



SHIPPINGNetwork

The official magazine of the Institute of Chartered Shipbrokers

Promoting professionalism in the shipping industry worldwide

Issue 50 September 2017



Breaking trade rules

Populist movement offers new opportunities

Making and breaking pacts | Asia's cross-border trade resilience | Time's up for cabotage



NOTICE OF ANNUAL GENERAL MEETING

LONDON, 20th OCTOBER 2017

The Annual General Meeting of the Institute of Chartered Shipbrokers will be held on Friday 20th October 2017 at Trinity House, Trinity Square, Tower Hill, London EC3N 4DH, United Kingdom and will commence at 17:00.

AGENDA

1. President's welcome
2. To receive and consider the statement of accounts to 31st May 2017
3. To confirm the composition of Controlling Council 2017 / 18
4. To elect auditors
5. Any other business

OFFICERS

Chairman, Michael Taliotis FICS

Vice-Chairman, Theo Coliandris FICS

President, Dr Parakrama Dissanayake FICS

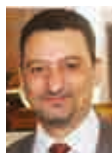
Immediate Past President, Bruce Ogilvy FICS

All members of the Institute are encouraged to join us at the AGM.

This year, the Institute annual accounts that are normally distributed with the September Shipping Network will follow later.

Taking the true meaning of education

Michael Taliotis explains why the Greek definition of education encapsulates the Institute's role today



Michael Taliotis

In 2016, I led my first Executive Council meeting as the international chairman of our Institute. That meeting marked the beginning of a new chapter for the Institute, as the Council planned a clear set of targets and objectives for the short, medium and long term. It was probably the first time in our history that the Institute had such a clear sense of direction over its long-term ambitions.

The main focus of the strategic plan was to raise the Institute's profile, penetrate into new markets, increase member benefits, and improve both the standards and means of education, all within the context of the worst shipping markets for a generation.

In the 18 months since that meeting, there have been important developments in all disciplines – education, member benefits and governance – and the implementation of the strategic plan has already started to bear fruit.

In another very difficult year for shipping, the Institute has maintained its examination numbers and recorded an ever-growing number of members, while gaining wide recognition among other maritime organisations and governmental bodies, as their preferred partner when seeking consultation in maritime education and training programmes and material. Joint projects with IMO, BIMCO, FONASBA, WISTA, Maritime UK and the International Group of P&I Clubs are already in progress. Added to which, earlier this year, the Institute and the China Department of Transport reached an agreement whereby the Institute will carry out, on its behalf, a maritime education and training programme.

"We need to maintain a strong Institute to continue the important work that we do and this can only be achieved with the continuous support of our members."

UNCHANGED OBJECTIVES

These collaborations might seem to be a shift from the Institute's traditional role, but they by no means constitute a complete deviation from our original objective. Our Institute was founded in 1911 with the objective of protecting the shipbroking profession through a system of examination. Through education, the founders believed that ethics and professionalism could be instilled.

That objective is still the cornerstone of the Institute. One hundred years ago, our students were shipping professionals who wished to prove their skills by obtaining the MICS/FICS qualifications; now many of our students are starting out in



The Institute makes the connection between education, ethos and moral values

shipping, and find our Institute's qualifications essential for developing their careers.

The Institute today undertakes the very important role of providing this new generation of shipping professionals with education, as interpreted by the ancient Greek word, morphosis. Education for ancient Greeks had a broader meaning than the word we use today. Beyond simple learning, its meaning also incorporated ethos and moral values. Morphosis is exactly what the Institute offers to our industry today: education and ethical approach to business, driven by our motto 'our word our bond'. The young shipping professionals of today are the industry's future decision makers and their morphosis will influence the fate of the industry.

The great Greek philosophers recognised the importance of the education of youth to the future of any community. Diogenes Laertius emphasised that "the foundation of every state is the education of its youth", while Aristotle quoted that "all who have meditated on the art of governing mankind, have been convinced, that the fate of empires depends on the education of youth". The shipping industry today is evidence of the results of following Diogenes and Aristotle's dogmas, as well as the consequences of doing otherwise. Educating the youth encapsulates what the Institute offers today.

We need to maintain a strong Institute to continue the important work that we do and this can only be achieved with the continuous support of our members. With the support of our members, the Institute can fulfil its expanded and extended role, and maintain its rightful position as a predominant player in ensuring the success of the shipping industry. **SN**
Michael Taliotis is the Institute's international chairman.



Came by ship

If you've managed to escape the tales of the woes of Brexit – Great Britain's exit from the European Union – or of US President Trump's aversion to cross border trade then I congratulate you, and beg you to share the secret of your continued evasion.

Not a day goes by where we are not buffeted by raging tweets, doomsday predictions and mass scaremongering about how protectionism will kill off trade as we know it. And being in the business of shipping, those prophecies are hard to ignore.

Yet where there are challenges, there are also opportunities. The EU and the UK may not end up being the happiest of bedfellows, but there are countries that have been squashed under the might of Europe's trading bloc that may well appreciate the chance to 'go it alone' with the UK.

And while President Trump might be hammering home the America First slogan that won him his seat, the trade pacts that he has already spurned are far from dead and buried. Indeed, without the US, Asian nations are taking the chance to re-shape regional pacts into more appropriate agreements for them – something they can only do out of the long shadow of the US.

Regardless of the Brexit and Trump wranglings, we can be sure of one thing: goods and commodities will still be needed in countries that lack them in the future. Sure, the origins might be different, but the mode of transportation will be the same: by ship. [SN](#)

Carly Fields, FICS
Editor

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Anti-trade melting pot starts to boil over

Has the recent rise of populism raised the spectre of protectionism? Felicity Landon reports

Making and breaking international pacts

The United States has placed itself at the eye of the global anti-trade pact storm, finds Kate Jones

Still a believer in multilateral trade

Centennial Asia Advisors' Manu Bhaskaran calculates the cost of US protectionism on Asian nations

Making moves towards trade liberalization

GBMC's Philippe Huysveld discusses Japan's journey towards an ambitious EU partnership agreement

Time for a rethink on cabotage restrictions

Clyde & Co's Gerald Yee and Natasha Rai count the true cost of cabotage to the shipping sector

Dealing with increasingly brisk headwinds

Aon's Sarah Taylor highlights the winners and losers from increasingly nationalistic trade moves

Opening up objections and opportunities

Brexit – a brave new world or a dog's breakfast? Felicity Landon reports

Making a career as an arbitrator

Kate Jones finds out what all the fuss is about when it comes to choosing a career in arbitration

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Credit: Peter Dutton

"Could the shipping industry be on the brink of another populist moment to solve its remaining seafarer welfare issues?"



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PhotoCall for entries

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

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

Categories:

- People/portraits
- Weather

Technical information:

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

Terms & Conditions:

The photos must have been taken within the past year by an Institute of Chartered Shipbrokers' current Member, Fellow or Student and be copyright and royalty free. There must be verbal or written consent for publication with photos submitted of people. Eligible members, fellows and students may enter **one** photo per category.

Final deadline for photo submissions: November 1, 2017

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

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



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Anti-trade melting pot starts to boil over

Has the recent rise of populism raised the spectre of protectionism? [Felicity Landon](#) reports



Felicity
Landon

When President Trump went ahead with his pre-election pledge and pulled out of the Trans-Pacific Partnership (TPP) in January, he described the move as a “great thing for the American worker”. We were told that getting out of the trade deal was a strong signal that the Trump administration “wants free and fair trade around the world”.

And yet the TPP, in the Obama Administration’s words, aimed to “promote economic growth; support the creation and retention

Topic: Regionalism

Keywords: Trade barriers, economic growth, movement of goods

Background Info: Populism has taken hold in many countries, but how will this impact free and fair international trade?

of jobs; enhance innovation, productivity and competitiveness; raise living standards; reduce poverty in the signatories’ countries; and promote transparency, good governance, and enhanced labour and environmental protections”.

Meanwhile, the UK is to pull out of the European Union and, as things stand, it seems unlikely it will keep its place in the EU’s Single Market and Customs Union. How is that viewed from the outside? One international expert who wished to stay anonymous says: “To exporters into the UK market, it seems crazy and backward, really unsophisticated and not what a global player would do.

“We think that the odds of looser fiscal policy have gone up, especially in the Eurozone and UK, while the odds of protectionism have gone down,”
Andrew Sheets, Morgan Stanley

“It seems completely against the grain of where things have been going. The government is talking about how the UK is going to be a world leader in free trade, but the UK is pulling out of the most liberal Free Trade Agreement that has ever been negotiated, in a move that could increase protectionism.”

It’s a view shared by Gordon Wilmsmeier, logistics chair at Columbia’s University of the Andes, who says: “The view in Central America is – why would a country like the UK leave a union like that, when we have been trying to create such a union for years?”

In reference to Trump’s nationalistic words, he says it should be noted that the US is actually now importing more cars from Mexico than ever before.



Credit: Gage Skidmore

President Trump says he supports the ‘American worker’

“Meanwhile, more US universities are reaching out to us with a view to opening programmes in the region – because they are afraid there will be a lot of travel restrictions for foreign students wanting to do courses in the US. They want to sell their programmes abroad as an alternative, and that could be a big opportunity for others.”

FREE TRADE BENEFITS

Facilitating and encouraging trade is vital in bringing prosperity to the countries involved, says Jan Hoffmann, chief of the Trade Logistics Branch at UNCTAD (United Nations Conference on Trade and Development).

“All economists are convinced that if every country went for a sort of ‘America first’ policy, the world as a whole would lose,” he says. “We would have less prosperity, less trade, less GDP, more unemployment. An individual country might gain short-term but even that is questionable.”

He believes that globalisation will continue as the overall trend. “I would give a lot of credit to the World Trade Organization (WTO), whose members and secretariat have done a good job in the wake of the economic crisis in 2008 to avoid a spiral of protectionism. It isn’t a zero-sum game – it is a losing game if everyone raises trade walls.”

Trade facilitation isn’t just about opening up markets – it is about trade efficiency, fair trade and transparency, he says. “The WTO’s Trade Facilitation Agreement, ratified and implemented this year, will support that and encourage swifter, more efficient and transparent trade flows.”

Trade experts highlight the very significant level of trade liberalisation that has been achieved by the WTO since 1995 – and by the General Agreement on Tariffs and Trade (GATT) that preceded it.

Through its series of rules across all types of international trade, the WTO has driven tariff reductions and a steady decrease in protectionism over the years.

Across mature economies, including the UK, there are many disenchanted people



Credit: Ilirjan Rumbullaka

Its rules include three 'Trade Defence Instruments' that allow a form of protection against unfair trade – anti-dumping, anti-subsidy and safeguards. The first two of these must be country-specific, but safeguards are considered a more politically blunt tool which can be used where there isn't any unfair trade but there is a sudden surge in imports causing serious harm to the domestic economy. This option provides a possibility to adopt extra import measures to protect against such a surge.

The last time the EU or US used safeguard measures was in the previous steel crisis at the turn of the century, although smaller, developing countries have continued to use this option.

However, economic, trade policy and market access consultant Cliff Stevenson says: "Recently we have seen the US starting to open up some safeguard cases again, having not used this option for more than 15 years. It's an indicator that something which became politically more difficult to use for domestic industry protection has become acceptable again.

More controversially, the US has also initiated an investigation of steel imports and the extent to which they are a threat to 'national security', he says.

Certainly, before he was elected, President Trump spoke the 'protectionist talk', even suggesting at one point that the US would pull out of the WTO. This, however, would go against decades of trade liberalisation success by GATT and the WTO – and it would be the first time a major player was to take a step back in the other direction.

MAKING A DISTINCTION

Mr Stevenson distinguishes between protection against unfair trade and protectionism. He says that from an economic perspective, generally two things happen when a country increases its protectionism. First, the country hurts itself economically through increasing prices of imports and/or decreasing competition in the domestic market. Protectionism might initially help the domestic industry but it soon has the effect of reducing competitiveness and productivity.

In the case of steel, for example, a car manufacturer in the US which is importing steel from China could see its costs suddenly rocketing.

Second, there's the knock-on effect. If one country increases protection, other countries are going to retaliate.

"You can't expect to benefit from continued free trade with other countries if you are excessively blocking other countries' imports," says Mr Stevenson. "Using safeguards for the first time in 15 years is an example of what the US can do within WTO rules. So, we are maybe seeing an increase in US protectionism, but so far still bound by the rules of the WTO agreement."

And is the US facing a taste of its own medicine? China has notified the WTO that by the end of this year it will ban imports of 24 types of rubbish, as part of a campaign against 'foreign garbage' and environmental pollution.

Commentators say that for the US alone, this move (subject to WTO rules) could threaten more than 8%, or nearly 1m teu, of all US exports – and it would also make repositioning of containers more difficult on many trade lanes.

And how is protectionism defined, anyway? In its 2017 Global Trade Trends report, IHS Markit pointed out that China's role in world trade has declined and will diminish further if the

Over and above the Conventions

Protectionism and populism are a growing issue for shipowners and operators, as well as their insurers.

One P&I expert commented to *Shipping Network* that each country wants to have their "own twist on things"... "we see this trend towards more protectionism in Asia, in South America, in North America and in Europe. Countries are introducing much stricter legislation compared to the international conventions which have been put in place over the past few decades and made life so much easier for all of us."

Ship owners and charterers are reporting that conventions negotiated at UN, IMO or EU levels are now being overrun by national regulations, particularly relating to environmental matters.

"We see a lot of fines popping up for ridiculous things we haven't seen before," says the expert. "It seems to be everybody against everybody. Shipping is an international business and if you have international conventions it makes life so much easier. If you are dealing with 91 jurisdictions, it is impossible to know the local laws in all of them."

In some territories, Customs checks are increasingly unforgiving and

the fines can be punitive, he adds. "You have to report everything onboard the ship when you come into some ports. That means anything from across the ship, from a seafarer's personal computer to food or lube oils. These are things that are not going to be discharged but are for the ship's own use. But Customs come on board and if you have missed something you immediately get a fine of \$10,000-\$15,000. That isn't fair or reasonable."

Ballast water checks are another problem area. "Suddenly there will be an allegation that the ballast water is wrong, and there's a huge fine."

Harsher rules and fines are often to be found in countries which don't themselves have a huge shipping community, he says.

However, he is optimistic for the future. "In terms of protectionism, my feeling is that it will spring back again in ten years. It's maybe not so clever to build your own fortress – but better to work with your neighbour. People have been trading for thousands of years and have realised that you need to co-operate with your neighbour, or you end up having domestic problems too." **SN**

Keeping out the Joneses

Protectionism, nationalism, cabotage ... call it what you will. The major international dredging contractors are used to it.

Take the Jones Act, which effectively means that the US market is closed to outsiders. "That's because there are conditions you have to fulfil before you can submit a tender. You have to be working with a US-built vessel and US staff and a US company," says René Kolman, secretary general of the International Association of Dredging Companies (IADC).

"So, for the Western European and other dredging companies outside the US you simply can't work in the US."

However, protecting work, companies and labour positions in this way is, he says, a case of being 'penny wise, pound foolish'.

"The US dredging market is worth approximately €1bn. They could do the same work for half the money if they accepted outside

competition – but the US lobby is a strong one. The result is that there is a lack of incentive for investment and that will result in outdated equipment."

In the Great Lakes, for example, the average age of dredging equipment is 29 years, he says. "In the four big European dredging companies, the value of their vessels has trebled in the past eight years, since I have worked at the IADC. They have invested heavily in equipment – and it is modern and big."

It isn't only the US that's closed, he points out. India, for example, always offers the Dredging Company of India the right to come up with a new offer if there is a lower bid from an outside company for a project.

The result of such protectionism is to increase prices and reduce investment in training, hence diluting the expertise in the protected sector, he says. **SN**

TPP is approved. The TPP, when the US was included, encompassed a collective population of almost 800m, significantly larger than the EU population, said the report. This could equate to 40% of world trade, and was hence a controversial political topic opposed by vocal protectionist interests.

What is true, said the report, is that trade patterns continuously shift as new capacity enters the market.

POLITICAL 'WHIPLASH'

James Cooper, chairman of the UK Major Ports Group, believes that as an industry we are still living with the consequences of the financial crisis of 2008-09. "Populism is the political whiplash from that," he says. "Across mature economies, including the UK, Europe and the US, there are a large number of disenchanted people. They haven't seen an increase in their standards of living, so what has been the benefit of globalisation for them? There is a challenge to globalisation and free trade, and we can't pretend there isn't."

Politically, socially and economically, there is a need to respond to that challenge, says Mr Cooper.

"I am not in favour of raising trade barriers but it is possible that barriers were reduced too quickly for large numbers of society to be able to adapt. My view is that as we move forward, trade agreements are more likely to be country to country, rather than big bloc to big bloc. Instead of one-step free trade agreements, they are more likely to be incremental over time. It takes years to agree a multilateral free trade agreement – it might be easier to move forward on a step-by-step basis, giving economies and societies a greater opportunity to adjust."

