	PORT AGENCY
PAKISTAN	MR M A FAROOQ	KARACHI	PORT AGENCY
POLAND	MISS A BURAS	GDANSK	SHIP OPERATIONS & MANAGEMENT
RUSSIA	MR A A REMARCHUK	ST. PETERSBERG	SHIP OPERATIONS & MANAGEMENT
SINGAPORE	MR G STEINER	SINGAPORE	DRY CARGO CHARTERING
	MR X XU	SINGAPORE	DRY CARGO CHARTERING
	MR K M WONG	SINGAPORE	OFFSHORE SUPPORT INDUSTRY

ADVANCED DIPLOMA *continued*

Country	Student name	City	Subject
SOUTH AFRICA	MR M ROESENER	CAPE TOWN	SHIP OPERATIONS & MANAGEMENT
	MRS C SMITH	JOHANNESBURG	DRY CARGO CHARTERING
	MR JONES	DURBAN	DRY CARGO CHARTERING
SRI LANKA	MR MIRISSA GALBOCKE HEWAGE	COLOMBO	LINER TRADES
SWITZERLAND	MR A PISANTE	GENEVA	DRY CARGO CHARTERING
	MS V NIKOGLOU	ZURICH	DRY CARGO CHARTERING
UK	MR L D S KINSEY	ABERDEEN	OFFSHORE SUPPORT INDUSTRY
	MR D HARPER	ABERDEEN	PORT AGENCY
	MR A ROSS	ABERDEEN	PORT AGENCY
	MR R IRVINE	ABERDEEN	PORT AGENCY
	MISS G FRAME	GLASGOW	PORT AGENCY
	MR M L STENT	SOUTHAMPTON	DRY CARGO CHARTERING
	MR A L BIGATTI	LONDON	DRY CARGO CHARTERING
	MR J E ARMSTRONG	LONDON	DRY CARGO CHARTERING
	MR M V B BONI	LONDON	DRY CARGO CHARTERING
	MISS C V RICE	LONDON	DRY CARGO CHARTERING
	MR G D TUBB	LONDON	DRY CARGO CHARTERING
	MR W J PARKER	LONDON	LOGISTICS & MULTI-MODAL TRANSPORT
	MR J MILNE	LONDON	OFFSHORE SUPPORT INDUSTRY
	MR ME ADAMS	CARDIFF	PORT AND TERMINAL MANAGEMENT
	MR J PETRIE	LONDON	SHIP OPERATIONS & MANAGEMENT
	MR S C WILKINSON	LONDON	TANKER CHARTERING
UKRAINE	MR O V ILYIN	ODESSA	PORT AND TERMINAL MANAGEMENT
	MR V N SAUTONKOV	ODESSA	PORT AND TERMINAL MANAGEMENT
UNITED ARAB EMIRATES	MISS E KOVALEVA	DUBAI	TANKER CHARTERING

PROFESSIONAL QUALIFYING EXAMINATIONS COMPLETED

Country	Student name	City	Country	Student name	City
AUSTRALIA	MR P A CRIVELLI	MELBOURNE	GERMANY	MRS L SCHRODER	HAMBURG
	MR G B TABEAGBAW	BRISBANE	<i>continued</i>	MS A HUBEL	HAMBURG
	MR J GEERTS	MELBOURNE		MS M K PETRAS	HAMBURG
BELGIUM	MR M FRANSSEN	GENT	GREECE	MISS A ANTHOPOULOU	ATHENS
				MISS M KANELLOU	ATHENS
BULGARIA	CAPT. S DIMITROV	VARNA		MISS M PSARROS	ATHENS
	MISS V E ENCHEVA	VARNA		MISS T LEKA	ATHENS
	MR E T TOTEV	VARNA		MR A AVDIMIOTIS	ATHENS
	MR K I ILCHEV	VARNA		MR A SHPAKEVICH	ATHENS
	MR T V DIMITROV	VARNA		MR A TONOYAN	ATHENS
	MR V V MIHAYLOV	VARNA		MR C GIANNAKIS	ATHENS
	MR Y L YORDANOV	VARNA		MR D FERRARA	ATHENS
				MR D KALLIAFAS	ATHENS
CAMEROON	MR F T TANGWA	DOUALA		MR G DASKALAKIS	ATHENS
	MR Z F KUM	DOUALA		MR G PAPAGEORGIOU	ATHENS
				MR I DOMVROS	ATHENS
CANADA	MR RP NEMES	MONTREAL		MR I GOUGOULAS	ATHENS
	MR G D SALUNKE	TORONTO		MR I PARAMERITIS	ATHENS
	CAPT C MINIC	TORONTO		MR A KYRIAKOU	ATHENS
				MR I MAGIAKOS	ATHENS
CHINA	MR K J SHEN	SHANGHAI		MR O PERILIS	ATHENS
	MR S C LIU	SHANGHAI		MRS D PERGAMALIS	ATHENS
	MR S WAN	SHANGHAI		MRS E CONSTADINIDI	ATHENS
	MR S L HUANG	SHANGHAI		MRS M TSIMPOUKAKI	ATHENS
				MS F STRATI	ATHENS
CYPRUS	MR A M PAPACHRISTOPHOROU	LIMASSOL		MS M KYRIAZI	ATHENS
	MRS A ANTONIOU	LIMASSOL			
			HONG KONG	CAPT K NEOGY	HONG KONG
DENMARK	MR J CHRISTIANSEN	COPENHAGEN		CAPT SWARUP	HONG KONG
				MISS L Y YUNG	HONG KONG
FRANCE	MS E PERCHER	ST. NAZAIRE		MISS TP CHEUNG	HONG KONG
				MISS W H LEUNG	HONG KONG
GEORGIA	MR MACHAVARIANI	POTI		MR B K W KONG	HONG KONG
				MR M K CHENG	HONG KONG
GERMANY	MR C BLUM	HAMBURG	INDIA	CAPT A KUMAR	CHENNAI
	MR C CHRYSOVITSANOS	HAMBURG		CAPT D SINGH	CHENNAI
	MR D SCHULZE	HAMBURG		CAPT. JN MAHATO	CHENNAI
	MR J C TREW	HAMBURG		CAPT. M BHATT	NEW DELHI
	MR J LISCHIED	HAMBURG		CAPT. M BHATTACHARYA	NEW DELHI
	MR J P R SÄNGER	HAMBURG		CAPT. N M RAMANKANDATH	CHENNAI
	MR M KARP	HAMBURG		CAPT. R S NAYAL	NEW DELHI
	MR M OTTO	HAMBURG		CAPT. R SAXENA	NEW DELHI
	MRS C N TIERNEY	HAMBURG		CAPT. R SETHI	NEW DELHI
	MRS C S MEYER	HAMBURG			