Morgan Stanley strategist Andrew Sheets recalls a discussion of the 'populist backlash' of 2016 with a colleague who wondered 'if we were asking the wrong question'. Maybe, he said, this was the high-water mark, and 2017 would see the 'backlash against the backlash'.

"While outlandish at the time, that idea is gaining credence," says Mr Sheets. "The Netherlands rejected a right-wing party in favour of moderates. France elected

a centrist over fierce challenges from both extremes. Angela Merkel looks increasingly likely to win another term as Chancellor. The US Administration's approval has dipped below 40%. And in the UK, Labour made gains, in part, by arguing for a soft Brexit deal. Altogether, we think that the odds of looser fiscal policy have gone up, especially in the Eurozone and UK, while the odds of protectionism have gone down. Both are supportive, for now, of our economists' view of a synchronised, trade-led global recovery."

TOO MUCH HYPE

And at the end of the day, perhaps the idea that the world is becoming more protectionist is overplayed, says Jonathan Roberts, communications director at the UK Chamber of Shipping. "The EU Customs Union is in itself a protectionist bloc and has existed for decades. But while I see only superficial links between Brexit and Trump, one thing that does unite the two is that there is a feeling globalisation is not benefiting people equally or fairly – and this is the key challenge for politicians in the years ahead."



"Any economist is convinced that if every country went for a sort of 'America first' policy, the world as a whole would lose,"
Jan Hoffmann, UNCTAD

The biggest mistake commentators made recently, with the EU referendum, the Transatlantic Trade and Investment Partnership (TTIP) and questions marks over the TPP, was to suggest that globalisation is dead, Mr Roberts wrote recently.

"We in the industry take great pride in saying how much of the world's trade we move, and the death knell of globalisation would indeed be devastating. But whatever the fluctuations of shipping indexes may be, every piece of data that exists tells us that the world has never traded more." **SN**

Making and breaking international pacts

The United States has placed itself at the eye of the global anti-trade pact storm, finds [Kate Jones](#)



Kate Jones

When Donald Trump was elected the 45th president of the US on November 8, 2016, many were concerned about the implications for free trade. President Trump ran his election campaign on a plethora of hostility towards international trade, vowing to withdraw the US from the Trans-Pacific Partnership (TPP) and either renegotiate or withdraw entirely from the North American Free Trade Agreement (NAFTA). He also accused countries including China and Mexico of “cheating” the US in trade.

Critics of President Trump’s economic views were right to be

Topic: : Trade Pacts

Keywords: TPP, NAFTA, tariffs

Background Info: The Trump Administration seeks to rewrite the rule book when it comes to global trade agreements

concerned: on his first day in office, the new President signed a presidential memorandum taking his country out of the TPP, as promised. The US’ participation in other trade pacts, NAFTA and the planned Transatlantic Trade and Investment Partnership (TTIP), is now set for future change.

The TTIP, if effected, would constitute an agreement between two of the world’s largest economies, the US and the European Union. It aims to encourage trade and multilateral economic growth within three key areas: market access; specific regulation and broader rules; principles and modes of co-operation. EURACTIV’s Ilaria Maselli and Jürgen Matthes noted that trade negotiations like those of the TTIP and TPP have shifted to reducing non-tariff barriers. It has been calculated that if TTIP negotiators remove just half of the non-tariff barriers, the GDPs of the US and the EU would increase by three percent. For the logistics sector, this would mean more shipments back and forth across the Atlantic.



Credit: Global Justice Now

Concerns over trade pacts

Jan Hoffmann, chief of UNCTAD’s Trade Logistics Branch, is a key believer in multilateral trade agreements.

“We consider it important that the multilateral trading system could be strengthened,” he says, adding that while bilateral trade agreements can lead to an increase in trade, they may actually cause a deviation in trade.

DEEPENING TIES

The TPP, originally made in February 2016 between the US, Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam, comprised countries who, at the time of signing, collectively represented around 40% of worldwide economic output. The agreement aimed to deepen economic ties between these nations by reducing tariffs and encouraging trade to boost growth, and was designed that could eventually create a new single market.

While those in favour of the partnership might argue that it would have improved America’s influence in the Asia-Pacific region, critics’ opinions included how the deal favoured big business and other countries at the expense of US jobs and national sovereignty. However, with the US no longer participating in the agreement,

UK-US trade deal in the pipeline

At the G20 summit in Hamburg in July, US President Donald Trump said that he expected a “powerful” trade deal with the UK to be completed “very quickly”. According to Downing Street, during a 50-minute meeting between President Trump and UK Prime Minister Theresa May, the pair spent a “significant” amount of time talking about trade, with the discussion described as entirely “positive”.

Prior to the two leaders’ meeting, Mr Trump said to reporters: “There is no country that could possibly be closer than our countries.

“We have been working on a trade deal which will be a very, very big deal, a very powerful deal, great for both

countries and I think we will have that done very, very quickly.”

Talks between the two countries’ trade representatives quickly followed, with early discussions focusing on laying the groundwork for commercial continuity for US and UK businesses as the UK leaves the EU and exploring possible ways to strengthen trade and commercial ties, consistent with the EU’s common commercial policy.

But despite all the spin, under EU rules, formal talks between London and Washington can only start once the UK leaves the EU in March 2019. So, while the rhetoric bodes well for shipping, the reality is still a long way off from being finalised. [SN](#)

the partnership as it currently stands is now essentially finished. The deal needed to be ratified by February 2018 by at least six countries that made up more than 80% of the group's economic output, and the US was needed to achieve this figure.

From the collapse of the current agreement, losses overwhelmingly appear to be the order of the day for shipping. The BBC reports that under the deal, big car firms based in Japan, like Toyota or Honda, would have received cheaper access to the US – its biggest market. Furthermore, the US may have increased vehicle exports, given that car tariffs as high as 70% in growing emerging markets like Vietnam might have been removed.

Beef farmers might have seen tariffs on exporting beef into Japan, Canada or Mexico reduced or even removed altogether over 10 years. Up to 98% of the taxes could have been eliminated on food groups such as dairy, sugar, wine, rice and seafood, while countries prominent in food exporting, like Australia and New Zealand, would also have reaped benefits under the deal.

TPP signatory countries would have likely benefitted from increased shipping due to non-tariff barrier-elimination too. However, reducing non-tariff barriers isn't always a plus. Ms Maselli and Mr Matthes point out that the focus on lowering these types of barriers has meant that "anxieties have arisen that social, health, and environmental protections enshrined in national laws would be lost in a 'race to the bottom'".

NAFTA, signed by the US, Canada and Mexico and brought into force in 1994, created a trilateral trade bloc in North America through an agreement that saw trade among the three countries pass the \$1tr mark in 2015.

But the Trump Administration has been resolute in its desire to renegotiate the pact with US Trade Representative Robert Lighthizer stating in July that he wanted to improve access for US goods exported to Canada and Mexico under the agreement.

Mr Lighthizer said the Administration would look to remove a trade dispute mechanism largely preventing the US from bringing anti-dumping and anti-subsidy cases against Canadian and Mexican firms. The document highlighted a range of agricultural non-tariff barriers currently at the centre of the standoffs. While shipping already gains a lot from the pact, it could potentially gain more from renegotiation removing non-tariff barriers.

SOME YOU WIN

The Trump administration has not been hostile to all trade agreements. The US-China trade deal, struck in May 2017, may bear fruit for shipping, as it lifts bans on Chinese imports of US beef and liquified natural gas (LNG) and allows cooked chicken from China to enter the US market. It also recognises the importance of China's One Belt, One Road initiative, a development strategy investing an estimated \$5tr into infrastructure in over 60 countries in Asia, the Middle East, Europe and Africa. The development includes the Maritime Silk Road, an initiative designed to encourage investment and collaboration across maritime routes within the network.

"Positively, this agreement promotes market access

for American natural gas, meaning that LNG shipping is likely to be one of the main beneficiaries of the deal, as well as cargo ships carrying potentially increased US beef exports," Simon Bennett, the director for policy and external relations at the International Chamber of Shipping, says. "The real significance though is that it helps cool down some of the anti-Chinese rhetoric from the Trump Administration and the possibility of sanctions being imposed due to accusations of Chinese currency manipulation, however unfounded these may have been."

Furthermore, TPP is not completely dead and buried. In July, negotiators from the TPP countries – without the US' participation – met to discuss plans for the agreement moving forward.

"One question mark perhaps is whether China might try to fill the vacuum being left by the US," Mr Bennett said. "But it seems unlikely that the US would permit its political allies to participate in alternative agreements brokered by China, such as the Free Trade Area for the Asia Pacific promoted by China and Russia at the APEC Summit in November last year."

"Despite the change in atmosphere following the election of President Trump, it has to be remembered that nothing has fundamentally changed. Trade negotiations are always long term projects, often involving two steps forward and then one step back."

And there is another important trade agreement in existence that involves the US: in February this year the WTO Trade Facilitation Agreement entered into force, with the US among the 119 countries that have so far agreed to be bound by the Agreement, having ratified it back in 2015. Add to this President Trump's and UK Prime Minister Theresa May's announced plans for a trade deal between the US and UK and it's not all doom and gloom, says Mr Bennett. [SN](#)

"Trade negotiations are always long term projects, often involving two steps forward and then one step back,"
Simon Bennett,
UK Chamber of Shipping

Tariff talk

A tariff, in terms of an international trade tariff, is a tax on goods being imported into a country. A consequence of a tariff is the restriction of trade, which may protect domestic jobs and industries as well as raising revenue for a country's government. A country can introduce tariffs for different reasons, one being that they encourage a country's citizens to buy domestically.

Conversely, a non-tariff barrier is any measure restricting trade that is not a tariff. Quotas, embargos, regulations, product standards, levies and sanctions are all examples of non-tariff barriers. These types of barriers, imposed by different trading blocs, aim to protect domestic businesses and further individual countries' trade policies.

An example is how auto emissions

and mileage requirements agreed by the US Environmental Protection Agency are stricter than those of European nations, which increases the costs of cars manufactured in Europe. Another example is how until 2016, Australian regulations meant that only cooked chicken was allowed to be imported into the country from other countries.

As average import tariffs in the world economy have reduced, the amount of non-tariff barriers has increased. Restraining trade between different states is how the economic policy of protectionism is defined. Removing tariffs is one of the primary reasons for creating a free-trade agreement between two countries, though these agreements do not necessarily eliminate non-tariff barriers. [SN](#)

Still a believer in multilateral trade

Centennial Asia Advisors' [Manu Bhaskaran](#) calculates the cost of US protectionism on Asian nations



**Manu
Bhaskaran**

The most impressive economic development experience in recent decades has been the dramatic transformation of countries such as China, Korea, Taiwan, Hong Kong, Singapore, Thailand and Malaysia. These nations achieved middle income status within a few short decades when others had taken generations to reach the same level.



Topic: Trade



Keywords: Diversification, Asia, US

Background Info: Asian nations are working hard to set up a safety net of trade pacts to counter increasing US protectionism

“Asian countries are stepping up the pace of working out new trade arrangements to diversify their markets away from the US”

They all have one thing in common – an export-oriented economic development model. Without access to global markets and substantial inflows of foreign direct investment, these countries would probably have struggled to generate and sustain high growth for so many decades. Foreign direct

investment served as a short cut to rapid development since foreign investors brought with them a package of capital, technology, access to markets, brands, and management skills that would have taken decades to replicate on their own. Moreover, competition in global markets forced export-oriented economies to keep improving their skills and product quality which helped to accelerate economic development.

Not surprisingly then, Asian policy makers and businesses are greatly concerned by recent political developments in the advanced economies: A populist backlash might not only threaten access to markets for Asian exporters but it could also deter foreign direct investment. From an Asian perspective, the key questions are – how much protectionism is there likely to be, which countries are most at risk and what can Asians do about it?

ONES TO WATCH

The main risk from populism appears to be from the US, once a fervent promoter of globalisation in many forms. If there is one thing that President Donald Trump appears to feel strongly about, it is that the US has been short-changed by this globalisation. He believes that America's trading partners have not played fair and that this has caused it to suffer huge trade deficits and the destruction, in his mind, of good jobs in the American heartland – partly because of cheap exports from abroad but also because American firms relocated production to cheaper manufacturing locations.

Consequently, as Mr Trump's trade policy team is fully staffed and gets to work, Asia will have to prepare for more trade restrictions. While the Trump Administration may have its share of pragmatic policy makers who value open markets, President Trump's Commerce Secretary, Wilbur Ross and Trade Representative Richard Lighthizer share President Trump's dim views on trade. In any debate within the White House, we should expect President Trump to side with the opponents of freer trade.

There are several areas of concern in the coming months. First, existing trade agreements could be re-negotiated or ended completely. One of President Trump's earliest actions was to pull the US out of the Trans-Pacific Partnership Agreement (TPP). The TPP had brought 12 Asia-Pacific countries together in a trade accord that many trade specialists agreed was a high-standard one, in that it had the potential to really open markets and generate substantial benefits over time. Also, the Trump Administration has already signalled that it wants to re-negotiate the Korea-United States Free Trade Agreement but it is not clear if others such as the free trade agreement with Singapore will also be re-negotiated. Certainly, there will be no new trade agreements with the US for some time to come. President Trump has said he prefers to negotiate bilateral rather than multilateral agreements but it is not clear how many Asian



Asian nations need to play tactically to secure trade deals

countries will oblige him since his Administration is virtually certain to drive hard bargains which would be politically unpalatable for most countries.

Second, new trade restrictions could be imposed and existing legislation interpreted in broader ways to allow the Administration to introduce wider restrictions. Already, the Trump trade team is looking at how national security can be used as an excuse to impose curbs on imports of sensitive items such as steel and semiconductors, for example. It is almost certain that we will see a proliferation of trade restrictions affecting Asian exports over time – tariffs, quotas and tighter standards.

Third, the Administration, by calling out large American firms that continue to relocate production out of the US to Asia, could deter foreign investment vital to Asia's next phases of economic development. However, in this case, after a few prominent cases where President Trump intervened noisily to prevent such relocations, the Administration has backed off. Business lobbies appear to have succeeded in persuading the Administration that it should not interfere in such purely business cases. Anyway, in much of Asia, it is East Asian investors who provide most of the direct investment they seek, with the US playing a smaller role. In other words, this aspect of populist risk appears to have been contained.

COUNTRIES AT RISK

We suspect that American protectionism will be targeted rather than generalised. The key factors that will determine which countries are at risk are likely to be the following:

- Does the country run huge surpluses with the US? When measuring total trade including goods and services, China is by far the country with the largest trade surplus with the US, but Japan, South Korea, India, Vietnam, Malaysia, Thailand and Indonesia also run significant surpluses. Singapore and Hong Kong run deficits with the US and are less vulnerable.
- Could the currencies of these countries be deemed to be under-valued? How to determine whether the valuation of particular currencies is appropriate or not is a controversial subject. The Administration is likely to look at countries which actively manage their currencies and whose currencies have weakened significantly in recent years against the US Dollar. In this respect, China is less at risk while countries such as Malaysia which suffered sharp drops in their currencies in recent years might be targeted.
- Does the country have a well-established free trade agreement with the US? In the course of negotiating such agreements, the US and the partner country usually resolve longstanding disputes over issues such as currency manipulation and market access for sensitive products. Thus, having a well-established free trade agreement with the US would help to some extent. However,

only Singapore enjoys this, since the fairly recent Korea-United States agreement is being re-negotiated.

- Does the country have an important strategic relationship with America? Japan and South Korea are treaty allies of the US. Moreover, with North Korea posing more of a threat with its improving nuclear missile capacity, the US needs Japan and South Korea even more, reducing the incentive for the Trump Administration to pick a fight with these countries. Other countries such as Singapore also have substantial strategic ties with the US and are therefore protected to some extent.



Japan's trade deal with the EU will help its shipping lines

This framework suggests that, among Asian nations, China will probably be the principal target of American protectionism. That risk has grown all the more seriously for China because of the Trump Administration's annoyance that China is not willing to use its considerable political and economic leverage on North Korea to press it to step away from its nuclear weapons programme.

In short, the populist backlash, especially in the US, is likely to result in some increase in sector and country-specific trade restrictions but not a collapse into wholesale protectionism and closing of borders as happened in the 1930s. China is very much at risk but other Asian economies are likely to see pin pricks on a sector-basis than anything more serious.

Nevertheless, there is still a risk that should political stresses worsen in the US, the Trump Administration might be tempted to widen its campaign of trade restrictions. That is why Asian countries are stepping up the pace of working out new trade arrangements to diversify their markets away from the US. Japan pulled off a major trade agreement with the European Union, for example and the remaining 11 members of the TPP are negotiating to see if they can proceed with the TPP without the US. Sixteen Asia-Pacific countries are also negotiating the Regional Comprehensive Economic Partnership Agreement in an effort to keep the momentum of multilateral trade opening.

Overall, the risks of populism are real but Asia is likely to be able to contain these risks. **SN**
Manu Bhaskaran is chief executive of Centennial Asia Advisors, based in Singapore.

Making moves towards trade liberalisation

GBMC's **Philippe Huysveld** discusses Japan's journey towards an ambitious EU partnership agreement



**Philippe
Huysveld**

The first half of 2013 saw the beginning of formal negotiations between the EU and the Japanese government with the purpose of concluding a Free Trade Agreement (FTA) or even better an Economic Partnership Agreement (EPA) between the two.

The move was a stark contrast to relationships between the two in the 1980s, characterised by severe trade tensions between Japan and the US, and to a lesser extent between Japan and the EU, in key sectors such as the automotive industry.

One consequence of the protectionism evident in the 1980s was the promotion of so-called "transplant" factories and higher

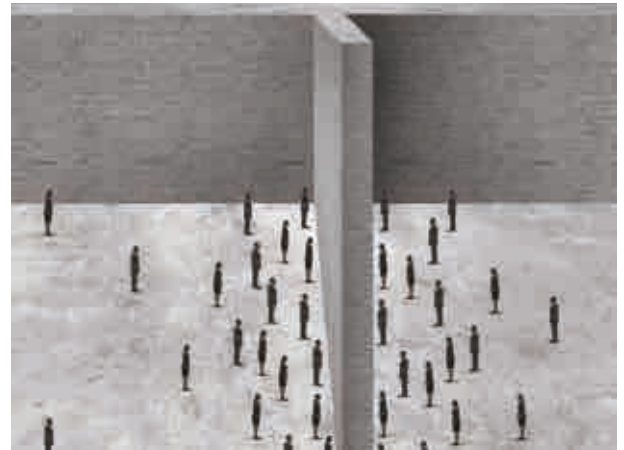
Topic: Partnership Agreement

Keywords: Japan, EU, trade

Background Info: Japan and the EU have to work that much harder on their proposed EPA under the spectre of protectionism

levels of Japanese investment in the US and in Europe. Somewhat unexpectedly, this actually increased the interdependence of these rival economies.

Japan, the fourth largest economy of the world with a big appetite for European products, has come a long way since then, opening up its trade with the rest of the world, lifting of a number of non-tariff barriers, and establishing a number of Free Trade Agreements.



Japan has overcome its trade barriers of the 1980s

business environment, bi-lateral co-operation, movement of individuals and competition. Japan, New Zealand and other countries are also working to revive the Trans-Pacific Partnership after the withdrawal of the United States from the negotiations.

MAKING INROADS

As for Europe, the bloc recognises that it is important not to be an outsider to the trade liberalisation movements taking place in the dynamic Asia-Pacific region. Consequently, the current project of establishing an EPA between Japan, as a possible gateway to East Asia, and the European Union, a possible gateway to Africa and the Middle-East, is essential. The ultimate goal is to institutionalise Japan-EU co-operation.

After 18 intense and constructive negotiating rounds and several meetings at technical and political levels, a political agreement in principle was reached on the EPA on July 6, 2017. The memorandum states that "the agreement sends a powerful signal that co-operation, not protectionism, is the way to tackle global challenges".

This is, however, not the end of the process, as the two negotiating teams will continue working towards rapid finalisation of the text by the end of 2017. The aim is for the entry into force in early 2019, which will eliminate 90% of the EU's exports tariffs – the final target is to eliminate 97% – and improve access to Japan's service and procurement markets.

There are flies in the ointment, however. Since 2016, as showcased by the US election campaign, the UK vote to leave the EU as well as populist election campaigns in Europe, the political world in major western countries has been shaken by the success of populist ideologies and new political parties among demotivated voters.

This wave of populism will certainly have a negative impact on the work of EU-Japan EPA negotiators, as unrealistic expectations

"There is no protection in protectionism; for every country that wants to build walls, there are those who want to build bridges,"

**Cecilia Malmström, European
Commissioner for Trade Commissioner**

Indeed, globalisation has helped Japan to strengthen economic interdependence with neighbouring countries. Which is why the Japanese government has since 2004 pursued the liberalisation of trade relations with its neighbours in the Asia-Pacific Economic region (APEC). Today, Free Trade Agreements (FTAs) have been signed with 11 APEC countries.

More restrictive than the FTAs, Economic Partnership Agreements (EPAs) have also been concluded, mainly with ASEAN countries. EPAs cover investments, public tenders, the

and protectionist political pressure conveyed by European populists slow down the already difficult “give and take” negotiation process. This will make it more difficult for the negotiators to achieve a comprehensive, high-level and balanced partnership agreement with a long-term perspective, which includes all key issues and all types of tariffs and non-tariff measures.

Sectors like the railways industry – where a constructive “Railway Industrial Dialogue” was initiated since 2013, with the objective of enhancing mutual access to the respective railway markets – and public procurement – where concrete measures have been taken by the Japanese authorities in order to reduce language and other access barriers – are extremely sensitive and need to be protected from any form of disruption generated by nationalistic activists.

SETTING A FRAMEWORK

Japan’s Foreign Affairs Minister Fumio Kishida and the EU’s Trade Commissioner Cecilia Malmström made it clear in February when they said: “It is extremely important for Japan and the EU to reach an agreement on fundamental elements of the Japan-EU EPA negotiations as early as possible to counter the protectionist movements.”

Then, in July, Ms Malmström highlighted the importance of the agreement given the risk of rising protectionism by saying: “There is no protection in protectionism; for every country that wants to build walls, there are those who want to build bridges.”

According to a Japan External Trade Organization (JETRO) survey published in December 2016, the worsening socio-political environment in Europe, demonstrated by the successive impressive electoral scores of European populist parties and the increasing defiance of EU citizens towards EU institutions, is a major matter of concern among Japanese companies for which the European market remains a strategic target.

The British vote to leave the EU came as a surprise to many observers in Japan and, as a clear UK strategy has not been drafted yet, the consequences of the decision, as well as its implications for Japanese companies, are unclear.

Among the 1,000 Japanese companies and R&D centres active in UK, a number of them are likely to be forced to rethink their business and operational

The EU trade deal with Japan counters protectionist movements



strategies in Europe. According to a JETRO Sensor survey published in February, their three major concerns are: foreign exchange rate fluctuations, economic recession and a shrinking market. As a result, contingency plans are being prepared. Obviously, Japanese companies established in UK would prefer to continue to benefit from the access to the EU single market as well as from a future Japan-EU EPA, as the reduction of tariffs on products imported from Japan would allow them to improve the cost competitiveness of their European operations.

CLOSE RELATIONS

Within the contexts of creating mega trade blocks, the shift of the world economy towards Asia, of interconnections between regions of the world, and of reduced trade frictions, Europe and Japan should get closer and further integrate their already interdependent economies.

To best protect its interests, the EU needs to quickly move ahead and sign a final deal with Japan – its sixth largest trading partner – that puts aside problematic sectors. In 1543, the Portuguese shipwrecked in southern Japan as they sought to initiate trade with the people in the land of the rising sun. In 2017, when the Japanese seek the same with Europeans, why not embrace change and sail towards rather than against each other? [SN](#)

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Credit: US Pacific Command

Under Obama, the US had a stronger relationship with Japan

Time for a rethink on cabotage restrictions

Clyde & Co's [Gerald Yee](#) and [Natasha Rai](#) count the true cost of cabotage to the shipping sector



Gerald Yee



Natasha Rai

Some countries have for centuries invoked their sovereign rights to restrict the movement of foreign vessels within their territorial waters. National cabotage laws restricting the movement of goods between two or more ports within a country not only increase costs but also adversely impact the shipping market and economy. Cabotage laws were initially enacted in order to protect local employment and the local maritime industry. However, it is questionable whether cabotage laws have achieved its intended objectives.

Here, we assess the state of cabotage laws in the US and China, where trade volume is high, and examine the true cost of these laws to the domestic economy and shipping industry in these countries.

Topic: Protectionism

Keywords: Restrictions, law, competition

Background Info: Cabotage laws restricting the movement of foreign ships do not offer the national protection originally intended

In the US, the Merchant Marine Act of 1920, otherwise known as the Jones Act, is an example of extremely restrictive cabotage legislation which only allows passengers and goods to be transported between American ports by vessels that are American owned, American crewed and American built. An extract from the Act supporting the enactment of cabotage

laws reads: "It is necessary for the national defense [sic] and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine."

Supporters of cabotage in the US have proclaimed overwhelming benefits brought about by the Act. However, these alleged benefits appear to be, as some dissenters note, "far from reality".

Despite the intention of the Act being to benefit American vessels and local shipyards, there are reports that indicate that American shipyards have been on the decline. In 2011, there were only five public domestic shipyards in the US and twenty private shipyards. Further, of the 171 privately owned US-flagged vessels, 93 were eligible under the Act. Contrary to the intention of the Act, the decline in American merchant vessels is an indication of how ineffective the Act has been in protecting domestic shipping.

HURTING THE CONSUMER

The effects of cabotage laws on American consumers are tragic. Consumers are paying a heavy price for a policy under the guise of protectionism. Some of the outlying American states said to be most affected by cabotage laws are Alaska, Guam and Hawaii, which largely depend on shipping for goods. Calls for reforms to the Jones Act, in particular for an open market and free competition, have mostly gone unanswered. The result of the cold shoulder is increased costs, reduced efficiency and poor economic returns.

According to the US International Trade Commission, it is estimated that a reform or complete repeal of the Jones Act could yield massive economic gains amounting to billions of dollars. Despite mounting pressure from within the shipping industry and consumers to reform the Act, changes are slow. The high cost of shipping between major ports and non-contiguous ports has resulted in the increase of transportation by road and rail for most of the journey. This shift has serious implications on the environment, efficiency and the US shipping industry.

The lack of competition and the strict requirements of the Jones Act are forcing businesses to import from overseas rather than tranship from within the US. The cost of shipping oil from Texas to the East Coast for example, costs more than shipping it from Europe. This begs the question of whether domestic



Credit: Miran Rijavec

Restricting cargo movements to national carriers can prove costly

shipping companies should be given a free rein to charge as they please at the expense of US consumers.

Support for reforms to the Jones Act is limited and has for years been shut down. Bills introducing changes have mostly been silenced without being heard. As matters stand, the price tag of the Jones Act far outweighs the benefits being reaped. Until changes are made, the US population will continue to foot the bill and carry the burden of funding an ineffective policy and approach to protectionism.

CHINA FOLLOWS SUIT

Cabotage laws in China to a limited extent mirror those in the US. Foreign shipping lines have, for a long time, been lobbying for the relaxation of cabotage laws in China. The current laws in China prohibit foreign-owned and foreign-flagged vessels from transporting goods from one mainland Chinese port to another. However, there are exceptions and unlike the US, the Chinese government has loosened its grip on cabotage laws to boost trade.

The arguments against cabotage laws are generally the same across shipping lines. Cabotage restrictions in the Shanghai free trade zone are being gradually lifted. Here, foreign-flagged, but Chinese-owned vessels are permitted to engage in domestic shipping. The lift has led to there being consistent pressure on Beijing to relax the cabotage laws in other major ports such as Qingdao, Ningbo and Guangzhou.

The port most concerned with changes to cabotage policies is Hong Kong. At present, the movement of goods between Hong Kong ports and the mainland ports is unaffected by cabotage laws because of Hong Kong's special administrative status. Hong Kong is seen as a transshipment hub which consolidates goods for onward forwarding to mainland China. To bind Hong Kong to these laws would be to make the Hong Kong ports less attractive. However, with cabotage laws being less draconian, Hong Kong ports are likely to face fierce competition from the mainland in time to come.

The concern with regard to the changes to China's cabotage laws stems from the stiff competition between mainland ports and Hong Kong ports for business. Supporters of the cabotage policy have

Support for reforms to the US Jones Act is limited



“Until changes are made, the US population will continue to foot the bill and carry the burden of funding an ineffective policy and approach to protectionism”

latched on to Hong Kong as a basis to argue that the freight industry will be hard hit, there will be job losses and social and economic stability will be affected.

Whether lifting the lid on cabotage laws will indeed be detrimental to Hong Kong is yet to be seen. While job losses in the shipping industry in Hong Kong may be likely, the benefits reaped from China's gradual receptiveness to free movement appears to be overwhelming. Competition has stabilised the price of goods, is consumer friendly and is one of the reasons for doing business in and with China.

There is no doubt that a country which has practiced cabotage laws for centuries will not be able to change such laws overnight and any reform will take time. However, changes can only be made if policy makers are willing to ditch their protectionist mindset for competition and free trade. **SN**

Gerald Yee is a partner and Natasha Rai is an associate with Clyde & Co.



Written by professionals for professionals

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Dealing with increasingly brisk headwinds

Aon's [Sarah Taylor](#) highlights the winners and losers from increasingly nationalistic trade moves



Sarah Taylor

The global economic and political landscape has undergone a dramatic transformation in recent months, with political populism and trade protectionism emerging as dynamic drivers of a new global order. Many predict these forces will become a new norm, but as business looks to navigate these changing contours, it is worth considering its implications for international trade and the risk landscape.

Linked to cyclical periods of economic insecurity, populism has brought to the fore political figures who favour nationalist rhetoric and policies that speak to the defence of the common man against the political establishment. Previously the preserve of societies with weak institutions, it is apparent that populism has gained increasing prominence, with several developed economies now swept up by an unprecedented wave of support.

Much of this is undoubtedly linked to the economic fall-out from the 2008 financial crisis. Yet while populist policies are presented domestically as a panacea to today's global economic ills, protectionist policies are likely to instead exacerbate existing economic weaknesses.

IMPACT ON TRADE

The rise of populism has potential and measurable consequences for global trade. As populist rhetoric has increased, so countries have responded by adopting protectionist trade policies, with significant implications for international business.

In the short-term, protectionism promises a quick win domestically – and the appeal is particularly strong in economies such as Brazil and India where there is the potential to fall-back on a large domestic economy – but they can also create lasting damage to global trade flows.

This is particularly true of the leading economies, which have shown increasingly populist and protectionist tendencies. Statistics from the recent G20 Summit in Hamburg provide some indication of their sway – with attendee nations accounting for 78% of global trade – suggesting that any slide towards greater protectionism will inevitably diminish international trade.

A characteristic of this new wave of protectionism is the rise of non-tariff barriers, such as strict import quotas, restrictive product standards and subsidies for domestic goods and services. These measures are serving to reduce imports and boost domestic production, but contribute to a climate of isolationism that is erosive to international trade flows.

And while the World Trade Organisation (WTO) is predicting trade growth of 2.4% in 2017, it has cited deep uncertainties



in the direction of economic and policy developments as a continuing headwind. Of particular concern is the rise of populism and protectionism.

As WTO director-general Roberto Azevêdo indicated in a statement in April: "Trade has the potential to strengthen global growth if the movement of goods and supply of services across borders remains

largely unfettered. However, if policymakers attempt to address job losses at home with severe restrictions on imports, trade cannot help boost growth and may even constitute a drag on the recovery."

WINNERS AND LOSERS

While rising protectionism is likely to damage global trade, its impact will vary considerably depending on an economy's exposure to – and dependency upon – international connections, as was highlighted by Aon's Risk Maps.

Chile, Colombia and Mexico all face considerable exposures to commodity price volatility, with Mexico's position a particularly delicate one in the face of rising US protectionism and calls for a renegotiation of the North American Free Trade Agreement. Washington's stance has softened from the early days of Trump's presidency, but it is apparent that Mexico faces significant pressures.

In Asia, Malaysia, Taiwan and Singapore also face a potential squeeze, as export and manufacturing-led economies face the prospect of falling global demand – from China in particular – which has already resulted in slowing economic indicators. In fact, the International Monetary Fund recently cited "more inward-looking policies" – read: protectionism – among the top three "significant downside risks" facing the Asian economy.

Not that it is all bad news. A number of economies will find themselves largely insulated from growing protectionism, particularly those with large domestic markets. Brazil – in spite of ongoing political scandals – appears likely to rebound from recession this year and both India and Indonesia look set to record strong growth in 2017. All three are buoyed by strong domestic markets as well as regional demand that will likely help them to weather protectionism internationally.

History suggests populism and protectionism tend to be short-lived, but damaging; with economies such as Argentina and Venezuela providing some indication of the potential implications of the political direction of the economy. As populism and protectionism continue to rise, firms need to be aware of their potential exposures and respond accordingly. [SN](#)

Sarah Taylor is head of Political Risk and Structured Credit at Aon.



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Opening up objections and opportunities

Brexit – a brave new world or a dog's breakfast? [Felicity Landon](#) reports



Felicity
Landon

Single Market – in or out? Customs Union – in or out? New Free Trade Agreements – full of promise or a pipe dream? There are real concerns over Brexit's – the United Kingdom's exit from the European Union – potential to harm the UK economy, and no shortage of dire warnings about lorry queues ahead, bottlenecks in the supply chain and bureaucratic nightmares at the borders. But alongside that, there is a strong feeling that the UK's shipping and ports sector must simply make the best of it all.