PROFESSIONAL QUALIFYING EXAMINATIONS COMPLETED *continued*

Country	Student name	City	Country	Student name	City
INDIA	CAPT. R SHARMA	NEW DELHI	NETHERLANDS	MR M RAUE	ROTTERDAM
<i>continued</i>	CAPT. S SURAYRAM	VISAKHAPATNAM	<i>Continued</i>	MS D KOPYLOVA	ROTTERDAM
	MR A JAIN	NEW DELHI		MR W H HOLWERDA	ROTTERDAM
	MR A S R BHAVARAJU	CHENNAI			
	MR A SHARMA	SINGAPORE	NEW ZEALAND	MR J M HARRIS	AUCKLAND
	MR B MOHANTY	VISAKHAPATNAM			
	MR F A FONSECA	MUMBAI	NIGERIA	MISS A C AMAESHI	LAGOS
	MR J P TYAGI	NEW DELHI		MR C O ANAKWEZE	LAGOS
	CAPT S JAGATI	MUMBAI			
	MR K G DUGAR	MUMBAI	NORWAY	MR A GRØDELAND	SINGAPORE
	MR K M THAKKAR	MUMBAI			
	MR P P JAJODIA	NEW DELHI	PAKISTAN	MR R AHMED	KARACHI
	MR P P SIDHAYE	MUMBAI		MR W A SOOMRO	KARACHI
	MR R RAVICHANDRAN	CHENNAI			
	MR S SIRCAR	CALCUTTA	QATAR	CAPT U KULSHRESHTHA	DOHA
	MR V F LOBO	MANGALORE		MR L E MENDIS	DOHA
	MR V SHARMA	VISAKHAPATNAM			
	MS N GHOSH	CALCUTTA	ROMANIA	CAPT A F MUFLIC	CONSTANTA
	CAPT VINOD RAGHAVAN	CHENNAI			
	CAPT A BHIM SINGH VERMA	CALCUTTA	RUSSIA	MR M I RALENKO	ST. PETERSBERG
	CAPT D J DHULAP	MUMBAI			
	MR P RAO	MUMBAI	SINGAPORE	MISS E KOO	SINGAPORE
	MR P RAO	MUMBAI		CAPT A PAL	SINGAPORE
				CAPT N CHHIKARA	SINGAPORE
IRELAND	MR F CURTIN	DUBLIN		CAPT S PURI	SINGAPORE
	MR L SHERIDAN	DUBLIN		MISS S F S LOW	SINGAPORE
				MR A I BRAZENOR	SINGAPORE
ISLE OF MAN, UK	MR L E TIPPETT	LIVERPOOL		MR A V KADAM	SINGAPORE
				MR B ZHOU	SINGAPORE
JAPAN	MS E YOSHIDA	TOKYO		MR M J NEWMAN	SINGAPORE
				MR T B NG	SINGAPORE
KENYA	MR A B HAZIRA	MOMBASA		MR R D DABRAL	SINGAPORE
	MR A M THOYA	MOMBASA		MR S Y R WONG	SINGAPORE
	MR A M ABDULRAHMAN	MOMBASA		MS M MA	SINGAPORE
	MR ELIAKIM MWAKIO	MOMBASA			
	MR FATHI ABDULKADIR ABDULRAHMAN	MOMBASA	SOUTH AFRICA	MISS T FERREIRA	DURBAN
	MR O M CHARO	MOMBASA		MR D W N BIYELA	DURBAN
				MRS S ROBSON	DURBAN
KOREA	MR Y S KIM	SEOUL			
			SPAIN	MR D WALLACE	LONDON
LATVIA	CAPT A JUMAKOV	RIGA			
			SRI LANKA	MR D R JAYASINGHE	COLOMBO
LEBANON	MR E A RAYESS	BEIRUT		MR JANAKANTHA	DOHA
				MR S R W M PEIRIS	COLOMBO
NETHERLANDS	MR C KEGL	ROTTERDAM		MRS R JEYARAM	COLOMBO

PROFESSIONAL QUALIFYING EXAMINATIONS COMPLETED *continued*

Country	Student name	City	Country	Student name	City
SWEDEN	MISS J T ERIXSON	GOTHENBORG	UK	MR J WHITBY	SOUTHAMPTON
	MR A KONSTANTINUS	MALMO	<i>continued</i>	MR LIUJUN ZHOU	LONDON
	MR A M FREDRIKSSON	GOTHENBORG		MR M VIDALIS	LONDON
	MRS C M ELENBRANT	GOTHENBORG		MR P J MANVILLE	LONDON
				MR R M HOGG	LONDON
SWITZERLAND	MR I M SWORDS	LONDON		MR R WOOD	LIVERPOOL
				MR S J WORDEN	LONDON
TANZANIA	MR J I NGUHULLA	MOMBASA		MR T G DAY	LONDON
				MR V ANASTASIOU	LONDON
TURKEY	MR M BAHTIYAR	ISTANBUL		MRS A A KESKINI-BOLLANOU	LONDON
				MRS K C STANNARD	LONDON
				MRS VJ WHITFIELD	LIVERPOOL
UK	MR I MACLEOD	ABERDEEN			
	MISS A C MELVILLE	PLYMOUTH			
	MISS R E BOYLE	MIDDLESBROUGH	UKRAINE	MR A SMYRNOV	ODESSA
	MR A VOULOUGRAS	LONDON		MR O KRASOVSKYI	ODESSA
	MS S HAMATAKA	LONDON		MR O POLIKARENKO	ODESSA
	MR M I CHAUDRY	LIVERPOOL		MR D SYTNYK	ODESSA
	MRS S SHI	LONDON		CAPT K GORSHKOV	ODESSA
	MISS A E TRAVLOU	LONDON			
	MISS L A CLIFF	LONDON	UNITED ARAB	CAPT. N KAMAL	DUBAI
	MISS S G CRIPPS	LONDON	EMIRATES	MISS H ZHAO	DUBAI
	MR A GHADDAR	LONDON		MR A SEKAR	DUBAI
	MR B EKSIOGLU	LONDON		MR H B PATIL	DUBAI
	MR C A LEONARD	LONDON		MR J D HOPTON	DUBAI
	MR C BANSOR	LIVERPOOL		MR A P NAIK	DUBAI
	MR D YORDANOV	LONDON		MR S F A HASHMI	DUBAI
	MR F O NWABUEZE	SOUTHAMPTON		MS M TANEJA	DUBAI
	MR G WILLIAMS	CARDIFF		MS N RAI	DUBAI
	MR H MORRISON	ABERDEEN		MR A K NAG	DUBAI
	MR J COWLEY	LIVERPOOL			
	MR J L E SILBY	LONDON	ZIMBABWE	MR B CHARUKA	CHITUNGWIZA
	MR J O TAYLOR	LONDON			

EXAMINATION PRIZE WINNERS

Prize	Candidate	Country	City
ADAMANTIOS C HADJIPATERAS MEMORIAL AWARD to the candidate with the highest marks in Economics of Sea Transport & International Trade in the Qualifying Examinations	Mr A Ioannou	Cyprus	Limassol
AFRIMARI AWARD to the candidate gaining the highest mark in Shipping Business sitting in an African examination centre	Mr M C Mamonkose	West Africa	Accra
ARMAC AWARD to the candidate with the highest marks in Foundation Diploma in Port Agency	Miss L K Caldwell	UK	London
BALTIC EXCHANGE AWARD to the candidates gaining the highest marks in the following subjects in the Qualifying Examinations: Shipping Business	Mr S Gallagher	Ireland	Cork
BALTIC EXCHANGE AWARD to the candidates gaining the highest marks in the following subjects in the Qualifying Examinations: Dry Cargo Chartering	Ms M K Petras	Germany	Hamburg
BALTIC EXCHANGE AWARD to the candidates gaining the highest marks in the following subjects in the Qualifying Examinations: Shipping Law	Mr D V Nikolov	Netherlands	Hague
BRAEMAR ACM SHIPBROKING AWARD to the candidate gaining the highest marks in Tanker Chartering in the Qualifying Examination	Ms M Zoitopoulou	Greece	Athens
CLARKSON PLATOU AWARD to the candidate gaining the highest marks in Foundation Diploma in Dry Cargo Chartering	Mr. S King	France	Paris
CORY BROTHERS AWARD to the candidate gaining the highest marks in Port Agency in the Qualifying Examinations and sitting in a UK centre	Ms L Beckett	UK	Ipswich
DENHOLM WILHELMSSEN AWARD to the candidate gaining the highest marks in Foundation Diploma in Ship Operations and Management	Mr W L Weaving	UK	Carlisle
E A GIBSON SHIPBROKERS AWARD to the candidate gaining the highest marks in Introduction to Shipping in either Foundation Diploma or the Qualifying Examinations	Mr W Seow	Singapore	Singapore
IHS-FAIRPLAY AWARD to the candidate gaining the highest marks in Ship Operations and Management in the Qualifying Examinations	Miss L Carter MICS	UK	London
KENNEDY MARR LIMITED AWARD to the candidate gaining the highest marks in Offshore Support Industry in the examinations overall	Mr P W Batri	Australia	Melbourne
LLOYD'S LIST AWARD to the candidate gaining the highest marks overall in completing the Qualifying Examinations	Mr D Yordanov	UK	London

EXAMINATION PRIZE WINNERS

Prize	Candidate	Country	City
MATTHEW GOOD MEMORIAL AWARD to the candidate gaining the highest marks in Foundation Diploma in Liner Trades	Mr B Ireri	Kenya	Mombasa
MEDITERRANEAN SHIPPING CO (UK) AWARD to the candidate gaining the highest marks in Logistics and Multi-modal Transport	Mr Machavariani	Georgia	Poti
MICHAEL ELSE & COMPANY AWARD to the candidate gaining the highest marks in Marine Insurance in the Qualifying Examinations	Ms A Tegou	Greece	Athens
MOORE STEPHENS AWARD to the candidate gaining the highest marks in Shipping Finance Examinations	Mr Z Kapellakis	Greece	Athens
O'KEEFE AWARD to the candidate gaining the highest marks in Foundation Diploma in Ship Sale and Purchase	Mr Roedel	USA	Minneapolis
PARAGON SHIPPING INC – PRESIDENT'S PRIZE to the most successful candidate overall in the Examinations	Mr I Domvros	Greece	Athens
PETER TALBOT WILLCOX MEMORIAL AWARD to the candidate with the highest marks in Ship Sale and Purchase in the Qualifying Examinations	Miss Kyriaki Kresta	Greece	Athens
PORT OF LONDON AUTHORITY AWARD to the most successful candidate studying the Professional Qualifying Examinations sitting in London	Mr T G Day	UK	London
PORT STRATEGY AWARD to the candidate gaining the highest marks in Port & Terminal Management in the Qualifying Examinations	Mr P J Manville	UK	London
REED SMITH LLP AWARD to the candidate gaining the highest marks in Legal Principles in Shipping Business in the Qualifying Examinations	Mr A W R Rothwell	United Arab Emirates	Dubai
SAFMARINE AWARD to the most successful female student in Liner Trades, sitting in Africa or the Middle East	Miss L N Waweru Mr N P Pariyarth	Kenya United Arab Emirates	Mombasa Dubai
SHELL INTERNATIONAL TRADING AND SHIPPING AWARD to the candidate gaining the highest marks in the Foundation Diploma in Tanker Chartering	Miss A Sanchez Simon	Spain	Barcelona
SHIPBROKERS' REGISTER AWARD to the candidate gaining the highest marks in Port Agency in the Qualifying Examinations	Captain C Minic	Canada	Quebec
SPNL AWARD to the most successful first year candidate sitting examinations in London	Mr C G H Dodds	UK	London
TUTORSHIP PIETER VAN GELDER AWARD to the candidate gaining the highest marks in Liner Trades in the Qualifying Examinations	Mr J M Harris	New Zealand	Auckland
VAUGHAN-JAMES EUROPEAN AWARD to the top candidate of French, Spanish or Portuguese Nationality and whose mother tongue is not English	Miss A Sanchez Simon	Spain	Barcelona
WILLIAM PACKARD MEMORIAL AWARD to the candidate gaining the highest marks in Advanced Diploma overall	Mr L D S Kinsey	UK	Aberdeen

Adopting a more thrifty approach

Andrew Lansdale asks whether shipowners have finally grasped the oversupply problem



Andrew
Lansdale

Over the past twenty years there has been a big change in Great Britain's high streets. Flourishing shops have been put out of business by super and hyper-markets. So, whereas one would have imagined empty spaces between shops, like missing teeth in someone's mouth, there's not a bit of it. The erstwhile profitable businesses have been replaced by charity shops.

These represent very large charities such as Oxfam, Cancer Research and the British Heart Foundation. They also exist under the banners of quite small charities such as local hospices and nursing homes. These are establishments where people gift articles they no longer have any use for. These could be clothes or household goods; one charity near the author's home sells cast-off furniture.

On the other side of the trade is the purchaser who buys ordinary or even designer labels for a knock-down price.

The reason for describing this portion of little old England is to point out that it takes a good deal of self-discipline to resist a bargain. And this, shipowners cannot do. They are learning, but it's a stony path they are forced to tread. Bulk carriers, for

instance, are hemorrhaging cash as many of the larger ones are operating well below operating costs, but attitudes are changing. And as proof of their conversion from retail therapy to parsimony, newbuilding figures have recently arrived from China's Ministry of Industry and Information Technology (MIIT).

New orders received by Chinese shipyards have shrunk by more than 70% over the first half of 2015. Existing newbuilding contracts stood at little more than 11m dwt. This is also down by more than 70% year-on-year. Its ability to build cheap and simple designs of ships quickly was what had attracted shipowners in the first place. They queued up outside the charity shop and just bought and bought and bought. Now they have stopped buying and many of the more than 300 Chinese shipyards will go bust and close. There is little ability to fall back on high-ticket items such as gas carriers and complex container ships, which acts as a bit of a safety net for Japan and South Korea.

BUCKING THE TREND

Curiously enough, Japanese shipyards have not suffered too



Credit: ILO

New orders at Chinese shipyards have shrunk by more than 70% this year

badly, despite the paucity of orders and their higher prices. One of their allies is the continuing weakness of the yen against the dollar, making ship exports competitive. For a number of reasons, South Korean shipyards are not doing too well despite that safety net. Samsung Heavy Industries posted a loss of about \$872m for the second quarter of this year.

The main cause has been the collapse of oil prices which has seriously affected its oil rig-building sector. A similar mauling has occurred at Daewoo Shipbuilding and Marine Engineering. In the second quarter it experienced a loss of about \$1.75bn.

Hyundai Heavy Industries posted a loss of about \$1.5bn in 2014, mainly because of cost overruns on several offshore projects. It was also the offshore sector that savaged Daewoo's bottom line. It was contracted by an Oslo-listed company to build four semi-submersible vessels. Daewoo is requiring the purchaser to share the losses caused by cost overruns, which the owner is unwilling to do.