No one denies there are challenges ahead, says James

"Europe's economy is fairly stagnant, while Asia and South America are rocketing ahead, with Commonwealth nations reasonably strong. There is more to the world than Europe"

Topic: Trade

Keywords: UK, exit, European Union

Background Info: Commonwealth nations provide opportunities for the UK post Brexit, but FTAs are complex tools that are difficult to negotiate

Cooper, chairman of the UK Major Ports Group (UKMPG). "But we are here to work with people constructively to find solutions to potential and real problems. I think those who sit there just pointing out problems are not making a particularly positive contribution to the debate."

Mr Cooper is chief executive of the UK's largest port operator, Associated British Ports (ABP), whose portfolio includes

Southampton, the UK's number one port for exports, handling £40bn of exports every year, and the Humber, the UK's busiest trading estuary. Overall, ABP's 21 ports handle £150bn of trade every year.

He says ports have a clear aim to make sure that trade is as frictionless as possible. "Most of the solutions will be found through technology and by being practical and pragmatic."

However, as well as having a duty to help find solutions to the challenges, he says: "The UK ports industry also has the responsibility and obligation to make sure we exploit the opportunities that are presented by Brexit."

"If we do leave the Single Market and Customs Union, clearly there would be access to trade with other countries. In my opinion, the worst thing would be to leave the Single Market and Customs Union and then not make the most of the new opportunities."

A weaker position

Brexit is not good for British and overseas trade, says Jan Hoffmann, chief of the Trade Logistics Branch at UNCTAD (the United Nations Conference on Trade and Development). He also believes it could weaken the UK's position in the global shipping industry.

"Look at developments over the last two decades, how the shipping world has become more and more Asia-focused and Singapore in particular has continued to build its maritime cluster. It doesn't help the UK that it is weakening its position by being outside Europe," he says.

In terms of shipping business, he says pure container transshipment should not be affected, as the containers are never officially imported so there isn't a Customs declaration.

"But the moment you go a little bit beyond transshipment and do some value-added, then of course it is bad news if you are outside the Customs Union. In other words, for any value-added you want to provide in the UK for the European market, being outside the Customs Union is very negative."

If the UK's final position is outside both the Single Market

and the Customs Union, solutions such as AEO (Authorised Economic Operator) certification will become even more important, as will working collaboratively with Customs to achieve solutions such as pre- and post-clearance, says Mr Hoffmann. "Trusted relationships will become vital to avoid bottlenecks and barriers to efficient trade flows."

But in terms of trade facilitation, Brexit is going backwards, he says.

"Today, trade facilitation is far less about duties and tariffs and how much you pay or not. People talk a great deal about FTAs and how they will reduce duty. But the real obstruction can be forms to fill out, bureaucracy, standards, quality control, inspections, and so on. We are seeing more and more smaller shipments and just-in-time deliveries and frequent cross-border global production. The success of this isn't about whether you pay 1%-2.5% duty. Having to stop and check and verify the goods and discuss who pays VAT to who, and so on, may possibly be more harmful and more of an obstacle after Brexit than duty ever will be." **SN**

Calm waters now, but the real Brexit storm is yet to come



“My suggestion is to start looking now at the opportunities further afield, and the Commonwealth penny may be about to drop,”
Ian Le Breton, Sovereign Trust (Gibraltar)

There is one positive out of the Brexit debate, he says: “At least the issue of trade has found echoes on the political agenda – Brexit has made people think about trade just a little bit harder.”

NEW OPPORTUNITIES

So, what are the opportunities in terms of new trading partners and new FTAs on the UK’s departure from the European Union?

Clearly, in the EU’s case, trying to negotiate an FTA with an overseas market on behalf of 28 Member States is a challenge in terms of reconciling the varying needs of all 28 countries.

When negotiating with Japan, for example, it may be that half the EU members want a particular item that Japan produces and are happy to give zero per cent duty because they don’t produce it; but the other half don’t and are not, because they do produce that item and don’t want the competition.

Where the EU doesn’t have an agreement in place – for example, with the US, China or India – it is possible that the UK could successfully negotiate an agreement with those countries. Trade experts say the UK tends to be much more liberal than other EU member states, recognising the economic benefits of free trade, and undoubtedly the UK will be nimbler in negotiations, as one decision-making entity.

The problem, however, is time.

Cliff Stevenson, economic, trade policy and market access consultant and one of the leading Brexit consultants, says: “Negotiating an FTA is a very arduous task – the word ‘negotiate’ tells you something. It is unrealistic to talk about making agreements quickly. There are lots of sensitivities that will have to be considered and worked around, and typically negotiations can take many years.”

The other point to take into account is that negotiations can’t formally start while the UK is still a member of the EU. Yes, informal discussions can start now, but the European Commission has the legal right to negotiate for the EU on behalf of member states and legally prohibits any member state from starting negotiations.

On top of that, until the arrangement that will exist between the EU and the UK is agreed, other countries won’t be able to sign up for an FTA with the UK.

If the UK stays inside the Customs Union, with no duty or border checks between the UK and the European Union, US products coming into the UK would be able to move freely into another EU country.

However, if the UK isn’t in the Customs Union but negotiates an FTA with the EU, things become a whole lot more complex. Goods could be imported from the US into the UK, for example, and be subject to import duty; but they could not then benefit from the UK-EU agreement, because the goods would not be of UK origin. If they were re-exported to France, duty would have to be paid as if they were going direct from the US to France.

“Fast becoming a dog’s breakfast”

The UK faces higher food prices and great risks for food safety and security in the future, according to Alex von Stempel, managing director of Cool Logistics Resources, who recently wrote: “Brexit is fast becoming a dog’s breakfast.”

He says there are encouraging signs that economic considerations are likely to be given more of an airing in the months to come. However, he points to a consensus that if the UK resorts to trading on WTO (World Trade Organization) terms, this is likely to make fresh produce imports costlier in the UK.

“As the UK imports about 30% of its food, with the majority coming from the EU, including a great deal from Ireland, and with energy prices being determined in US dollars, the weakened pound has taken its toll both in terms of higher food prices as well as logistics costs.”

The price of uncertainty remains and outweighs the spirit of optimism conveyed by Brexit negotiator David Davis, says Mr von Stempel. And the risk of dropping out of the Customs Union appears to be ‘greater than anticipated’.

“How will, for example, phytosanitary and veterinary controls be performed at the border in the future?”

New technologies such as blockchain and RFID have been discussed in the context of more Customs automation, he says. “One of the challenges is that higher-paying cargo such as pharma products are most likely to benefit from such investment. But what about bananas, pineapples, frozen fish and meat?”

He also questions what will happen to the future of food imports destined for the European mainland that would normally just transit the UK, and how time-sensitive perishables can be checked without delays. **SN**

The EU, of course, has a whole series of FTAs, with the most recent being signed with South Korea and Canada. Once the UK leaves the EU, does it inherit those agreements as an individual country? That's up for debate too. If South Korea is going to extend its EU FTA to the UK, it could be an opportunity for it to ask for something in return.

CROSS-BORDER MANUFACTURING

One of the major impacts of Brexit will be on companies involved in cross-border manufacturing and added value operations. In many cases, companies ship components several times across borders before finally fitting them into the finished product.

The EU free market has been very successful in reducing not only tariff barriers but also non-tariff regulatory barriers – i.e. achieving technical standards and harmonisation in issues such as environmental and health & safety legislation, to make sure these things don't become a trade barrier.

One trade expert says: "No trade is 'frictionless' – trade always has some complexity – but we had within the EU the most advanced FTA ever. When the UK leaves the EU, regardless of the arrangements, there will be more formalities, more paperwork, more Customs checks. There will be extra forms to establish the origin of the product, and more border checks. For industries where goods go back and forth across borders, this is going to be a problem – and it's something the car and chemical industries are particularly concerned about."

STARING AT A 'CATASTROPHE'

The UK Chamber of Shipping has been even more vocal in its concerns, warning that the UK will be staring at a 'catastrophe' if it does not create a 'frictionless and seamless' border at Dover, the UK's largest ro-ro port, and other ports around the country.

However, Jonathan Roberts, the Chamber's communications director, recently wrote: "Both the UK and the EU understand that maintaining quality trading links is in both their interests. Each year, £120bn of trade moves through Dover alone. The return of significant Customs reporting in our ports and, for that matter, European ports, would have a detrimental impact not just on local traffic conditions but, over the long term, on trade volumes."

The Chamber's priorities for Brexit negotiations 'have been accepted and understood by the British Government', he said. "Whether their confidence is justified remains to be seen but there is little doubt the UK's view that its huge trade deficit with the rest of the EU is of significance. Why? Because of mutual benefit – it is in both our interest to find a reasonable solution."

There is, he wrote, "no point in fearing Brexit. And there is no point in negotiating with ourselves, second-guessing our abilities or handwringing about our place in the world. Our skills have not evaporated. The size of our market, our time zone, our use of common law and the English language haven't disappeared."

Are there any countries or trades that stand out as being possible areas for increased trade post-Brexit?

Mr Roberts tells *Shipping Network*: "I'd suggest the emerging and developing nations across Asia and South

America are prime targets, along with Commonwealth nations. The UK's trade with Europe is falling as a percentage of its total trade, and has been for decades now. Europe's economy is fairly stagnant, while Asia and South America are rocketing ahead, with Commonwealth nations reasonably strong. There is more to the world than Europe."

He says nearly 30 countries with a total GDP of nearly \$50tr are on record as wanting a free trade agreement with the UK, ranging from Australia, Canada and China to Ghana, Iceland and India, to name just a few on his list.



The UK needs to leap into the unknown

OVERLOOKED COMMONWEALTH

Indeed, Ian Le Breton, managing director of Sovereign Trust (Gibraltar), describes the Commonwealth as an 'overlooked' international association, made up of 52 independent countries with a combined population of 2.5bn, including 20% of the world's land area and spanning six continents. The Commonwealth will soon overtake the EU in terms of the size of its economy, he points out.

"Although almost half of the Commonwealth's member countries are termed small island developing states, at the other end of the spectrum are established economies like Australia, Canada and New Zealand, and massive emerging markets such as India, Malaysia and South Africa," he says.

Every EU member state will be seeking to protect their own interests in the Brexit process and new rules and regulations may be introduced to make life difficult for the UK, he says. "My suggestion therefore is to start looking now at the opportunities further afield, and the Commonwealth penny may be about to drop." **SN**

Making a career as an arbitrator

Kate Jones finds out what all the fuss is about when it comes to choosing a career in arbitration



Kate Jones

As the Institute embarks on a partnership with The London Maritime Arbitrators' Association (LMAA) to offer arbitration as a career choice for members of the Institute, *Shipping Network* speaks to two arbitrators about their career choice. For Sarra Kaye, a recently-appointed full member of the LMAA, and Keith Hart, an aspiring full member, undertaking a career in arbitration has proved to be the right move.

Before moving into arbitration, Sarra had worked as a maritime and commodities solicitor while Keith had been a marine consultant, dealing with several major casualties and providing expert evidence in court and in arbitration proceedings in the UK and overseas. But, a legal background is not essential for an aspiring arbitrator. As Sarra puts it: "While it is helpful to have a legal background to do this job, non-lawyers have an enormous amount to offer. Not every dispute centres on the law; most of them require an understanding of technical issues, where non-lawyers have an advantage."

Different factors influenced Sarra and Keith's decisions to train as arbitrators. For Sarra, one of those factors was a desire to pursue a career with the ability to progress: "Progress is easier to plot in the context of employment in an organisation where one's progress is apparent from salary increases and promotion," she said. "Progression as an arbitrator is not dissimilar. One is honing skills all the time and "promotion" is very tangible and immediate, in that it translates into appointments, either by the parties or by fellow arbitrators."

For Keith, it was his experience participating as an expert witness in arbitrations and a desire to extend his career that attracted him to the field.



A legal background is not essential for an arbitrator

"I ... felt that becoming an arbitrator was a natural career progression," he says. "This feeling was in part due to the example of former colleagues who had gone on to become arbitrators. I believe that as an expert witness I have, in effect, a 'sell by' date, as the interval since I last acquired practical experience of the matters on which I opine grows ever greater. By becoming an arbitrator, I am able to continue to utilise the knowledge and experience I have gained in both my seagoing and shore-based careers to consider the evidence presented by more current expert witnesses."

MEETING REQUIREMENTS

Different organisations have different eligibility criteria when it comes to pursuing a career as an arbitrator.

"In order to gain industry recognition, I consider that it is necessary to seek membership of recognised arbitral organisations or bodies, such as the LMAA," Keith says. "Indeed, I consider that in order to practice as a professional maritime arbitrator one needs to be elected as a full member of the LMAA."

Sarra has a similar view: "In theory, one does not need to take exams or achieve new qualifications to become an arbitrator, but I would recommend attaining membership of the main arbitral institutions, some of whom will require you to take exams and others will assess your career to date in deciding whether you meet membership criteria," she says.

Looking to gain formal qualifications before offering his services as an arbitrator, Keith decided to undertake the Chartered Institute of Arbitrators' (CI Arb) arbitration training program. As a non-member, he had to undertake an introductory course to become an associate member of the CI Arb. Then, to achieve membership status, he undertook the organisation's modular training program covering key legal issues and arbitral law and procedures, gaining a Diploma in Domestic Arbitration upon completion of the course. Thereafter, he became a Fellow of the CI Arb following a peer-interview.



The LMAA's international outreach programme can help budding arbitrators

As Keith approached the end of his training with the CI Arb, he applied to become a supporting member of the LMAA. After completing his route to Fellowship, he was successful in applying to be an aspiring full member of the LMAA.

"Developing an arbitration practice is dependent on one's reputation and who one knows," he says. "I have not conducted a marketing campaign as such, preferring a one-to-one approach. When I met with maritime lawyers and P&I Club claims executives that I knew I told them of my new practice. I also attended shipping industry functions, including LMAA and London Shipping Law Centre events to meet fellow arbitrators and those likely to appoint arbitrators."

Sarra, given her legal background, took a different approach to becoming an arbitrator. She contacted people on both sides of the desk – appointers and arbitrators – and circulated her CV to them, set up a website and attended appropriate workshops and talks. Her goal was to create a familiarity in order for relevant people to be aware of her name and career profile.

LOVING THE LIFE

For both Sarra and Keith, the career move has paid off.

"I love being an arbitrator," Sarra says. "I have a career that is meaningful to me because the subject matter is building on my previous careers. It creates a natural forum for improving one's skills on a daily basis. As for lifestyle, this is a job – one that you carry out during a regular office day and, as necessary, outside usual office hours. One is expected to work hard, but then in what job isn't one expected to work hard?"

Sarra is also quick to sing the LMAA's praises: "There are a lot of very experienced, able arbitrators who make up the membership. There are opportunities to attend lectures and conferences all the time and this is an important part of being and staying in touch."

Keith, who is about one year into his new role, is enjoying the new challenge.

"I am particularly enjoying the experience of working with, and learning from, experienced arbitrators and being part of a new professional grouping. I have been appointed on some very interesting cases and my practice is building in a satisfactory manner."

With regards to how LMAA membership has helped, Keith said: "As a novice arbitrator I have found it extremely beneficial to be part of the LMAA. The dinners and other social events provide an excellent opportunity to build relationships with fellow arbitrators and potential instructing parties."

"I have found the LMAA's members to be incredibly supportive: they look after their own," he adds. "The LMAA's terms provide a valuable framework as I gain experience of the practical conduct of arbitrations. The LMAA's outreach programme, both in the UK and overseas, is clearly beneficial to London arbitration, and thus to me."

With regards to whether he finds being an arbitrator rewarding, he says that he does on both an

intellectual and professional level, and is cautiously confident that it will prove rewarding on a financial level.

"I am finding the challenge of considering all aspects of a dispute, rather than the narrow area that I addressed as an expert witness, to be both interesting and invigorating."

"Financially, as with consultancy, income is a function of the combination of chargeable rates and number/type of appointments. The chargeable rates for an arbitrator are higher than those for a consultant, thus the key to financial success is getting appointed. As with most new business ventures, it will take time to gain a reputation as an arbitrator and build the business."



Learning from experienced arbitrators can be very rewarding

CONSIDER CONFLICTS

However, Keith highlights an important point: if someone is considering becoming an arbitrator, they will likely need to consider where their loyalties lie. Full members of the LMAA are discouraged from practicing as both consultants and arbitrators due to the possibility of conflicts of interest, perceived or otherwise.

"Fortunately, while building one's arbitration practice one may continue to practice as a marine consultant, hence one's income stream need not be disrupted when transitioning from the role of consultant to arbitrator," Keith says.

Sarra is also positive about income for those looking to become arbitrators: "I think one has to be realistic. Firstly, of course, being an arbitrator means you are self-employed and so at the outset, I would not have high expectations."

"But I think you can safely anticipate that as you become known to more people and recognised as being an arbitrator of quality, the appointments will pick-up and lead to awards (either via hearings or on documents-only matters)."