Samsung is embroiled in a dispute with Australian principals where designs for an offshore project have had to be redesigned. Also a Nigerian project has had to be halted due to safety and environmental concerns.

So it appears that in the Far East, the bid for supremacy in the shipbuilding competition has reached a bit of a stalemate with all three major runners heading backwards. **SN**

Tanker talk



In stark contrast to the travails of the dry bulk sector, tankers are doing remarkably well. Oil prices have continued to be dragged lower by a number of things. The increase in US oil production continues apace with a similar increase in natural gas output, adding to the cheaper energy mix in that country. Saudi Arabia is still ramping up its crude oil production.

The easing of tensions between the West and Iran is also having an effect on the tanker market. There are suspicions that the 40m barrels of Iranian crude oil which hitherto had been stored in the National Iranian Tanker Company (NITC) fleet is now being traded with India and China. Although Iran's hydrocarbon industry has lacked investment over the last ten years, it is adequate to export large quantities of crude oil. The income that this brings in will fund infrastructure improvements and oil exports will quickly reach 3.5m barrels per day. It produced 4.8m bpd in 2008, so the continuing availability of cheap oil is here to stay for a while. This is much to the detriment of many OPEC countries, whose budgets are under much stress and strain.

But put simply, increased supply equals lower prices equals more tonne/miles equals higher freight rates. And this should be an ongoing scenario. So far this year rates have averaged about \$60,000 per day for VLCCs. Suezmaxes have averaged about \$50,000 per day while aframaxes have experienced about \$40,000. And the good news in this sector is that there has been a significant increase in numbers of Aframax sold for scrap.

Clean tankers continue to trade at above operating costs with MRs averaging timecharter equivalents in the high teens and LRs close to \$30,000.

While this situation is highly satisfactory, things could change if shipowners go on a newbuilding buying spree again. So, should you happen to visit the local charity shop, let us hope that you do not find yourself rubbing shoulders with the local tanker owner and his wife. **SN**

Keeping dry



Capesize earnings have improved

Dry bulk's major cargo, iron ore, is still experiencing great demand. This is by China and from Brazil and Australia. Although Valemax ships are at last being deployed on the China route, Australia still has the upper hand in terms of delivered prices.

Capesize bulk carriers may be trundling along, but freights are improving from an owner's point of view. The Baltic timecharter average for capesizes started the year at about \$5,000 per day. This has steadily improved to the mid to late teens as the year progressed. But the capesize sector is still perceived in many quarters as a toxic mix. The Baltic sale and purchase assessments for five year old vessels tell their own tales. At the beginning of the year the value was put at \$39m, but has fallen below \$30m in the meantime. So earnings are up threefold, but values are down by 25%.

The panamax sector tells a similar story; earnings up 43%, values down 7%. In supramax terms, rates have remained relatively steady at around \$9,000 per day. But values have gone down by 26%. It will take a long time before freight rates influence values, mainly because of the chronic over-supply of ships. On cargo supply there is more movement.

As shipowners find it difficult to move away from the doors of the charity shop, so Chinese iron ore buyers cannot resist a bargain. Prices have fallen to around \$50 per tonne in Tianjin and China is buying and buying. Brazilian miners find it difficult to live with that level of pricing although the Australians, with lower costs and smaller tonne/miles, are content.

In fact, BHP Billiton reported a 14% rise in production in the 12 months to July. This amounts to 233m tonnes. This equates to more than 1,200 Capesize liftings per annum or more than three sailings per day.

Similarly, the joint venture, Western Australian Iron Ore, of which BHP Billiton is the largest member, exported 254m tonnes. Improvements in infrastructure and in port management have combined to increase these figures. It is interesting to note that only five years ago, total iron ore exports from all mines in Western Australia through Dampier, Port Hedland, Cape Lambert, Geraldton and Esperance amounted to less than 400m tonnes. **SN**

Credit: Seong-Woo Seo

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 am the owner of a bulk carrier and have concluded a 12 month time charterparty with a charterer who often trades to a politically unstable part of the world. What can I do if the situation there deteriorates? Can I stop

the charterer taking my vessel to a port where my vessel might be at risk?



Jenny
Salmon



Your rights and remedies will depend on the terms of the charterparty. In many time charterparties, the charterer warrants that the vessel will only be employed between

safe ports or places. There may be such a clause in the charterparty for your vessel. If the vessel trades to an unsafe port or place and loss or damage is suffered as a result, you would have a claim for damages for breach of that warranty. Unless the owner has expressly agreed to go to that particular destination, the warranty will ordinarily give the owner the right to refuse any order by the charterer to go to an unsafe port. If this happens, the charterer is obliged to nominate another port.

Of course, this will usually give rise to a dispute as to whether that port is in fact unsafe, and it may not be so purely because the destination is in an unstable part of the world. If the charterer persists in an unlawful order to the vessel to go to an unsafe port, this may be a repudiatory breach, entitling the owner to terminate the charter. However, if the owner consistently refuses to go to a port that is in fact safe, this is also likely to be a repudiatory breach and if that is the case, the charter would be entitled to terminate.

The rules surrounding unsafe ports are not straightforward and legal advice should be sought if owners receive what they consider to be an order to go to an unsafe place.

One clause which could also help in the case of concerns about political instability is any war risks clause in the charterparty. War risks clauses often define war risks in broader terms than you might expect. For example, one of the most commonly used war risks clauses in time charterparties, the BIMCO Conwartime 2013 clause, defines war risks to include any 'actual, threatened or reported' 'civil war', 'hostilities', 'revolution', 'rebellion', 'civil commotion', 'acts of terrorists', and 'acts of hostility or malicious damage', amongst other risks. However, the definition of 'war risk' for the purposes of Conwartime 2013 is not entirely objective. Such a risk will only exist if, in the reasonable judgment of the master and/or the owner, the relevant event or circumstances may be dangerous or may become dangerous to the vessel, her cargo, crew or other persons on board the vessel.

If the Conwartime 2013 clause is incorporated into your charterparty, then the charterer cannot order the vessel to (or to pass through) a port, place, area or zone where it appears, in your reasonable judgment as Owners or in the reasonable judgment of the master, that the vessel, her cargo, crew or other persons on board may be or are likely to be exposed to war risks. Importantly, the Conwartime 2013 clause expressly provides that you can rely on it even if the war risk in question existed at the time the charterparty was entered into.

Therefore, even if the war risk was known to you at the time you agreed to enter into the charterparty, you could still rely on it as the basis to refuse to follow charterers' orders. If, while the vessel is at any port or place in compliance with charterers' orders, the situation deteriorates such that the port or place has become dangerous, again you should check the war risks clause, which may well provide that the vessel has liberty to leave.

Of course, not all war risks clauses are the same as the Conwartime 2013. Some provide that the charterer may proceed to a 'war risks' area if he first obtains the owner's prior consent. Others go further, and state that such consent must not be unreasonably withheld, or cannot be withheld if war risks insurance is available. It is therefore important to check the charterparty terms carefully.

If you decide to extend your charterparty or enter into any other charterparty with this charterer, you may wish to exclude any geographical areas you are concerned about from the vessel's permitted trading areas to reduce the risk of the vessel being affected by political instability, and to avoid any future argument with the charterers as to whether or not that destination is unsafe.