For both Keith and Sarra, becoming an arbitrator turned out to be the right decision and as Sarra aptly summarises: "In some respects I wish I had made the career move some years earlier." **SN**

"I love being an arbitrator... I have a career that is meaningful to me because the subject matter is building on my previous careers"

Shipping professionals prove themselves

Institute students celebrate successes on results day

Despite continuing headwinds in global shipping, the conveyor belt of young professionals who have passed their qualifying exams continues to deliver talent to the industry.

For those of us well versed in shipping cycles it provides comfort that the next generation continues to show faith in forging a career in commercial shipping, vital to ensuring a prosperous future for world trade.

Jobs in maritime services happen to be good jobs also – for the employee and the economy, as the sector punches well above its weight in gross value added, offering meaningful work with opportunities for foreign travel, solving looming technical, environmental and social challenges, with options to learn, innovate and specialise.

Approaching the first centenary of its Royal Charter, the Institute of Chartered Shipbrokers continues to play a leading role in enabling professional standards with its international footprint of 25 branches, 15 teaching centres and more than 100 exam centres in key maritime regions.

"This year more than 3,000 students sat around 5,000 exams and we continue to offer the industry rigorous qualifications that are trusted, where MICS on a business card provides confidence," explains Institute director Julie Lithgow.

"We feel we are still unique on many fronts – as a non-profit we can commit fully to our education mission so that, regardless of background and location, everyone has the opportunity to become involved. The Institute also makes a bold promise that wherever a student is located we will organise a suitable local exam centre. This year for the first time we established centres in Manassas, Dnepropetrovsk, Turku, Bogota and Dunkirk. In coming years, we will invest to extend our international network of support into more new territories and reach new people through our developing cooperation with WISTA, BIMCO and other key bodies."

PRIZE ROLE CALL

This year's annual prize giving will return to Trinity House in London on October 20. It will celebrate those students who have achieved the highest marks across the subject syllabus, with the event attended by shipping industry leaders awarding around 30 prizes sponsored by leading companies in attendance. The winners are drawn from Canada, Greece, India, Ireland, Kenya, Singapore, South Africa, Spain, the United Arab Emirates and the United Kingdom. A full list of prize winners can be found on Pages 30-31.

"This has to be the best part of my role as president of the Institute," Dr Parakrama Dissanayake said. "It's another great year of success stories which makes all their hard work worth it. We congratulate students on their individual achievements and look forward to welcoming new members to the Institute."

This year's results come on the back of another strong year for the Institute, which has announced partnerships with BIMCO and WISTA and anticipates further investment in the Philippines, China and Malta. [SN](#)

137 Number of PQE completions (end of study) in the May sitting

44 Number of passes for Foundation Diploma

Number of passes for Advanced Diploma **68**

Number of students registered in May **1,637**

"This year more than 3,000 students sat around 5,000 exams and we continue to offer the industry rigorous qualifications that are trusted..."

FOUNDATION DIPLOMA

Country	Name	Examination Centre	Foundation diploma in:
Australia	Navraj Dhindsa	Sydney	Liner Trades
Canada	Michael Stoker	Vancouver	Liner Trades
Cyprus	Alexandros Geralis	Limassol	Ship Operations and Management
Estonia	Oksana Tkatsenko	Hamburg	Tanker Chartering
France	Ghita Benazouz	Paris	Dry Cargo Chartering
Ghana	Prisca Chendjou	Accra	Marine Insurance
Greece	Georgios Athanasakos	Athens / Piraeus	Port Agency
Ireland	Stephen Mernagh	Dublin	Port Agency
	Andrew Mullane	Dublin	Port Agency
Kenya	Joseph Matheka	Mombasa	Logistics and Multi-Modal Transport
	Job Kinyua	Mombasa	Liner Trades
	Hellen Sungu	Mombasa	Liner Trades
	Ellah Kiyangu	Mombasa	Port Agency
	Danson Mwambewa	Mombasa	Port Agency
	Leonard Mugenya	Mombasa	Port Agency
	Mark Syuki	Mombasa	Liner Trades
	Lucia Mutisya	Mombasa	Liner Trades
	Bilal Mahmoud	Mombasa	Liner Trades
	Salim Madi	Mombasa	Port Agency
	Danson Mbogho	Mombasa	Port Agency
	Fatma Omar	Mombasa	Port Agency
	Juma Mwafinga	Mombasa	Liner Trades
	Cecilia Ndeti	Mombasa	Port Agency
	Gloria Munga	Mombasa	Liner Trades*
Madagascar	Lasse Sibbert	Mauritius - Reduit	Port and Terminal Management*
Portugal	Paulo Tomas De Medeiros Pereira	Rome	Logistics and Multi-Modal Transport
South Africa	Yogan Chetty	Durban	Port Agency
South Korea	Won Chull Jung	Vancouver	Ship Operations and Management
Spain	Pablo Sanabria	Madrid	Dry Cargo Chartering
Sri Lanka	Ruchika Rajaratne	Colombo	Port Agency
	Pamodha Wasala	Colombo	Port Agency
	Sachini Sundra Waduge	Colombo	Port Agency
	Magalage Niluka Ruwini Perera	Colombo	Port Agency
Sweden	Klara Andersson	Gothenborg	Ship Operations and Management
United Kingdom	Ian Brodie	Grimsby	Port and Terminal Management
	Joseph Dicastiglione	London	Dry Cargo Chartering
	Joseph Foy	London	Tanker Chartering
	Simon Walsh	London	Dry Cargo Chartering
	Donika Paskova	London	Ship Operations and Management
	Nicholas Pugh	London	Tanker Chartering
	Philip Barron	Aberdeen	Port Agency
	James Webster	Middlesbrough	Logistics and Multi-Modal Transport
	Melodie Dewitte	London	Ship Operations and Management*
	Aiden Morgan	Middlesbrough	Port Agency

* Distinction awarded

ADVANCED DIPLOMA			
Country	Student name	Examination Centre	Advanced diploma in:
Australia	Nicholas Brewer	Melbourne	Marine Insurance
Belgium	Ante Sutton	Antwerp	Ship Operations and Management
Chile	Ronald Taylor	Santiago	Port Agency
China	Longbing Shu	Shanghai	Marine Insurance
	Cheng Wang	Shanghai	Ship Operations and Management
Cyprus	Yury Spiridonov	Limassol	Tanker Chartering
	Constantinos Philippou	Limassol	Port Agency
	Polina Chimonidou	Limassol	Port Agency
	Eliana Economou	Limassol	Ship Sale and Purchase
	Pavel Kuznetsov	Limassol	Tanker Chartering
France	Vsevolod Pomelov	Barcelona	Dry Cargo Chartering
Greece	Spyridon Kapsokavadis	Athens / Piraeus	Port and Terminal Management
	Emmanouil Barmparis	Athens / Piraeus	Ship Operations and Management
	Thomas Margaritis	Athens / Piraeus	Ship Operations and Management
	Froso Alvanou	Athens / Piraeus	Ship Operations and Management*
	George Kefalos	Athens / Piraeus	Marine Insurance
	Maria Ioanna Xifara	Athens / Piraeus	Ship Sale and Purchase
	Panagiotis Demeroukas	Athens / Piraeus	Ship Operations and Management
	Ornela Piri	Athens / Piraeus	Ship Sale and Purchase
	Eleutherios Maragoudakis	Athens / Piraeus	Shipping Finance
	Dimitrios Douliotis	Athens / Piraeus	Shipping Law
	Maria Triantafyllidou	Athens / Piraeus	Ship Sale and Purchase
	Anna Konstantinou	Athens / Piraeus	Ship Sale and Purchase
	George-Peter Plakidis	Athens / Piraeus	Ship Sale and Purchase
	Vassilios Kladakis	Athens / Piraeus	Ship Sale and Purchase
	Nishanth Janardhanan	Calcutta	Dry Cargo Chartering
	Mathew Joseph	Calcutta	Ship Operations and Management
Ireland	Sarah McGuinness	Dublin	Port and Terminal Management
	Paul O'Mahony	Dublin	Port and Terminal Management
	John Paul Flood	Dublin	Port and Terminal Management
	Simon Cleary	Dublin	Port and Terminal Management
	Barry Kiernan	Dublin	Port Agency
	James Clarke	Dublin	Ship Operations and Management
	Peter Boyce	Dublin	Port Agency
*Distinction awarded			

ADVANCED DIPLOMA continued

Country	Student name	Examination Centre	Advanced diploma in:
Japan	Michael Yokoyama	Yokohama	Shipping Law
Kenya	P.L Mwamkita	Mombasa	Port Agency
	Dancan Ogalo	Mombasa	Port Agency
	Peninah Mwasaru	Mombasa	Liner Trades
	Rodgers Mashere	Mombasa	Port Agency
	Elijah Mbegah	Mombasa	Port Agency
	Kirimo Joseph	Mombasa	Port Agency
	Dorah Msechu	Mombasa	Port Agency
	Afnan Swaleh	Mombasa	Port Agency
	Benard Bitanyi	Mombasa	Port Agency*
	Silvance Oduol	Mombasa	Liner Trades
	Mustafa Amin	Mombasa	Port Agency
Malaysia	Syed Syed Mohd Khair	Penang	Ship Operations and Management
Myanmar	Thuta Win	Yangon	Logistics and Multi Modal Transport
Norway	Lala Aliyeva	Stavanger	Tanker Chartering*
Singapore	Poh Lai Ang	Singapore	Marine Insurance
Spain	Julio Ortega	Madrid	Dry Cargo Chartering
Sri Lanka	Ananda Senanayake	Colombo	Liner Trades
	Thamaru Hewa Galamullage	Colombo	Liner Trades
Sweden	Max Thorn	Gothenborg	Ship Sale and Purchase
Ukraine	Vadim Solopko	Odessa	Shipping Law
	Oleksii Remeslo	Odessa	Ship Operations and Management
United Kingdom	Thomas Kealy	London	Shipping Finance
	Thomas Nash	London	Ship Sale and Purchase
	Hannah Kimani-Blanco	London	Ship Operations and Management*
	Steven Caddy	Middlesbrough	Port Agency
	Eleftheria Stampoulidou	London	Ship Sale and Purchase
	Tom Bassett	London	Tanker Chartering
	Simone Piredda	London	Port Agency
	Styliani Terezaki	London	Ship Operations and Management
	Vasileios Katsoulas	London	Dry Cargo Chartering
	Maria Kaperoni	London	Ship Sale and Purchase
United States	Nick Katsoulis	Montreal	Shipping Finance
Vietnam	Robert Page	Singapore	Liner Trades

*Distinction awarded

PROFESSIONAL QUALIFYING EXAMINATIONS COMPLETED

Student name	Student name
Joseph Ackland	Rei Ishihara
Miles Adams	Charlotte Jacharan
Mahsa Akbari Tari	Clare Jolley
Mike Akoh	Nikolaos Karimalis
Aimran Amir	Abdussalaam Khan
Joe Anselvam	Louis Kinsey
Fernanda Araripe De Paula Xavier	Pinelopi Kladi
Ali Atasaral	George Klirodetis
Giuseppe Azzarelli	Rui Shan Koh
Laura Beckett	Dimitrios Kritharellis
Cvetan Belchev	Pranesh Kumar
Henrik Berg	Jeffrey Lau
Alessandro Bollorino	Wan Ying Lau
Olga Bratash	Amirah Law
Sankaranand Chamitiganti	Courtney Legault
Ilias Christoforou	Jingbo Li
Teresa Chung	Yixiang Lian
Ashish Dangle	Marianna Liaroutsou
Caleb Danladi	Lijia Lu
Stephen Davison	Evgeniy Lukinov
Roland Devenyi	Nyi Nyi Lwin
Skevi - Evita Dianellou	Sergey Lyashik
Camila Dinamarca Bluas	Johana Maina
Pawan Duggirala	Virginiya Manastirska
Samuel Ebidunmi	Sreedarsh Menon
Evangelos Elenas	Merle Mestern
Sajani Fernando	Michael Mitei
Anton Geldenhuys	Nitin Mukesh
Dimitra Gelti	Jaikrishnan Muraleedharan Nair
Mathews George	Oleksandr Muratov
Ioannis (John) Giavis	Daniel Murphy
Monique Goosen	Tarun Nagpal
James Gixti	Fredrick Ndolo
Anindya Guha Thakurta	Christian Neumann
Leonie Hagemeister	Fang Ng
Nils Hammer	Roche Nicsolas
Vanessa Hayward	Sergii Nosov
Audrey Hughes	Eliza Nowicka

PROFESSIONAL QUALIFYING EXAMINATIONS COMPLETED

Student name	Student name
Rani Ousta	Julia Stylianou
Dimitrios Pananidis	Finn Sueverkruep
Thomas Paterson	Peter Sullivan
Vinayak Pauskar	Hasan Syed
Devaka Peduruarachchige	Leon Tan
Muthukuda Arachchige Perera	Matthias Tay
Arun Phogat	Shu Jun Tay
German Polskiy	Evgeni Totev
Jessica Pyatt	Jorge Ureta Saenz
Arjun Raybardhan	Konstantina Vagena
Douglas Rickman	Androniki Vaiou
Ivan Rodnov	Angeliki Valsami
Angeliki Rouska	Stelios Varkarotas
Panos Roussos	Michail Vasileiou
Gareth Ryan	Maria-Eleni Vatopoulou
Anneta Sareta	Harish Venkatesh
Eva Sarri	Vadym Verbytskyi
Bing Saw	Simon Walsh
Orestis Schoretsantis	William Weaving
Weilong Seow	Uthpala Weerasinghe
Paul Sharkey	Ben Wilkinson
Vishal Sharma	Luke Winter
Shashank Sharma	De Kai Wong
Kirill Shirkevich	Liyana Wong Yoke Yin
Bikramjit Singh	Harry Wrey
Gaurav Singh	Jiawei Xu
Ranjay Singh	Renson Yaa
Joohyung Song	Lynn Yew
Rumenov Spirov	Marina Yuzhakova
Chara Stathopoulou	Panagiotis Zoupantis
Mark Stent	

EXAMINATION PRIZE WINNERS

Prize	Candidate	Country	Examination Centre
AFRIMARI AWARD to the candidate gaining the highest mark in Shipping Business sitting in an African examination centre	Benard Bitanyi	Kenya	Mombasa
ARMAC AWARD to the candidate with the highest marks in Foundation Diploma in Port Agency	Michael Archibald	United Kingdom	London
BALTIC EXCHANGE AWARD to the candidate gaining the highest marks in Shipping Law in the Qualifying Examinations	Eleni Mavrea	Greece	Athens / Piraeus
BALTIC EXCHANGE AWARD to the candidate gaining the highest marks in Shipping Business in the Qualifying Examinations	Virasp Vazifdar	United Arab Emirates	Dubai
BALTIC EXCHANGE AWARD to the candidate gaining the highest marks in Dry Cargo Chartering in the Qualifying Examinations	Eleni Mavrea	Greece	Athens / Piraeus
BRAEMAR ACM SHIPBROKING AWARD to the candidate gaining the highest marks in Tanker Chartering in the Qualifying Examinations	Piers Dunhill-Turner	United Kingdom	London
CLARKSON AWARD to the candidate gaining the highest marks in Foundation Diploma in Dry Cargo Chartering	Peter-Paul Wagenborg	Canada	Montreal
CORY BROTHERS AWARD to the candidate gaining the highest marks in Port Agency in the Qualifying Examinations and sitting in a UK centre	Robert Millatt	United Kingdom	London
DENHOLM WILHELMSEN AWARD to the candidate gaining the highest marks in Foundation Diploma in Ship Operations & Management	Melodie Dewitte	United Kingdom	London
E A GIBSON SHIPBROKERS AWARD to the candidate gaining the highest marks in Introduction to Shipping in either Foundation Diploma or the Qualifying Examinations	Melodie Dewitte	United Kingdom	London
IHS-FAIRPLAY AWARD to the candidate gaining the highest marks in Ship Operations & Management in the Qualifying Examinations	David Williams	Canada	Montreal
KENNEDY MARR LIMITED AWARD to the candidate gaining the highest marks in Offshore Support Industry in the overall Examinations	Virasp Vazifdar	United Arab Emirates	Dubai
LLOYD'S LIST AWARD to the candidate gaining the highest marks overall in completing the Qualifying Examinations	Johana Macharia-Maina	Kenya	Mombasa
MATTHEW GOOD MEMORIAL AWARD to the candidate gaining the highest marks in Foundation Diploma in Liner Trades	Gloria Munga	Kenya	Mombasa

EXAMINATION PRIZE WINNERS

Prize	Candidate	Country	Examination Centre
MEDITERRANEAN SHIPPING CO (UK) AWARD to the candidate gaining the highest marks in Logistics and Multi-modal Transport in the Qualifying Examinations	Sofia Zoidou	United Kingdom	London
MOORE STEPHENS AWARD to the candidate gaining the highest marks in Shipping Finance Examinations	Amelia Mitchell	Ireland	Dublin
O'KEEFE AWARD to the candidate gaining the highest marks in Foundation Diploma in Ship Sale and Purchase	Xiaolu Li	Singapore	Singapore
PETER TALBOT WILLCOX MEMORIAL AWARD to the candidate with the highest marks in Ship Sale and Purchase in the Qualifying Examinations	Dimitris Lamprou	Greece	Athens / Piraeus
PORT of LONDON AUTHORITY AWARD to the most successful candidate studying the Professional Qualifying Examinations sitting in London	Ali Gokal	United Kingdom	London
PORT STRATEGY AWARD to the candidate gaining the highest marks in Port & Terminal Management in the Qualifying Examinations	Gopaljee Choudhary	India	Visakhapatnam
REED SMITH LLP AWARD to the candidate gaining the highest marks in Legal Principles in Shipping Business in the Qualifying Examinations	Anton Geldenhuys	South Africa	Johannesburg
SHELL INTERNATIONAL TRADING & SHIPPING AWARD to the candidate gaining the highest marks in the Foundation Diploma in Tanker Chartering	Joseph Foy	United Kingdom	London
SHIPBROKERS' REGISTER AWARD to the candidate gaining the highest marks in Port Agency in the Qualifying Examinations	Robert Millatt	United Kingdom	London
SPNL AWARD to the most successful first year candidate sitting examinations in London	Alexandros Papanagiotou	United Kingdom	London
THE SHIPWRIGHTS AWARD to the most successful candidate overall in the Examinations	Harish Venkatesh	India	Mumbai
TUTORSHIP PIETER VAN GELDER AWARD to the candidate gaining the highest marks in Liner Trades in the Qualifying Examinations	Piers Dunhill-Turner	United Kingdom	London
VAUGHAN-JAMES EUROPEAN AWARD to the top candidate from France, Spain or Portugal and whose mother tongue is not English	Paolo Sanabria	Spain	Madrid
WILLIAM PACKARD MEMORIAL AWARD to the candidate gaining the highest marks in Advanced Diploma overall	Hannah Kimani-Blanco	United Kingdom	London

Who will take on the welfare challenge?