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.

In many time charterparties, the charterer warrants that the vessel will only be employed between safe ports or places





The outbreak of deadly diseases has had a significant impact on the shipping industry. What are the key legal considerations for owners and charterers in the face of such an unprecedented situation?



The Ebola outbreak in West Africa in December 2013 was a particularly stark reminder of the devastating impact of virulent diseases. The virus quickly became an international health emergency, causing the death of thousands. In addition to the human tragedy, the Ebola outbreak has had (and indeed continues to have) a serious effect on the global economy, and the shipping industry has not escaped untouched.

Understandably, a vessel's crew may be unwilling to call at a port in an Ebola-affected country.

Under most time charterparties, the vessel is under charterer's orders throughout the charter period. The owner is usually only entitled to refuse charterer's orders if there is a risk of danger to the vessel or the crew. If an owner refuses charterer's orders without adequate reasons, the charterer may be entitled to rescind the charter and/or claim damages.

Time charterers are also usually required to order the vessel to a 'safe' port. If a port becomes 'unsafe', the owner may be entitled to require the charterer to nominate an alternative port.

It is not possible to provide a firm view as to whether an Ebola outbreak would entitle an owner to refuse to call at a port or to require nomination of an alternative port, since such situations depend on their facts. However, the local presence of Ebola may not on its own be sufficient to render the port unsafe, especially if no direct physical contact between the crew and the people on the ground at the port is envisaged, and if there are preventative measures in place. Overall, therefore, this issue will likely depend on the degree of risk at the particular port in question.

Owners (and potentially charterers) must bear in mind that they may be under an obligation to deliver cargo to a particular consignee at a particular discharge port named in the bill of lading. Failure to do so may expose the parties to substantial cargo claims for loss and/or damage. Generally a deviation is only permitted if it is reasonable, and the usual situations encountered are where there is a danger of loss of life or property at sea. It seems unlikely that the vessel would be permitted to deviate if the port is not considered unsafe.

Charterers are normally required to pay hire throughout the course of the charterparty. In an Ebola-type situation, a charterer may be entitled to put the vessel off-hire due to vessel quarantine, crew illness or port closures, depending on the precise wording of the off-hire provisions. In some cases, there may be a specific exception. For instance, the Shelltime 4 form refers specifically to 'quarantine restrictions'. In other cases, where the catch-all phrase 'any other cause' contains the additional word 'whatsoever', it may be

possible to argue that certain circumstances (for instance, vessel detention) result in an off hire event. In all cases, the wording of the off-hire provisions should be carefully examined before a decision is taken.

Unfortunately, there are no easy or definite answers to the question examined above and owners and charterers will often experience much uncertainty when faced with an outbreak. In order to ease this situation, owners and charterers may wish to incorporate a bespoke virulent diseases clause, such as the BIMCO clauses. The key advantage is that these clauses provide firm guidance as to what are the parties' rights and entitlements in the situations described above. For example, the BIMCO clauses enable owners to refuse to proceed to a port where, in the master's 'reasonable judgement', there is a risk of exposure to a disease and/or quarantine and/or another restriction.



The Ebola outbreak in West Africa – a stark reminder of the devastating impact of virulent diseases

The clauses therefore provide the master with a mechanism for dealing with this issue (provided his judgment was reasonable). Owners and charterers should therefore give some serious thought to incorporating a clause of this kind into their charterparty in order to safeguard their interests in the face of outbreak situations. **SN**

Whilst 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 Jenny Salmon, Tessa Huzarski and Guy Main. Jenny and Tessa are associates and Guy a senior admiralty manager, all 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. Additional research was carried out by Conner Cahill, a trainee in HFW's London office.



West Africa Branch celebrates fifth anniversary

The Institute's West Africa Branch held its 5th anniversary and annual meeting in Tema in June at the Royal Nick Hotel in Tema. The theme for the celebration was 'Promoting Professionalism in the Shipping Industry – The role of the ICS'.

The anniversary event was well supported by key stakeholders in the maritime community and was attended by over 100 participants. Among the distinguished guests were the Institute's international chairman, Richard Brook-Hart FICS; a representative of Ghana's Minister of Transport, Dr Kofi Mbiah, who also is the chief executive of the Ghana Shippers' Authority; Jacob Adorkor, director of the Port of Tema; Emmanuel Martey FICS, the former deputy chief executive of Ghana Shippers' Authority who chaired the function; members and fellows of the West Africa Branch, the national presidents of the Chartered Institute of Logistics and Transport and Women's International Shipping and Trading Association; representatives of Ghana Institute of Freight Forwarders; the Regional Maritime University; University of Cape Coast; and some importers and exporters.

Branch chairman, Fred Asiedu-Dartey gave a welcome address which recounted the achievements and challenges of the Branch, emphasising that Professional Qualifying Examinations still remain the main pathway to membership with the ICS. He made a clarion call to young employees in the shipping industry as well as people who wish to broaden their knowledge of the commercial aspects of shipping to enrol with the Institute to solidify their understanding of shipping. He also noted: "Membership of the ICS is one of the world's most recognisable qualifications and illustrates a developed knowledge and understanding of the commercial shipping industry."

POLITICAL SUPPORT

The Hon. Minister of Transport of Ghana indicated her support for a policy that would improve the calibre of shipping professionals and ultimately impact on the efficiency of the shipping industry in Ghana.

In her keynote address, which was read on her behalf by the chief executive of the Ghana Shippers' Authority, Dr Kofi Mbiah, the Minister of Transport stated: "Obtaining internationally recognised professional qualifications that promote ethical practices and acceptable standards of service in the workplace enhances the prospects of business success and generates benefits for the entire industry. It is in the light of this that the Ministry is considering a policy to compel shipping companies to introduce a training regime which ensures that their local staff gain professional qualifications in shipping. It is my view that ICS provides a wide range of options in this regard."

The international chairman of the Institute, Richard Brook-Hart, gave an address highlighting the importance of being ethical in the conduct of shipping business at every level. This, he said, was in tune with the motto of the Institute, 'Our word, our bond'. He also drew attention to the numerous benefits that the Institute's courses could bring to the individual, the industry and the global economy as a whole and urged shipping companies and other allied organisations to encourage and support their employees on their Institute journey to achieving professional qualifications.

A key component of the event was the presentation of awards. The founding chairman of the branch, Gary Miller was awarded an award for his purpose-driven and visionary leadership and

for scattering the seeds of shipbroking development along the shores of West Africa.

The following were also awarded for their contribution to the development of the branch: OMA Ghana Limited; Captain Samuel Olugbenga Olarewaju FICS; Emmanuel Martey FICS; Solomon Dzukey FICS; Captain Catherine Haizel MICS; Tami Adu FICS.

Chairman for the event, Emmanuel Martey FICS said in his remarks that the shipping industry is both technical and international in nature and that it "requires quite some in-depth knowledge to be able to understand, participate meaningfully in it and profit from it". He therefore called on all present to continue their search for knowledge in order to enrich the practice of shipping. **SN**



Gary Miller was honoured for his leadership



The guests enjoyed traditional music



The annual meeting was well attended

Ireland Branch honoured by award nomination

The cream of Ireland's maritime and marine sector was recognised and celebrated in front of an audience of senior executives at the Ballsbridge Hotel, Dublin in June. In total, 15 prestigious trophies were presented to the very best individuals and organisations within Ireland's maritime industry.

The gathering was addressed by the Minister of Agriculture and the Marine Simon Coveney TD, who in a positive speech stressed the importance of the role that the maritime industry plays in Ireland's recovering economy. He added that the Irish Government recognises the importance of the sector and promotes and encourages the sector's growth wherever possible.

The Institute's Ireland Branch was nominated for the award of 'Excellence in the Maritime Education & Training Award'. The

branch was honoured and delighted by this recognition of its efforts in promoting education in the industry and that its achievements should be acknowledged by its peers in the Irish maritime industry.

Branch chairman Derek Dunne FICS was also asked to present an award to the Commissioners of Irish Lights as the winner of the 'Excellence in Maritime Environmental Protection Award'.

Although the branch did not win the training award on the night, the Ireland Branch – represented on the evening by Derek Dunne and Hilary Park – was delighted to be nominated and will continue to promote and provide the Institute's educational offerings to the maritime industry in Ireland. **SN**

Joining maritime education forces

Hong Kong Branch chairman YK Chan was invited to speak at a workshop jointly organised by the Institute of Seatransport, the Hong Kong Logistics Management Staff Association, and the CY Tung International Centre for Maritime Studies at PolyU.

Mr Chan delivered a presentation on the nature of arbitration, the power of the arbitrator, types of arbitration, arbitration clauses, and also touched on how to become a maritime arbitrator.

The workshop was part of a series on 'Inter-disciplinary Maritime Practice'. The Hong Kong Branch is keen to support and participate in any maritime education programmes designed to benefit young practitioners.

Hong Kong Branch exam officer Manson Cheung also participated in the workshop, speaking about the shipbroking profession and shipbroking practice. **SN**



The Hong Kong Branch participated in the joint workshop

Hong Kong supports logistics conference

The Hong Kong Branch has been invited to support the annual Asian Logistics and Maritime Conference in November in return for complimentary tickets to committee members and special discounts to all other members.

ALMC – co-organised by the Government of the Hong Kong Special Administrative Region and the Hong Kong Trade

Development Council – brings together logistics, maritime and air cargo services providers and users, including manufacturers, traders and distributors, to exchange market intelligence and explore new business opportunities in the region. Last year it attracted about 1,700 participants from 32 countries and regions. **SN**

Taiwan port partnership progressing

The Institute training programme in co-operation with Taiwan International Ports Corporation in Taipei is running well, the Hong Kong Branch reports. The third semester covering Ship Management and Operations and Marine Insurance ended in

July 2015 and the fourth semester will start in September 2015. In related news, the Hong Kong Branch is to organise a PREP revision course in September for students looking to sit examinations in November 2015. **SN**

Canada adds value to Institute membership

The Canada Branch is looking for new and innovative ways to engage students and add value to its existing membership. With this in mind, the branch recently initiated field trips for both the east and west coast locations.

In May, its west coast members visited Seaspan Shipyard in Vancouver, BC, Canada. Almost 30 attendees, including Institute students, members and other professionals in the industry, joined the branch during this tour which started with a presentation given by Jonathan Whitworth, chief executive of Seaspan Shipyard. The highly intriguing presentation covered history, development and planned future of the shipyard facilities.

Following this introduction, the group were offered a tour of the shipyard including its module and fabrication shop and steel forming shop. Seaspan Shipyard's 'tour guide' K Dunn then took the group to a visit of Seaspan's tug *Kestrel*.

Seaspan is an association of Canadian companies primarily involved in coastal and deep sea transportation, bunkering, ship repair and shipbuilding services in Western North America. Seaspan Shipyard is a relatively small but modern shipyard, which builds special purpose and coastal vessels and in recent years has been awarded several large federal shipbuilding contracts.

At the same time, the branch's east coast director, Julian Hung organised a tour of the Port of Montreal.

The weather was beautiful and there was a solid turnout of 12 members of the shipping industry including a number of students. Thanks to the group's guide Capt Ivan Lantz of the Company of Master Mariners of Canada and to Carolyn Osborne and Cindy Fairhurst of the Mariners' House, which kindly donated bus transportation to and from the port.



Students enjoyed a tour of the port

Attendees were given an insider's view of both the operation centre as well as the many container, dry bulk, general cargo and tanker terminals. Without a doubt, everyone came away with a better appreciation of the size and complexity of port activity and the 24/7 nature of the shipping business.

The Port of Montreal is a port located on the St Lawrence River in Montreal, Quebec, Canada. Operated by the Montreal Port Authority, more than 2,000 ships carrying all types of cargo to and from all parts of the world visit the port annually.

In 2012, the port handled 28.4m tonnes of cargo and is a transshipment point for consumer goods, machinery, grain, sugar, petroleum products and other types of cargo. Montreal is also a cruise port that welcomes major international cruise ship lines.

Stay tuned for more Canada Branch field trips. [SN](#)

London BBQ sizzles again

Many members and their guests enjoyed another London Branch BBQ in June, which is already well established as an annual 'fixture'.

The weather was magnificent, the food was delicious and plentiful, the branch made a modest but much needed profit and the generosity of all who contributed to the fun raffle raised nearly £150 for the branch's education fund.

This event also launched the branch's new chair, Marianna Vitazkova, into the spotlight and she welcomed everybody warmly in her inaugural speech. [SN](#)



Guests enjoy the Institute's hospitality

FONASBA announces inaugural award winner

FONASBA has announced that Renan Queiroz of Wilson Sons Ltda, Brazil is to receive its first Young Ship Agent or Broker Award.

The Award was introduced earlier this year to encourage members of the ship agency and ship broking profession aged 40 or younger to further their academic and practical training and education. Entrants were required to research and write a thesis-standard paper on a maritime-related subject of their choice.

The Award attracted seven entries and these were reviewed and judged by a small committee headed by former FONASBA

president and honorary member Gunnar J Heinonen of Finland. Announcing the winner, Mr Heinonen said: "My colleagues and I were extremely impressed by the standard of the entries, which was consistently high across all the papers and we congratulate Mr Queiroz and the other entrants on an excellent effort. The number and level of the entries in this first year has proven the concept of the Award and we hope to build on this encouraging start next year and beyond."

A Highly Commended certificate was also awarded to Aleksandar Obucina of Agent Plus D.o.o. of Serbia. [SN](#)

Career management explored in Dubai

The Institute's Middle East Branch organised a workshop on careers at the Seafarers Club Dubai in August.

The session highlighted the relationship between organisational and individual career management activities and the role of the Institute in career development.

A total of 44 people attended, including 23 Institute members and staff along with 21 prospective students. The session on 'Career Management' was presented by human resources expert Zac Thomas and was followed by a presentation from branch secretary Krishnan Subramaniam on the Institute and careers in shipping and logistics.

The seminar gave an account of what industries expect and need from individuals and provided a wide view into the world of shipping and logistics and the various industries it supports. It also highlighted the learning platform provided by the professional courses.

SN



Speaker Zac Thomas with Middle East Branch chairman Capt Peter Machado

Offshore vessel supports North East meeting

The North East Branch held its latest meeting in July on an offshore wind farm support vessel, berthed in the River Tees.

The committee was made to feel welcome by owner MPI's representative Lesley Clark and the vessel's agents LV Shipping.