The [Revd Andrew Wright](#) asks when the seafaring sector will have its populist moment?



Andrew Wright

The term 'populism' is often defined as the concerns of the common man as opposed to those of the established political elite. Taking this definition, the rise of populism in the western political world over the last eighteen months cannot be denied. From the surprise 'leave' vote on Brexit in the UK to the election of political outsider Donald Trump in the US and the rise of a new politics in France led by Emmanuel Macron, the wishes of the established elite have been overruled in favour of the concerns of the 'common man'. One could go so far as to label this recent political trend a revolt against the establishment. It is certainly beginning to carve a new world order on both the left and right of politics across the world.

A rejection of the status quo is a central element of populism, as is a demand for better conditions for the 'many'. In addition, it is often perceived that the ruling elite are preventing this improvement in conditions for their own gain. A prime example of this would be the £350m supposedly being paid to the European Union that Brexit campaigners argued could benefit the National Health Service in Britain. This also serves as a stark reminder that populism is not always a legitimate or credible alternative, as Brexit campaigners have since admitted this was an inflated number that will never find its way into NHS coffers.

The seafaring industry hasn't been without its own populist moments. As recently as 2015, 7,000 French ferry workers protesting against the sale of two ferries to a rival organisation caused a 35 mile long tailback from the British port of Folkestone, reaching as far as Maidstone. Many disagreements, protests and negotiations in the shipping industry take place behind closed doors, however, due to the global and vast nature of the industry, the effects are often felt widely.

A key example comes from British history. On May 16, 1966 seafarers across Britain went on strike. In Liverpool, Southampton and London, seafarers abandoned their posts



Credit: NorthEndWaterfront

protesting against low wages and the reintroduction of a 56-hour working week. It was estimated that £40m of exports were delayed and passenger ships were also affected. By June, it is estimated that 20,000 seafarers were on strike, simply disembarking as soon as their vessel reached British shores.

So deeply was the impact felt that on May 23, the British Government declared a national state of emergency. This granted the government the right to cap food prices, allowed the Royal Navy to clear ports, and removed restrictions on driving to ease the transport of foods and goods by road. Across the country, ports were brought to a standstill with congestion, while the National Union of Seafarers and its representatives lobbied for fairer working conditions. The message to industry and to the Government was loud and clear: poor conditions would not be tolerated.

BETTER PROSPECTS

Thankfully, since 1966, conditions for many seafarers worldwide have improved dramatically. A key factor in this improvement was the ratification of the Maritime Labour Convention (MLC) in 2013. The convention includes provisions for minimum seafarer age, training, employment contracts, rest hours and accommodation. It has now been ratified by a total of 84 countries, representing over 90% of the global fleet. Although there is some criticism that the convention could go further, with crucial factors such as nutrition, cabin size and air conditioning left in the non-mandatory "B" section, most would agree the Convention has made a tangible difference.

Yet there is still approximately 10% of the global fleet that isn't covered by the MLC, and in practice, there are many more seafarers that should be protected by the Convention suffering

About 10% of the global fleet is not covered by MLC



Credit: Adam Collin

unacceptable abuses at the hands of owners and operators. It is an unfortunate reality that while many responsible owners and operators go above and beyond even the optional Part “B” of the Convention, others barely manage to meet the mandatory requirements.

The Mission to Seafarers deals with many cases each month of abandonment, fatigue and non-payment of wages. In the Gulf, seafarers have been left for up to 36 months without pay in the blistering heat of the Dubai summer, often without supplies. The Mission to Seafarers provides vital food and water along with subsistence finance. In Africa, 11 innocent seafarers were arrested and held for two years when their ship lost power and strayed into Nigerian waters. The Mission to Seafarers provided essential welfare support. In the UK, The Mission to Seafarers provides support for crews miles away from home who have been denied shore leave, and are unable to contact their families. This is to say nothing of modern slavery witnessed aboard fishing vessels in both European waters and, more often, in Asia.

HOW TO HELP

When we look out at the world and see injustice we can either turn away or we can reach out and try to correct it. The scale and the global nature of the shipping industry can make it difficult to both see the problem and know how we can change things for the better. It takes a strong mind to be able to reflect and honestly answer whether we are benefitting, as an industry and as individual organisations, from a system which leaves other people deprived, disenfranchised or oppressed.

If nobody hired management companies with a history of ill-treating or illegally employing crew members the practices would die out. Similarly, if nobody chartered vessels that had sub-par facilities or poor safety equipment, the number of these vessels would diminish. If the majority of owners provided quality living quarters for their crews and connectivity with home, those who didn't would be unable to attract suitable crew members. The fundamental dynamics of demand and supply can be employed to raise the whole industry up, rather than as a race-to-the-bottom on cost controls.

This is something that is already starting to emerge in the ship recycling sector, driven partially by the public-facing – dare I say populist – NGO, Shipbreaking Platform. It has no hesitation in naming and shaming owners that use recycling yards with a history of safety and environmental incidents. Whether one agrees with either their premise or their methods, one cannot deny its effectiveness. Owners seeking to protect their reputation prioritise sending their vessels to ship recycling facilities with suitable accreditation, and other yards are being forced to improve their safety practices to compete.

SOLVING ISSUES

Could the shipping industry be on the brink of another

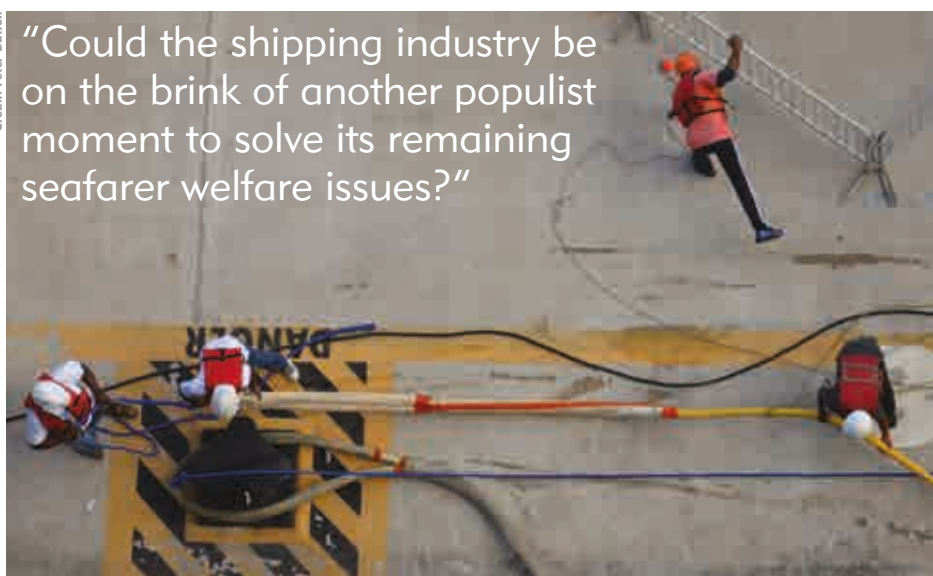
populist moment to solve its remaining seafarer welfare issues? If so, what would this moment look like?

Perhaps the end consumer will be the one to make the difference? As far back as 2009, British supermarket ASDA put cameras in its food factories so consumers could monitor its practices. Could consumers, in fact, be the people needed to drive a welfare revolution in shipping? What would similar practices reveal in our own industry, and what impact would that have on consumer purchasing decisions? Marketing history suggests that there may well be a market for compassionately transported goods alongside the Fairtrade, Organic, Free Range, Buy Local, Nose-to-Tail, and Ethically Sourced consumer movements already in progress. Increasing transparency throughout the supply chain suggests that this is a possibility.

Digitalisation is another factor. Platforms such as TripAdvisor and Yelp have, rightly or wrongly, transformed how we travel and eat. Will this sort of disruptive digital force come along and transform the seafaring sector too? A vast array of data is now available to look at individual journeys, hull performance, route optimisation and endless other variables; will this start to cover crew welfare?

Credit: Peter Dutton

“Could the shipping industry be on the brink of another populist moment to solve its remaining seafarer welfare issues?”



Whatever the route that is taken to the responsible treatment of all the world's seafarers, this change must occur. As we have learned during recent political events and seen in past events within our industry, the best strategy is for the few leading and shaping the industry to sincerely and authentically interact and listen to the many that both support and depend on them, to ensure concerns can be addressed before the 'common man' is forced to take drastic action. By working together to increase transparency and drive best practice, the shipping industry can move collectively towards a sustainable future for all with a well-treated and respected workforce. [SN](#)

The Revd Andrew Wright is secretary general of the Mission to Seafarers.



Casualties and capacity

Andrew Lansdale explains why better training and belt-tightening are needed in equal measures



Andrew
Lansdale

Modern technologies are there to keep ships out of trouble. And they have been of great service over the decades as more and more inventions have been developed. But each of them, when rolled out, faced problems with a lack of training and experience for the users.

When radar became widespread in the 1950s and 1960s, it became mandatory for watchkeepers to pass a radar operators exam. In those days, there were a few different types of radar. Marconi, Kelvin Hughes and Decca were popular manufacturers and their controls were fairly similar. An officer of the watch could serve in different ships with different radars, but quickly familiarise himself with their controls and quirks.

But in those days radars were still liable to lead watchkeepers astray. Manufacturers introduced new features, which included a greater facility to enable the plotting of courses and speeds of surrounding vessels by navigators. This enabled them to calculate the closest point of approach. But an easier way to track vessels was the physical 'out on the bridge wing' method; that of taking bearings of other ships. If the bearing reduces, the ship will probably cross ahead of you. If the bearing opens up, it will probably pass astern. But if the bearing remains constant, it is time for the 'give-way' vessel to take action.

"The seven giant container lines, the equivalent of the oil industries' historical seven sisters, will be powerful enough to make significant profits"

But watchkeepers who relied on electronics to track other ships were often involved in what became known as 'radar-assisted' close-quarters situations or even collisions. The 'blip' on the radar screen is refreshed at every turn of the radar scanner. It remains on the display for some minutes, gradually reducing in intensity. This leads to a visible tail attached to the target. Radar observers are inclined to read this as the approaching ship's true course and see that it is passing clear. In actuality, it is just a relative course as the observing ship and the target ship are both moving and are probably crossing.

COLLISION COURSE

In 1961, the BP tanker *British Aviator*, of 40,000 dwt, was heading down the English Channel in ballast, on passage from Wilhelmshaven to the Middle East Gulf. Sailing up channel was the British bulk carrier *Crystal Jewel* of about



Credit: Hervé Coznet

Seafarers need to be better trained on use of digital displays

16,000 dwt. Both ships were relying on their radars. The weather was calm with little wind, but dense fog.

At 0851 on September 23, 1961, the ships collided. At the court of enquiry, both masters were found guilty of failing to follow the collision regulations. Both lost their master's certificates. But Captain Jozef Leon Anczykowski of the *Crystal Jewel* lost more than his master's ticket; his young fifteen-year-old daughter, a passenger on his ship, was killed in the collision.

Since then, radar manufacturers have provided many more tools to enable officers of the watch to track other vessels. Radar observers are able to track other ships on screen, tag them on the touch-screen and show projected courses. They can keep well clear of approaching traffic when required.

But now we have a new piece of electronic equipment: ECDIS, or the Electronic Chart Display and Information System. This is a geographic information structure used for maritime navigation that complies with International Maritime Organization regulations as an alternative to paper nautical charts. However, it is only an alternative if the ship is fitted with two completely separate ECDIS systems.

But progress moves the world on and electronic charts are now seen as the way forward. No longer does the navigating officer have to plough through hundreds of charts and with his small bottles of different-coloured inks and tiny nibs, making corrections to his paper charts. Chart corrections are now delivered to the ship's ECDIS electronically via the internet and an unlocking electronic key. Now the navigating officer is free of all responsibility and is seemingly invincible; his navigating skills have been replaced by a few microchips and an electronic screen.

Keeping dry



Credit: Robert Orr



The two tier system emerging in the container trades is not being mirrored in the dry bulk market. Here, all owners of bulk carriers are finding the shipping industry a challenge.

A huge amount of scrapping still needs to take place. Comparisons within the market over the last ten years demonstrate the problems the industry continues to face. In 2007, the capesize fleet numbered close to 750 units of around 127m tonnes deadweight. Since then the fleet size has grown to nearly 1,700 ships of around 322m dwt. The iron ore seaborne trade in 2007 was 777m tonnes, while this year it will amount to around 1,500m tonnes.

That amounts to an increase in ore cargoes of around 90%. Against that figure is a fleet growth of more than 150%. These capesize figures are mirrored throughout the size ranges. It is difficult therefore to see when significant profits will be made unless large numbers of ships are removed from the market place. Ten years ago, a large bulk carrier earned more than \$90,000 per day. In 2017, it is little more than \$8,000 per day; a significant loss if the vessel is new and has financing costs. [SN](#)

Before these electronic gizmos were introduced, watchkeepers used to keep close to the bridge-front windows and keep an eye on what was happening in the outside world. But ECDIS is complex with a score of different features to each one. The units have alarms for all types of situations which has led to 'alarm deafness', meaning the officer of the watch might stop investigating alarms over time, placing his or her ship in danger. The latest casualty is the 2017-built, 2,194 teu *Kea Trader*. Three months ago, it ran aground on a reef 80 miles south east of Noumea in French New Caledonia. The area is well charted with the reef well represented on the charts. The ship hit the reef at 18 knots and is still aground over its whole length.

LESS SHIPS

Let's bring all this back to the markets. The loss of the *Kea Trader* has removed one ship from an overcrowded market, but this still leaves

Tanker talk



The tanker market shows a similar state of too many ships chasing too few cargoes. In 2007 there were close to 350 very large crude carriers trading with a total deadweight of about 105m tonnes. This year, the fleet has grown to 730 ships of about 224m tonnes. That is an increase in fleet size of close to 115%.

Demand has been less kind to tanker owners. The increase from 86m barrels per day (bpd) in 2007 to 98m bpd in 2017 marks just 14% growth. So it is difficult to justify a 115% growth in tonnage versus a 14% growth in cargo availability.

Freight rates have suffered accordingly: spot market rates in 2007 were a comfortable \$35,000 per day, yet today operators face a rate of less than \$20,000 per day. And to make it worse, the orderbook for newbuildings still stands at more than 10% of the existing fleet.

A similar picture exists for smaller size ranges. LR1s and LR2s have traded in clean products at less than \$10,000 per day. MRs are showing similar returns. And in dirty trades, aframaxs and suezmaxs are not doing a lot better.

China has done its best to increase demand over the past six to eight months. The US is often quoted as being the largest oil importer, but China topped it with imports running at more than 9m bpd. But this has done little to stir up tanker rates and Chinese imports have now fallen to more traditional levels.

Meanwhile, the offshore industry is still struggling with many units laid up while those still working are struggling for profits. The offshore support sector has been hard hit by low oil prices and falling asset values.