After the meeting, MPI provided a buffet lunch followed by a tour of the vessel.

The Branch meet once a month at various ports throughout the North East Region. **SN**



Committee members enjoyed a tour of the ship

Soccer Sixes pulls in shipping stars



The Institute's team ready for kick-off

The annual Pacific Basin Soccer Sixes tournament was held in June at Hong Kong Football Club.

With 16 shipping teams participating, the annual event is a must for soccer fans in Hong Kong's shipping community.

Teams were entered from shipowners, shipmanagers, shipbrokers, legal firms, charterers, insurance, port terminal and finance. The Hong Kong Branch's team was the only one from a professional institution.

The Institute team was led by Davin Chan MICS with Hong Kong Branch members, students and friends: Ivan Chan, Vuldam Chan, Roy Fung MICS, Bankson Chung, James Ho FICS, Munish Khatri MICS, Jacky Li and Alvin Wong all participated.

Throughout the event, the team members were able to mingle with other shipping practitioners and friends in a relaxed environment. **SN**

A smile on his face; Institute byelaws in his pocket

Andrew Dobson reflects on the life of former Institute chairman David Bee FICS

David was born on September 30, 1937 in Messingham, a small village near Scunthorpe, UK. He was the youngest of 10 children – five boys and five girls. He commented that his Mum obviously wanted to achieve perfection before giving up!

David attended Scunthorpe Grammar School between 1945 and 1954 attaining 4 'O' Levels which he described as "not brilliant, but adequate". He excelled at sport, representing the school at football and running for the combined grammar schools in athletics. He was also the school high jump champion. After leaving school in 1954 he joined the local steelworks as did most of the young men in the area until he was then claimed by Her Majesty for two years' national service where he trained in air wireless mechanics.

In 1958 David returned, having completed his national service, to the steel industry and through that eventually into shipping.

David met his wife Pat when he was only 16; they married in 1959 and were blessed with two daughters and five grandchildren. A devout husband and father David worked extremely hard to ensure his family had a good home life.

David became involved in exporting steel all over the world and while dealing with this he was introduced to the world of the Institute of Chartered Shipbrokers. He immediately recognised that this was something that would help him do his job better and give him a greater understanding of how shipping works.

David completed his Institute examinations, proudly coming second among all of the candidates that year. Quoted as being one of David's proudest achievements, he subsequently went on to be promoted to fellow and took a very active part in Institute affairs.

TAKING THE CHAIR

In 1989, as a result of his extensive Institute activities, David was elected as chairman of the Institute which he regarded as the pinnacle of his career. At this time David was working in Teesside and was the very first person from outside of London to be appointed as Institute chairman. David was humbled and honoured by this prestigious appointment. He subsequently organised the regular meetings of former Institute presidents and chairmen (known colloquially as the 'grey beards') and looked forward to their get togethers to talk about old times and new.

During his time with the Institute David also served as chairman for the former Tees & Hartlepool Branch. He was a

regular and influential committee member for the branch for many years, freely giving wisdom and advice to new and younger committee members (myself included).

David retired from the steel industry and his working life in 1993 aged 54 just in time to look after his first grandchild. Although retired, David remained an active branch committee member until 2011 when he decided that he had been out of the industry a little too long to be of use to the rest of us. David continued to be an active branch member often turning up to branch events to see his old friends and to catch up on the gossip at our annual dinners.

David was a true old fashioned gentleman and regarded as the fountain of all Institute knowledge for the newer branch



David Bee 1937 – 2014

committee members. He always had a big smile on his face and a copy of the bylaws in his pocket to keep everyone on the right track.

I feel very privileged and lucky to have known David, serving on the branch committee together for many years and benefitting from his guidance when I took my turn as branch education officer and ultimately chairman. His memory will live on among those of us who had the privilege of meeting him. **SN**

New roles for ANZ committee

The Australia and New Zealand Branch annual meeting was held in August at the Seafarers' Centre in Melbourne.

Some changes in the branch committee were agreed, with chairman Capt Bob Hawkins standing down after three years' service. Incoming chairman, Nick Vann was unanimously voted 'in' in his place.

A new education officer was also elected: Hiti Taluja who had been understudying Nick Vann, was voted into this important office position.

Bill McDonald is now vice chairman and secretary, while Francis Castellino remains as treasurer for a further term.

The afternoon concluded with a lively general meeting with discussion on education and membership occupying most of the available time.

The Branch continues to remain active with activities in several centres including Auckland, New Zealand which has held successful luncheon seminars, and Fremantle in West Australia where a number of 'bespoke' chartering courses have been held. **SN**



The attendees agreed changes to the ANZ committee

Shipping industry still up for a party

The Australia and New Zealand Branch Annual Dinner was staged at the beautiful Langham Hotel on Melbourne's Yarra River South Bank.

Despite the downturn in shipping business, there was an impressive turnout for the event, demonstrating that shipping people still know how to enjoy themselves.

Some 91 members, wives, partners and guests enjoyed a sumptuous dinner interspersed with a speech of welcome from the branch chairman and an after-dinner address from special guest, the Honourable Minister for Victorian Ports, Luke Donnellan. Mr Donnellan gave an overview of his party's views on the future of the Port of Melbourne. His views were in stark contrast to those from the previous year's speaker from the opposition party.

Local students who had excelled in the April exams were presented prizes by education officer Nick Vann. Nick, as the branch's new chairman, was then officially welcomed to the stand by outgoing chairman, Capt Bob Hawkins.

The branch's thanks go to treasurer Francis Castellino for his excellent organisation of the event, aided by Hiti Taluja. **SN**



Immediate past branch chairman, Bob Hawkins accepts a gift from new chairman, Nick Vann



Alex Baird from Baird Publications presents student prizes with branch chairman Nick Vann

Arbitration proves popular in Hong Kong

The Hong Kong Branch co-organised two seminars with the Hong Kong Institute of Arbitrators (HKI Arb) in July.

The first, on 'Bias in Arbitration', was presented by Robert Rhodes QC at Mayer Brown JSM's office, and the second, on 'Breach of arbitration agreements and anti-suit injunctions in comparative perspective', was delivered by Dr Guido Carducci at Squire Patton Boggs' office.

Arbitration-related seminars have proved of particular interest to the branch's members. Understanding shipping law is important to practitioners in their daily works, for example when negotiating charter party terms, dealing with post-fixture operations, or handling insurance claims. It is also helpful to know the basics of arbitration law and practice to enable practitioners to deal with disputes arising from any contract. **SN**



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The Secret Broker

Common market, common people

Timing is everything and I think I got it slightly wrong this time. I went off to Greece in early July for a two-week break. The plan was a couple of days in and around Athens and then take a boat out to visit some friends in the Cyclades. Done it all before, got the T-shirt.

However, all is not well in Greece. As a precaution I needed to load up with Euros and US dollars as I knew the ATMs and banks were out of the picture. I arrived right on top of the day of the referendum, July 5. How was I to know that the Greek equivalent of Bono, Yannis Varoufakis, was running the economy down there or that his wife Danae was Jarvis Cocker's muse at St Martins College? None of this matter of course when one is trying to negotiate the minefield associated with a default on billions of Euros.

Despite the media coverage, especially that of the BBC, a few blocks from Syntagma Square life seemed pretty normal. People sitting at outside tables, drinking coffee and shooting the breeze. Yes, the Brussels battalions, in conjunction with the IMF, were going to teach Greece a lesson. How dare they say 'No'? But say 'no' they did. All bets were off. Alex Tsipras had somehow obtained the support of his people. It seemed that they valued their idea of sovereignty more than Brussels had realised.

It's a pity though that all this was happening at the same time that the Chinese stock market was in meltdown. More bad timing. Any deluded ideas of an economic recovery being triggered by China were quickly shredded. All the experts were suddenly silent, again. The ingredients for a slowdown of economic growth are a collapse of commodity & oil prices, currency depreciation, public market volatility, political uncertainty. We have them all. The Chinese stock market is too heavily weighted in favour of the retail sector and in order to pay back the debt incurred buying shares in the first place the shareholders had to sell their shares as well as any other assets they had. Hence the dramatic drop in share values. Thankfully this has recovered somewhat.

GOING TO TOWN

Anyway back to Mr Tsipras. Having played his hand, he had to

drop the 'Bono' take off if he was to have any chance to maintain a dialogue with the Eurozone powers, the ECB & the IMF. Leaving the Eurozone was a romantic notion but not really practical and he knew it. So a new bail out was discussed and agreed less than a week after the referendum. However, the austerity contained within it made the initial programme, which had been rejected, look almost sanguine!

Maybe "Yes" would have been a better response on the 5th of July after all?

In the islands I saw less doom and gloom among the people.

In true Greek fashion the welcome and hospitality shown was marvellous.

Any of the discussions touching upon the economic state of the nation were met with that well known, to anyone who has spent time there, enigmatic smile and shrug of the shoulders which seems to cover all manner of situations.

No histrionics. Too bad that the media seemed to miss this bit of 'reality'.

Greeks have a love of life and the ability to overcome adversity with sublime good humour. It's a great pity more people don't adopt this demeanour. Shipping is fundamental to the Greek economy and optimism is at the heart of it; few negative influences tend to survive. It's a breath of fresh air that Brussels could do with more often. Euro, schmeuro!

Maybe when Greece said 'No' it reminded Brussels that their paradise relies upon everyone towing the line and being willing to sacrifice their national identity. Don't misunderstand me, the situation in Greece is serious and, even with the new bail out, cannot be resolved overnight. There will be pain. Eventually though it will be the Greek people who will succeed and not the Euro goons.

Obviously special benefits like those enjoyed by the shipping community by virtue of Law 89 may be reviewed/diluted/withdrawn and the islands 30% discount on VAT could go, but Greece, and Greek shipping, will endure.

Let's forget 'Grexit' and let's talk about 'Helasticity'! **SN**





the stern

BUILDING UP A LEGENDARY LINER

The world's largest Lego Brick model ship has found a permanent home on Britain's iconic ocean liner, the *Queen Mary*.

Cunard Lines' *Queen Mary* made her final cruise at the end of 1967 and came to rest at Long Beach, California, where she has lived ever since. The *Queen Mary* is now a floating hotel, attraction and event and wedding venue.

Britain's certified Lego builders, Bright Bricks Inc, decided to commemorate the ship in Lego bricks. Bright Bricks is a professional Lego building company based in Hampshire in the UK and is home to Duncan Titmarsh, the UK's only Lego Certified Professional. He's one of only 16 certified Lego professionals in the world.

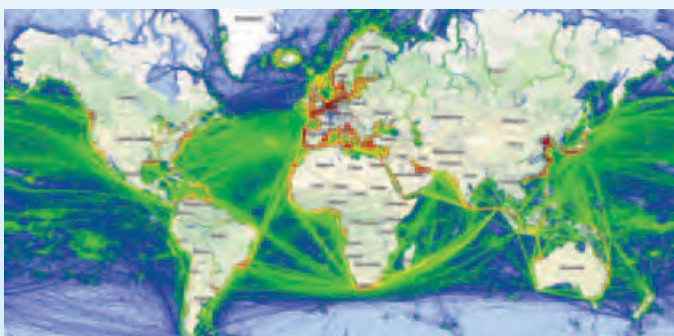
While they usually work to commissions, Bright Bricks decided to build the *Queen Mary* just for fun. The build needed four professional builders, over 250,000 individual Lego bricks and took almost four months to complete.

The 7 metre model is now displayed in an exclusive space – The Shipyard – on the *Queen Mary*. It's surrounded by 'building stations' where children and any other lego-enthusiasts can make their own version of the ship or anything else that comes to mind. [SN](#)



Visitors can enjoy the scale model in a special area of the ship

ILLUSTRATING THE WORLD WE LIVE IN



I'm always drawn to these types of shipping map. For me, they express the vibrancy and the dynamism of the shipping industry far better than static ship or port pictures, no matter how grand the ship or port.

We can thank MarineTraffic for this particular shipping density map.

MarineTraffic used AIS information from a network of 2,000 AIS receiving stations located in more than 165 countries across the world to create this map. Its 2014 density map is based on a data subset that consists of over three billion vessel positions. Ships in 2014 sailed more than 200,000 different routes, according to that data.

MarineTraffic's platform also allows comparison between different years, which throws up some interesting changes. For example, it notes that ships sailed far closer to the Somali coast in 2014 than 2013 and in greater numbers as the threat of piracy diminished.

Outside the Port of Los Angeles, congestion due to a lack of a port labour agreement last year is clearly visible in 2014 compared to 2013. And reflecting Brazil's successful bid to woo the Chinese, increased traffic from the east coast South America to Asia round the Cape of Good Hope can be seen when comparing the two maps. There is also a higher density of movements in the Arctic in 2014 – a sign of things to come? [SN](#)

CORRECTING GREEK CONFUSION

In our recent article 'It's all Greek to me' on page 9 of the June 2015 issue, we may have inadvertently combined two John Carras into one.

We are informed by an eagle-eyed correspondent that there were indeed two famous Johns: JC and JM. Confusingly, both ordered in Japan, with JC ordering a block of Freedoms at IHI, while JM contracted in Japan as well as in Odense and Korea.

But the banking anecdote – 'Bank guarantees? What bank do they want me to guarantee?' is to be attributed to JM. It was rumoured that he offered financial support to at least one major institution in his lifetime.

We are grateful for members with good memories that can correct our Greek. [SN](#)

SHIPPING SPEAK

“Any **protectionist** approach towards shipping being pursued by the US might also be emulated by other energy exporters, such as Russia, Iran and Saudi Arabia. This could **seriously undermine** the framework of open market access and free trade **principles** in shipping that has facilitated the **efficient transport** of energy worldwide since the 1980s” The International Chamber of Shipping speaks out against a proposed US regime to promote the carriage of US LNG exports on US flag ships

”

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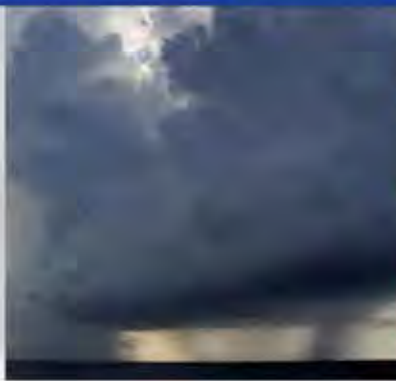




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