For this sector, there is some light at the end of the tunnel, but the tunnel is long. The number of OSVs has risen from 1,000 to 4,000 over the last 20 years and it will take time for the industry to readjust. [SN](#)



Credit: Frans Berkeelaar

many hundreds more scrabbling to make a profit. The consolidation of the large carriers has led to just seven liner groups dominating world trade. While each group has many of its own ships, they will still need to charter in numerous vessels. With such power and so much market tonnage available, it is difficult to imagine these groups being overgenerous in terms of charter hire.

Thus, the seven giant container lines, the equivalent of the oil industries' historical seven sisters, will be powerful enough to make significant profits. But the smaller companies further down the pecking order will struggle. Some have even predicted, rather optimistically, a golden age of profitability for the large container lines.

Analysts are predicting that 2017 will show 4% growth in port volumes and a similar growth for next year. This could lead to a two tier system: the box trade's 'seven sisters' with sizeable profits and then the rest. [SN](#)

Legal Eagles...

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

HFW's crack team of specialist shipping lawyers answer your legal questions



Guy Main



My customers operate a number of bulk carriers but also carry a lot of containers on deck. I'm aware of some English judgments on limitation of liability that are favourable to cargo interests. Can you tell me how my customers' limitation will work and the best way to keep this as low as possible? The contracts of carriage are subject to English law.



Felicity Burling



I think you are referring to the recent cases of *Aqasia* and *Maersk Tangiers*. The former involved the carriage of bulk cargo and whether limitation of liability was available. The latter involved the carriage of containerised cargo, and how limitation was to be calculated. These cases resulted in 'wins' for cargo interests on questions of limitation. However, favourable limits of liability for carriers are still possible through careful contracting.

The question in the *Aqasia* was whether the Hague Rules Article IV limitation provisions apply to the carriage of bulk cargoes. The cargo claimants pleaded that they do not.

Article IV Rule 5 of the Hague Rules provides that: "Neither the carrier nor the ship shall in any event be or become liable for any loss or damage to or in connection with goods in an amount exceeding £100 per package or unit"

The Hague Rules do not have force of law under English law, but were contractually incorporated into the applicable charterparty.

The limitation argument raised by the defendant carrier was that 'unit' in Article IV Rule 5 is capable of referring to either an (a) individual physical item or object on the one hand, or (b) to a unit of measurement on the other, such as a kilogram or cubic metre.

The defendant carrier argued that, because the relevant sections of the Hague Rules were incorporated into the charterparty, the parties must have intended that they would apply to bulk cargoes because this was the only type of cargo envisaged for carriage. The court disagreed with this, and said that the effect of the clause was to allow the carrier the benefit of Article IV, only when it applies. The question comes back to whether 'unit' can be a unit of measurement rather than just a package.

The defendant carrier raised a number of construction arguments in support of their case, including the way that "goods" are defined in the Hague Rules: which includes "goods, wares, merchandises, and articles of every kind whatsoever".

The court was not persuaded by the arguments of the defendant carrier, and held that the word "unit" did not mean

a unit of measurement. Therefore, it did not apply to a bulk cargo.



Hague Rules do not apply to bulk cargoes, such as oil

MAERSK TANGIERS

In the *Maersk Tangiers* case the court was asked to consider a number of issues, including determining the package limitation applicable to unpackaged tuna loins stuffed in refrigerated containers.

Relevant for the purposes of your question was whether the tuna loins constituted a 'unit' for the purposes of the applicable package limitation provisions.

The cargo claimants argued that the tuna loins did each constitute a 'unit', but the defendant carrier argued that the tuna loins were not 'units' because they could not have been shipped breakbulk without any further packaging.

The court held that if the cargo was looked at through the walls of the container, the viewer would see individual 'units' of tuna loins. As a result, each tuna loin was considered to be one unit, since each was identifiable as a separate article for transportation, within the container.

Both cases were determined by the limitation provisions in the relevant Conventions. However, in the case of the *Aqasia*, the defendant carrier was stuck with the Hague Rules because they had been contractually incorporated into the charterparty. Had the Hague-Visby Rules been incorporated then the outcome on limitation would have been different.

Equally, the defendant carrier in the *Maersk Tangiers* was stuck with the Hague-Visby Rules, which were held to apply because it was contemplated that a bill of lading would be issued in respect of the carriage. If the contract of carriage had provided that a Sea Waybill was to be issued, then the carrier would have been free to have its own contractual limitation provisions, and could have had limitation determined in another way. **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.



Will the new EU Regulation on data protection (General Data Protection Regulation) affect brokers and ship owners? If so, what should we do and why should we comply?



The GDPR is a new EU Regulation intended to safeguard the privacy of individuals within the European Economic Area (EEA). It overhauls and strengthens the existing rules on when and how personal data can be processed. The GDPR will apply across the EEA from May 25, 2018 and has extraterritorial reach. The fines for non compliance can be up to 4% of global turnover in the preceding financial year or €20m, whichever is the greater. Combined with reputational damage, follow on claims from individuals and potentially criminal penalties set at EEA Member State level, businesses cannot afford to get this wrong.

"Personal data" means essentially any information which can be used to identify a living individual. "Processing" includes anything that you can do to personal data (collecting, storing, deleting, sharing etc). "Data controllers" decide why and how personal data will be processed and "data processors" process data on behalf of data controllers. The GDPR imposes obligations on both controllers and processors.

The GDPR's territorial application is as follows:

1. The GDPR will apply to all businesses "established" in the EEA which process personal data "in the context of that establishment". "Establishment" means any "real and effective activity, even a minimal one, exercised through stable arrangements". If you have an office or fixed operations in the EEA and process personal data in the context of that office or those operations then the GDPR will apply to you. It does not matter if the processing itself actually takes place outside of the EEA.
2. The GDPR will apply to the processing of personal data in places where the laws of an EEA Member State apply according to public international law. If a vessel is flagged with an EEA Member State's register of shipping then the GDPR will apply to the processing of personal data carried out on board that vessel.
3. The GDPR will also apply to businesses established outside of the EEA if they offer goods or services to individuals based in the EEA, or monitor individuals' behaviour within the EEA (for example by placing tracking cookies on individuals' browsers).

TAKEN STEPS

The first step to compliance is to conduct a data audit to assess and document your personal data processing. Analyse your systems and practices to determine what personal data you process, why you

collected them, why and how you use them now, where they are kept and whether you still need them.

Once you know what personal data you have, check whether you process them in accordance with one of the permitted legal grounds (for example has the individual given their consent, or is the processing necessary for the performance of a contract with the individual or necessary for a legitimate business interest).

"Sensitive" personal data (such as health data or an indication of someone's ethnicity, religion or sexuality) are subject to stricter rules and usually require the individual's consent. Criminal records of employees or service providers can only be processed in accordance with specific EEA Member State laws. Document your findings and decisions. Note that "consent" is more difficult to obtain under the GDPR regime than under the UK Data Protection Act 1998 which implements the current EU data protection regime.

Data controllers will no longer have to register with local data protection authorities but, instead, will be required to keep and maintain records of their processing, with some exceptions.

Conducting a data audit is the first step towards compliance but there are many more issues to think about now. For example: policies and privacy notices will need updating (including to deal with strengthened rights of individuals, for example, to request information about or deletion of their data); a Data Protection Officer may need to be appointed; contracts with service providers will need updating; and systems will need to be in place to report and record any data breaches. [SN](#)

For more information on how you can prepare, and what systems you must have in place, see the ICO's useful twelve-step guidance and consider obtaining legal advice. The GDPR becomes applicable from May 25, 2018, and the clock is ticking: do not wait to start your GDPR project.

While every care has been taken to ensure the accuracy of this information at the time of publication, the information is intended as guidance only. It should not be considered as legal advice. The articles were written by Felicity Burling, Matthew Wilmshurst and Guy Main. Felicity is an associate, Matthew a senior associate, and Guy a senior manager (partner equivalent) at HFW, a sector focused law firm specialising in shipping, aviation, commodities, construction, energy and insurance: hfw.com. Guy is also a fellow of the Institute and, before joining HFW, he spent 18 years as a shipbroker.



ANZ's bespoke commercial shipping course

The Institute's Australia & New Zealand Branch has held another two-day Bespoke Commercial Shipping Practice Course.

The course, held in Melbourne in July, welcomed 12 attendees, six from dry cargo and six from the tanker side, with a 50:50 gender split.

Those on the course, presented for the fourth time in Australia, were from shipbroking, oil product trading, edible oil trading, grain trading, fertiliser and mining companies.

Nigel D'Souza took the role of course director, assisted by Nick Vann and Richard Strachan, who included relevant anecdotes from their long careers in ship chartering.

The Branch plans to run the course again soon. **SN**



Attendees enjoyed the course

Supporting woman in shipping



Julie Lithgow, the director for the Institute (L) and Karin Orsel, WISTA International president (R), sign the agreement

The Women's International Shipping and Trading Association (WISTA International) is partnering with the Institute to increase professional competencies of and enhance educational opportunities for women in the maritime industry.

In a Memorandum of Understanding signed in June, the two organisations will offer five scholarships annually over the next 10 years to individuals nominated by WISTA International. The scholarships will cover the Foundation Diploma programme at the Institute and are available to all WISTA members worldwide.

The goal is to provide individuals with a deeper knowledge of the maritime industry.

WISTA is an international organisation for women in management positions involved in the maritime transportation business and related trades across the globe.

"This is a tremendous opportunity for individuals and

companies to enhance the level of education and knowledge in the industry," said Karin Orsel, president of WISTA International.

"We're very excited to be co-ordinating with the Institute to make these scholarships available and provide professional development opportunities for female leaders in the maritime industry."

Julie Lithgow, director of the Institute, added: "We're proud to be working with WISTA International to promote advancement opportunities for women in the maritime industry. The maritime industry is strengthened by the development of a diverse and inclusive workforce."

The first cohort of students will begin their studies in September. For more information on the scholarship programme, please visit www.wista.net. **SN**

President takes SLPA chairmanship

Recently-elected Institute international president Dr Parakrama Dissanayake has been appointed the new chair of Sri Lanka Ports Authority (SLPA) by ports and shipping minister Mahinda Samarasinghe.

Dr Dissanayake, who is the first non-British person to hold the role at the Institute, had previously been chairman of the SLPA from 2001 to 2004.

The former chairman of the Institute's Sri Lanka Branch has also previously held roles as chief executive at Aitken Spence

Maritime, Ports and Logistics, and as main board director for the organisation.

Dr Dissanayake, was also formerly chairman of the Chartered Institute of Logistics & Transport for Sri Lanka, chairman of the Sri Lanka Transport Board Advisory Council and chairman of the Ceylon Chamber of Commerce on ports, aviation and logistics.

He is also a University of Oxford Business alumnus and a University of Sri Jayawardenepura alumnus, as well as being a fellow of the Harvard Business School, Norad and JICA. **SN**

Middle East informs on Qatar changes

The Middle East Branch hosted a networking event for its members in July with a presentation about the new rules concerning business with Qatar.

The event was well attended, with over 80 participants consisting of members and local professionals.

The presentation was conducted by Alessandro Tricoli, a partner and head of the shipping department at legal firm Fichte & Co.

Following the networking session, Mr Tricoli started his presentation discussing the legal aspects of the new rules in place when conducting business with Qatar.

He also discussed potential liabilities and risks that may arise, as well as covering various aspects and scenarios regarding shipping in his talk.

The presentation was followed by a question and answer session where members discussed various scenarios that their businesses were facing with the current Qatar situation.

Eleonora Modde, project manager from the Institute Head Office, also addressed members, advising on various ways that Head Office can assist members, which was well received.



Committee members with Eleonora Modde and Alessandro Tricoli (3rd and 4th from left respectively)

The event ended with a presentation of the Middle East Branch calendar of events, which covers monthly activities until January 2018. [SN](#)

Spring Dinner pulls in the crowds

The Institute's North East of England Branch played host to over 200 guests at its 2017 Spring Dinner in May.

The event, held at the Civic Centre in Newcastle upon Tyne, offered entertainment from guest dinner speaker Graham Jolley, as well as a raffle.

The welcome speech was given by chairman of the

Branch, Richard Booth, and was followed by the Toast to the Institute by Matt Gilbert from the Institute's Head Office.

As per tradition, Grace was proposed by Paul Atkinson, Apostleship of the Sea Lay Chaplain for the North East.

During the event, Mr Booth also welcomed Dean Ranyard as a new member of the Branch and presented him with his new membership certificate. [SN](#)

Greece Branch holds masterclass seminar

The Greece Branch held a masterclass seminar in June in conjunction with the Institute's Education & Training Committee (ETC) meeting.

The topic of the masterclass was 'Shipping Markets: Changing Dynamics' and was delivered by Jagmeet Makkar, former chairman of the Hong Kong Branch, member of the ETC and director and co-founder of SKILLSPlus.



Participants heard about the changing dynamics of the shipping market

Mr Makkar laid emphasis on how people often ignore the subtle yet future-significant changes that have the potential to affect the way business is done. These changes include the impact

of forthcoming or mooted financial and environmental regulations.

The speaker then discussed the US' inward-looking policies, the possibility of a soft Brexit and the opportunities for China to make its One Belt One Road (OBOR) initiative a success.

He explained how OBOR's impact on the wet and gas sector is expected to be negative, positive for short-distance dry bulk trade and possibly very encouraging for the container industry.

However, it remains to be seen how the impact of competing rail and road transportation of containers plays out.

Mr Makkar then went on to talk about how the global trade multiplier has disappeared due to factors including the increase of service oriented economy and protectionism. Finally, he touched briefly upon technological changes the 'Think-Economic' concept.

One attendee, commenting on Mr Makkar's presentation, said: "He provided food for thought and made us think about the dynamics that we often tend to ignore."

A cocktail reception followed the seminar, and members, students and members of the ETC had the chance to exchange views and ideas on current shipping matters.

Attendees included international chairman of the Institute, Michael Taliotis, director of the Institute, Julie Lithgow and chair of the ETC, Susan Oatway. [SN](#)

Spelling out dangerous goods concerns

The Institute's Sri Lanka Branch hosted an evening seminar on the theme of *'Risks & Solutions in Handling Dangerous & Hazardous Goods'* at the National Olympic Auditorium, which featured industry experts in the areas of shipping and insurance.

The welcome address was delivered by Branch chairperson Anoma Ranasinghe, who briefed the audience on the importance of understanding dangerous goods and hazardous cargo appropriately to reduce related risks in the sea carriage.

Speakers included Dr Lalith Edirisinghe, the associate dean of the Faculty of Management at the CINEC Maritime Campus; Captain Peshala Medagama, an IMO consultant and dean at the Faculty of Maritime Science CINEC Maritime Campus; Rohana Thudugala, senior training manager at the Mahapola Port & Maritime Academy specialised in occupational health and safety,

handling of dangerous goods and pollution prevention activities; and Jayantha De Silva, a specialist in marine insurance.

To provide basic knowledge on dangerous goods (DG), the speakers touched on areas of the IMDG code, IMDG classes, proper documentation, ports authorities' schedules on DG cargo, requirements of carriage of IMDG cargo onboard ships, the ship captains' dilemma in identifying cargo and DG cargo insurance liabilities, claims and statutory obligations.

The session was moderated by Navin Perera, general manager at GAC Marine Services for Sri Lanka and a committee member of the Sri Lanka Branch. Charindha Grero, committee member and the head of events committee, delivered the vote of thanks.

The event was followed by refreshments, providing members, students and participants with a networking opportunity. [SN](#)

East India elects new office bearers

The Institute's East India Branch elected new office bearers for the 2017-19 period at its AGM in July.

Capt V Ganeshyam was elected as chairman, while Ravee S Titte (outgoing secretary) was elected vice chairman. M Sayeerman and Capt R Venkat were elected secretary and treasurer respectively.

The new executive committee members will be S Sankaran, Capt KG Ramakrishnan, Capt John Prasad Menezes, Capt Avtar Singh and Capt KP Rajagopal (the outgoing chairman).

At the AGM, held at the Seafarers' Club in Chennai, Mr Titte also briefed members on topics including examination, course materials, free tuition through webinars, Topper Awards, the MoU with AMET University and Indian Maritime University, and membership fees.

An update on Education & Training Committee meetings, Membership Committee meetings, Controlling Council meetings, the EGM, seminars, conferences and accounts statements were reported to Members. [SN](#)

Support for Maltese professionals

The Institute and Malta Maritime Forum (MMF) have signed a Memorandum of Understanding to support the education of shipping professionals in Malta as part of the island's maritime growth strategy.

"Malta is already well served with courses for engineers, masters and lawyers, but we lack higher professional courses is for ship agency, terminal operators and port authority staff," said Michael Callus, chairman of the MMF Sub-Committee for Education.

"Until now, there has been reliance on on-the-job training but the changing dynamics of logistics means we have to adapt. Excellence in multimodal transport and logistics are essential for Malta to remain competitive in attracting investment."

Under the terms of the MoU signed in mid-July, the Institute will support the MMF in delivering courses and supporting students from the start of the upcoming academic year in September 2017.

"The MMF includes in its membership a number of fellows and associates who considered the Institute as their primary education and training partner in the early stages of their career," says Julie Lithgow, director of the Institute.

"As Malta looks to build its market position with new professional qualifications, the Institute is delighted to be supporting the next generation of maritime professionals in their quest for knowledge and education." [SN](#)



Malta Maritime Forum signs agreement with the Institute

The MoU formalises informal co-operation between MMF and the Institute which goes back 40 years and will serve as a vehicle to jointly formulate and develop activities.

Sri Lanka Branch celebrates 30th anniversary

The Institute's Sri Lanka Branch is celebrating the 30th anniversary of its formation in 2017.

In celebration of the branch's achievements, senior members of the organisation cut a specially-designed 30th anniversary cake at the members evening, with the branch also putting out a commemorative car sticker available at the secretariat for members to purchase.

Plans are already underway to organise a half-day seminar with a topic of current interest.

Seven Institute members pioneered the formation of the Branch in 1987, emphasising to the local maritime industry the advantages accrued through "Professional Shipping Education".

The organisation is now well-recognised in the local shipping arena and has been invited to participate in the formation of Sri Lanka's national maritime policy. [SN](#)



A specially-designed cake was served at the members evening

Turkey kicks off seminar series

Members in Turkey organised a free workshop on Marine Insurance in August in Istanbul, presented by Sanem Benli of Omni Insurance.

Subjects including the pearls and pitfalls of charterer's liability and FD&D were covered in an interactive fashion with the attendance of 25 professionals (both members and non-members) from ship management, insurance, shipbroking companies and law offices.

Similar events are planned bi-monthly by Institute members

in Turkey to support the local industry and also to promote the Institute locally and regionally. The next seminar will be on advanced applications in Maritime Arbitration.

In July, Robert Hill, head of membership, made a brief stopover in Istanbul to meet members and some local associations. He was impressed with the enthusiasm and commitment of local members to the Institute and looks forward to developing opportunities in this region. [SN](#)

Cyprus shipping prospects discussed

The Institute's Cyprus Branch held its Annual Dinner at the Columbia Plaza in Limassol on July 1.

Guests of honour were the Mayor of Limassol Nicos Nicolaides, international chairman of the Institute Michael Taliotis, acting director of the Department of Merchant Shipping Ioannis Efstratiou and Anna Yourgous, the vice-president of Wista Cyprus.

The guests of honour gave talks on the prospects of Cyprus shipping and future of Limassol as a shipping cluster.

Branch chairman Demetris Constantinides highlighted Cyprus branch milestones and future objectives. Mr Constantinides also stated that the branch is looking forward to welcoming the Controlling Council to Limassol in November.

A raffle was organised, with two members winning airfare tickets and one guest winning a dinner for two at the Columbia Steak House at the Columbia Plaza. [SN](#)

Messing about on the river



The East Anglia Branch of the Institute took to the river for its annual get-together.

In June, members, fellows and students enjoyed a fully-

booked cruise in glorious weather. Participants enjoyed a traditional tour along the river and were treated to a beautiful sunset at the end of the day. [SN](#)



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e: Tara.Fox@missiontoseafarers.org

Sea shanties to serenade Liverpool



Canapes and sea shanties were the order of the day at the Institute's Liverpool Branch social evening in June.

The event for members and guests, organised by the branch committee, was held aboard the newly-renovated steam tug Daniel Adamson, which is moored in the Albert Dock complex in Liverpool.

Despite a period of poor weather, the day of the event remained dry and 65 people attended, with drinks, canapes and networking onboard.

During the evening, attendees were also entertained with sea shanties and songs from five-piece group the Port Sunlight Sea Dogs.

Staff for the Daniel Adamson were on hand to give talks about the vessel and conduct tours.

The event was sponsored by Sherrington Associates, Smit Harbour Towage and World Fuels. [SN](#)



Liverpool Branch enjoys a day at the docks

Netherlands supports Blockchain Masterclass

The Institute's Netherlands Development Branch held a Blockchain Masterclass at the Maritime Museum in Rotterdam in July.

The event was oversubscribed, meaning a number of people had to be turned away. In all, 70 people attended, and at least 18 were Institute members.

The development branch's leadership team has promised to run more masterclass events for Institute members and students over the coming months.

For more information about the Netherlands Development, Institute members can join the Branch's LinkedIn group by visiting www.linkedin.com/groups/8458944. [SN](#)



The Masterclass proved extremely popular

Elected to Membership

"I've been in the shipping industry for more than 23 years and I think it is important to have a clear professional benchmark to aim for. I believe the Institute performs that function for shipping. I was originally a Fellow in 2000 and now that I'm working in the ports sector for ABP, I'm delighted to be re-elected as a Fellow,"

Ron Crean, group head of marketing at ABP, recently re-elected to Fellowship

NEWLY ELECTED MEMBERS

Huang Yixin	China
Kristine Calite	Cyprus
Mikhail Semikin	Denmark
Amogh Parkar	India
Arindam Ghosh	India
Atanu Basu	India
Capt Ashish Dubey	India
Gopaljee Choudhary	India
Karan Kochhar	India
Madhav Katiyar	India
Manjrekar Ayush Satishchandra	India
Presenjeet Kumar	India
Pushkar Potdar	India
Sulochana Ghosh	India
Folaranmi Esan	Nigeria
Alok Pandey	Singapore
Frauke Klein	Singapore
Andrey Trufanov	Ukraine
Nevesela Yuliia	Ukraine
Ankush Jain	United Arab Emirates
Alper Yasar	United Kingdom
David Fortey	United Kingdom
Iryna Cherepanova	United Kingdom
Trevor Jones	United Kingdom

PROMOTED TO FELLOWSHIP

Dimitar Popov	Bulgaria
Kaloyan Ilchev	Bulgaria
Gibson Keteku	Ghana
Kumar Ramanathan	India
Daniel Allalouf	Israel
Sridev Mookerjee	Singapore
Rajender Kumar	United Arab Emirates
Sadanandan Madathil	United Arab Emirates
Adrienne Melville	United Kingdom
Harry Harrington	United Kingdom
Matthew Dormer	United Kingdom
Matthew Kennerley	United Kingdom
Nicola Sayer	United Kingdom
Stavros Dimitros	United Kingdom
Tianyu Zhao	United Kingdom
Tom Cuthbertson	United Kingdom

RE-ELECTED TO MEMBERSHIP

Nelson LeBlond	Australia
Tom J. Manikath	Singapore
Anuradha Fernando	Sri Lanka
Shashi Kishor Trivedi	United Arab Emirates

RE-ELECTED TO FELLOWSHIP

Ron Crean	United Kingdom
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ELECTED TO LIFE MEMBERSHIP

Harry French	Australia
Chan Yiu Kei	Hong Kong
Kuo Kuang Li	Hong Kong

Shipbrokers and the networking economy

The Institute outlines its plan to support members' networking abilities with its database upgrade

Those of us who make our living in shipping understand the importance of personal relationships, building and sharing connections. Despite the capital intensity of large floating assets and impressive infrastructure ashore, at its heart shipping remains a people business – where business and employment opportunities are influenced by personalities, the skills they can contribute and perceptions around trust.

Digital technology is transforming today's networks, where once small local communities of interest epitomised by a rolodex of business cards can now quickly scale globally, colliding with other groups and individuals to share information, innovate and collaborate, uninhibited by gatekeepers.

The engineering underpinning social media seeks to filter out randomness so that structured networks of real value are enabled. A recognised field of rigorous scientific enquiry examining networks has grown up quickly and includes economists, techies, sociologists and management consultants, seeking to quantify and harness the benefits – such that network analysis advisory is now becoming a common feature of post-merger integration for example.

Of course, communication networks are not exactly new, though in 7,000 years of commercial shipping the last 15 have been nothing short of revolutionary. During our working lives which of us recall the telex, or identifying container positions in a stack with a hand-written card system? We are fast approaching a point where people, businesses, processes, data and 'things' are converging towards a kind of hyper-connectivity heralding unprecedented business opportunity. Shipping, generally held to be behind the curve on such matters, will not emerge unchanged.

THE FIRST STEP

While the Institute cannot hope to compete with LinkedIn – it does not have armies of developers and lawyers – what we can do better is to enable our members to network, communicate, engage and unlock opportunity.

Previously, the Institute published a directory of members which was discontinued – partly due to changes in privacy and data protection legislation – and frequent feedback from members is that this kind of feature is missed.

In response, the Institute is launching a new networking tool on our membership database shipbrokers.org which we call 'Member Skills'. Members will be able to login to their usual online account and select a number of key areas or functional disciplines within the profession where they have experience, skills or qualifications to update their profiles. Members who opt-in to sharing this information will allow for their details to show up in search results to other members within this discrete database. So, if a shipowner in Hamburg needs to find an



"The Institute is launching a new networking tool on our membership database shipbrokers.org which we call 'Member Skills'."

arbitrator in Hong Kong for example, and would prefer making contact with a fellow MICS or FICS, then this provides a simple and quick solution.

We realise that digital networks also pose risks and we want to assure members that the Institute takes privacy and security seriously. We have not been affected by the recent wave of cyber attacks and will remain vigilant in safeguarding our systems and backing-up data. The new database feature does not affect existing security; the database itself does not interface with other systems and is housed on our secure server.

Members of the Institute are its key asset; in fact, members are the Institute in many respects. Branches do a fantastic job in promoting networking with stimulating talks and welcoming social events. We believe this new Member Skills feature will support these endeavours and provide another valuable reason to join and to stay engaged.

As with all things in life you can only take out what you put in, so we hope that our 4,000-plus registered members will all update their profile. It is a very straightforward procedure and we will be contacting everyone individually by email with specific instructions and a link. Please join us in taking this first simple step. **SN**

Calendar

Vancouver

OCTOBER EVENTS

7-8 October

PREP
London

11 October

London & South East
Branch AGM
London

12 October

Canada Branch
Luncheon Seminar with
Vancouver Maritime
Vancouver

20 October

2017 AGM and Prize
Giving Ceremony
London

23 October

London & South East
Branch
Student Revision Evening
London

27 October

Sri Lanka Branch
AGM
Colombo

NOVEMBER EVENTS

7-9 November

Controlling Council
Limassol

8 November

Humber Branch
BIFA Brexit Panel Event
Hull Ionians RFC

13-24 November

November 2017
Examinations

15 November

South Wales & West
Branch
AGM
Portbury

16 November

Canada Branch
Dry Bulk & Commodities
Conference
Vancouver

17 November

North East of England
Branch
Autumn Annual Dinner
Middlesbrough

23 November

London & South East
Branch
Social Evening
London

DECEMBER EVENTS

05 December

South Africa Branch
Luncheon



The Secret Broker

Praying for rain

In the UK, the glorious heatwave in June was compared to that great summer of 1976 and while there were a number of terrible events that happened around the same time – the Westminster and London Bridge terror attack and the Grenfell Tower fire – we can at least be grateful for some good weather. Let's appreciate what we've got and be pleasantly diverted.

Holidays taken early in the Mediterranean look like a waste of money, convertible cars suddenly seem less pretentious and glasses of Pimm's – the British summer alcoholic institution – are ordered by the dozen.

With all this going on there are also quintessentially English events to be enjoyed. I was invited with some friends to enjoy a couple of days tennis at Queen's Club. This gave a great chance to chit-chat about the market with friends in a very social environment. From these discussions, I drew the conclusion that people are more optimistic than they were this time last year. Most are looking to China, India and the US as the driving forces in trade expansion.

However, there still is no real sign of the much-needed recovery. The price of oil is still under pressure which helpfully reduces bunker costs somewhat and encourages oil transportation. But US shale production is increasing which serves to counteract OPEC's efforts to underpin the price of their crude by keeping supply at agreed reduced levels.

Ship values are still in decline, and this is not being helped by the dearth of affordable sources of ship finance. Freight rates achievable by tankers have fallen and rates for dry cargo are, frankly, frightening. There are newbuildings

continually being delivered and, even more worrying, new orders so far this year have increased by 20% compared with the first six months of 2016.

POLITICS AT PLAY

Meanwhile, the political situation surrounding Qatar and the "sanctions" being imposed against it by other Arab nations and the possible trade ramifications associated with this, could change quite a lot of things in the Middle East Gulf permanently. This should certainly be food for thought for shipping folk.

But then we have the results of the Moore Stephens Shipping Confidence Survey to consider. This certainly displays a much more confident response from its respondents compared with last year. Overall, the confidence level was up to 6.1 out of 10 compared with 5.6 previously. Specifically, brokers' confidence levels rose from 4.6 to 6.4 – that's brokers for you, jumping on the optimism bandwagon when it arrives.

One interesting comment in the survey was that larger companies are looking to eliminate their smaller competitors so as to reduce competition and aggressively grow their market share. Beneath it all, though, the spectre of over tonnage lurked in most people's minds.

So, back to the heatwave. A few blissful days like this gives us all here a chance to forget for a moment so many of the dangers, problems and anxieties of the markets which will never go away completely. But remember, there's always someone praying for rain! [SN](#)



the stern

PRINTED MARITIME PROPELLERS ON THE WAY

Rotterdam Additive Manufacturing LAB (RAMLAB) is involved in the world's first operation to deliver a 3D printed marine propeller, together with Damen Shipyards group, Promarin, Autodesk and Bureau Veritas.

They expect to print the first propeller of this type, and test it on a Damen ship, this year. The propeller will be based on a Promarin design used in the Damen Stan Tug 1606, which has a diameter of 1,300 millimetres and weighs approximately 180 kilograms. RAMLAB will be using Autodesk software, and will rely on Wire Arc Additive Manufacturing (WAAM) for the printing process.

"Our aim is to construct more effective, cost-efficient and environmentally-friendly vessels," says Damen's principle research engineer



The propeller will be based on that for a Damen Stan Tug 1606

Don Hoogendoorn. "This project contributes to these goals." [SN](#)

AGENCY BY AIR

Whether it is deliveries of critical documents or vital medical supplies, tank inspections, or monitoring cargo and stockpile levels, Wilhelmsen Ships Service (WSS) believes that semi-autonomous drone flights can support and further enhance what its ship agency team can offer its customers. So much so, in fact, that it has unveiled a new 'agency by air' service.

WSS plans to launch a large scale working pilot project in one of the world's busiest ports this year to deliver its agency essentials via drone, in spite of the complexity of global aviation rules and restrictions placed on unmanned aerial vehicles.

"Relied upon by owners, operators, vessels and crew to get spare parts, medicine, documents, or cash to master where it needs to be at moment's notice, drone delivery is a natural extension of our existing agency service portfolio," says WSS' Marius Johansen.

Dispensing with the need for launch boats to deliver such essentials to vessels at anchorage along with cutting delivery times, means that drone flights will also slash costs, he adds: "With launch vessels typically costing on average \$1,500, a drone delivery could eventually come down to costing just \$150."

For WSS at least, drone delivery is very much here to stay. [SN](#)

BEWARE OF THE DOGS

New, high-tech anti-smuggling tools including an electronic sniffer dog could soon be used to foil criminals attempting to smuggle dangerous or illegal substances into Europe via the sea.

A group of scientists are developing a set of inspection technologies that can check containers for illegal substances, radioactive material, weapons, chemical warfare agents and even stowaways concealed among the contents.

One of the scientists, Guillaume Sannié of France's Alternative Energies Atomic Energy Commission (CEA), told Horizon that the group is developing five tools for custom agents to inspect containers by building on technologies that are already in use as part of the EU-funded C-BORD project.

Evaporation-based testing is one tool in the C-BORD toolbox – an electronic device made up of multiple highly sensitive sensors, each attuned

to detect a different chemical substance. This is used to analyse the contents of the container.

Mr Sannié likened the technology to an electronic sniffer dog: "We sniff the particles inside the container and analyse them as a sniffer dog would, except that unlike a sniffer dog, the machine doesn't get tired."

Other tools include a high-energy imaging made possible by photofission, the process by which a nucleus splits after absorbing a gamma ray, to detect nuclear material.

The project will come to an end in October 2018, but not before testing the entire range of new technologies at two ports, Rotterdam and Gdansk, as well as in Hungary where the tests will take place on a land border. [SN](#)

SHIPPING SPEAK

“We have always believed the UK and EU are united. Through co-operation we will be able to solve any problems in shipping.”
– Greece's shipping and island policy minister, Panagiotis Kouroumplis, talks up the country's connection with the UK

“The UK Ship Register is changing to meet the needs of our customers, but we will not sacrifice quality for growth.”

– Doug Barrow, director of UK Ship Register

”

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www.jobs.spinnaker-global.com/go/HQ00011304

Panamax Broker, London

An independent shipbroking house are currently seeking an experience Panamax broker to join their expanding team in London. The ideal candidate will have at least 3 years' broking experience within the Panamax markets. Please note: candidates must either be currently based in London or have EU working entitlement in order to be considered for this role.

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