SHIPPING Network

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Promoting professionalism in the shipping industry worldwide

Issue 52 March 2018

Pulling together

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Gold standard logistics in Brisbane

Australia's 2018 Commonwealth Games will rely on the international shipping industry, explains Nick Vann

If you haven't yet heard about Borobi, you soon will. Borobi, which means "koala" in the local, indigenous Yugambeh language, is the mascot for the 2018 Commonwealth Games, which will be held on Queensland's Gold Coast in Australia April 4-15 this year.

As readers are no doubt aware, the koala is an iconic Australian animal, and while considered endangered in Queensland, it is not surprising that it was selected as the mascot for the games. The bright blue and yellow colour scheme chosen for Borobi's traditional, indigenous markings symbolise the ocean and sun of the Gold Coast.

The 2018 Gold Coast Commonwealth Games will involve 6,600 athletes and 300 para-athletes, from 70 Commonwealth nations and territories, competing in 275 sporting events. A total of 25,000 volunteers will help in organising games which are expected to be seen by 2.1bn people on television around the world, while 1.2m are expected to physically attend events in the various venues.

The hosting of such games is, of course, a logistical challenge, and shipping plays an important part in enabling events such as these to happen. For example, Queensland is famous for its fine, white, sandy beaches, but this sand was found to be too fine for the beach volleyball event. To overcome that hurdle, coarser sand has to be transported in from other regions in Australia by sea.

This supply chain, in which shipping plays a very important role, has also been instrumental in delivering materials used in the new infrastructure that has been specially-built by the Queensland State for the Games.

The games' organisers have emphasised goals of reducing waste and carbon emissions; protection of human rights; and the sourcing – where possible – of local materials – all of which present further challenges and opportunities to those involved in the global supply chain.

"The hosting of such games is, of course, a logistical challenge, and shipping plays an important part in enabling events such as these to happen"

Shipping in the region

Host state Queensland has an increasingly-vibrant shipping community, and while minerals and agricultural products have been the traditional exports from this state, gas – in particular liquid natural gas (LNG) – is the new drive, with a state-wide industry value of A$80bn. Three mega-large LNG plants on Curtis Island in Gladstone – operated by Shell, Origin Energy and Santos – hit a record annualised export rate of 22.4m tonnes in November 2017, demonstrating the importance of this burgeoning cargo.

Borobi is the colourful mascot for the Games

The Australia-New Zealand Branch of the Institute is tapping into this expansion of shipping interest in Queensland. As a Branch, we ran a very successful two-day bespoke chartering course at the Port of Brisbane in 2016, and, due to demand, we are looking to run a repeat of this course in Brisbane in 2018. Our education officer, Norman Lopez, is based in Queensland, and we have seen a pickup in interest in our traditional Professional Qualifying Examinations there in recent years. The agency office of Inchcape Shipping Services in Brisbane kindly acts as our exam venue for our Queensland-based students. One of these students, Svetlana Androsova, who is a commercial advisor at QGC (part of the Shell group), is seconded to our branch committee and regularly holds social events for Institute members, students and friends in Brisbane.

Queensland has a bright future as a shipping hub and the Commonwealth Games only serve to support that progress. With a solid foundation in Australia, the Institute plays and will continue to play an important role in supporting this development long after the last medal has been awarded at this year's Commonwealth Games. ***SN***

Nick Vann FICS is chair of the Australia-New Zealand Branch of the Institute. Committee member Svetlana Androsova contributed to the research for this article.

Running the race

There's something magical about watching large scale sporting events, such as the Olympics or the Commonwealth Games. The evident determination, the demonstration of the extremes the human body can be pushed to, the tears and the cheers… it all adds up to something quite inspiring.

But few of the spectators likely realise the mammoth logistical operation that supports events of this scale. From bringing in materials for the construction of specialist stadiums to transporting individual equipment for competitors, the logistical feat before and after is often no less spectacular than the games themselves.

This year, the Commonwealth Games will take place on Australia's Gold Coast, supported by a logistical effort largely controlled by DB Schenker. It expects to move close to 500,000 sports items, from shuttlecocks to pole vault landing pads, in addition to handling nearly 100,000 pieces of furniture.

Nationally and internationally, forwarders, agents and shippers will run their own 'races' to make sure that the Games are the extravaganza that everyone has come to expect. Without the shipping and logistics industry, events such as these would certainly be a less impactful affair. While the industry may not enjoy a space on the podium, there are many winners in our midst, toiling away behind the scenes well before the Games take place and for some time after, who are just as worthy of a gold medal. **SN**

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Shipping supports goals of the Games

Felicity Landon looks at the logistics challenges behind the scenes of the Commonwealth Games

Felicity Landon

One million spectators, 6,600 athletes and team officials, 3,500 media personnel – and that's just the people. The Gold Coast 2018 Commonwealth Games (GC2018) take place in April and the massive logistics operation involved could be seen as a kind of parallel to the athletes' training: from planning, preparation and warming-up, to building up the intensity and the final sprint – and finally, of course, to the cooldown.

Topic: Sports

Key words: Event, Logistics, Shipping

Background Info: Support for the Commonwealth Games will pull on local and international companies

This is the first such event to be held outside a capital city in Australia, and Gold Coast 2018 Commonwealth Games chairman Peter Beattie has said that the event will leave a "radically-different" Gold Coast. The plan is to leave "no white elephants" from the A$1.7bn spend on the event. For example, the A$550m games village, once the Games are over, will have a new life as a health sciences research centre linked to a university and a hospital, and an indoor sports arena will be used as a film studio.

The GC2018 events will be hosted across 18 venues, located on the Gold Coast and in Brisbane, Cairns and Townsville. And in contrast to familiar last-minute panic that has characterised some similar events around the world, in this case, all competition venues and the Commonwealth Games Village were completed well in advance, giving time for testing before the actual event.

When it was announced last year that Schenker Australia had been appointed official logistics provider for GC2018, the company's chief executive, Ron Koehler, gave an idea of the scale of the task. In the weeks leading up to the event, Schenker would process and move close to 500,000 sports items, from shuttlecocks to pole vault landing pads, he said. It would additionally distribute 96,000 pieces of furniture, 21,000 pieces of luggage and 3,000 individual sports items through its distribution hub to the Village and Games venues.

"In the weeks leading up to the event, Schenker will process and move close to 500,000 sports items, from shuttlecocks to pole vault landing pads… [and] additionally distribute 96,000 pieces of furniture, 21,000 pieces of luggage and 3,000 individual sports items"

Sustainable sourcing

As part of its sustainability drive, the Gold Coast Commonwealth Games Corporation (GOLDOC) had a policy from the outset of sourcing locally wherever possible. Mid-2017, it announced that more than 70% of GOLDOC contracts had been issued to businesses with a Gold Coast-presence, and 84% were issued to companies with a presence in Queensland. This was on top of the construction contracts for venues and the Games Village – 90% of the total A$606m went to regional businesses. However, shipping fans need not be disappointed, as significant volumes of goods, from furniture to equipment, have also arrived by sea from across the world.

Credit: Schenker

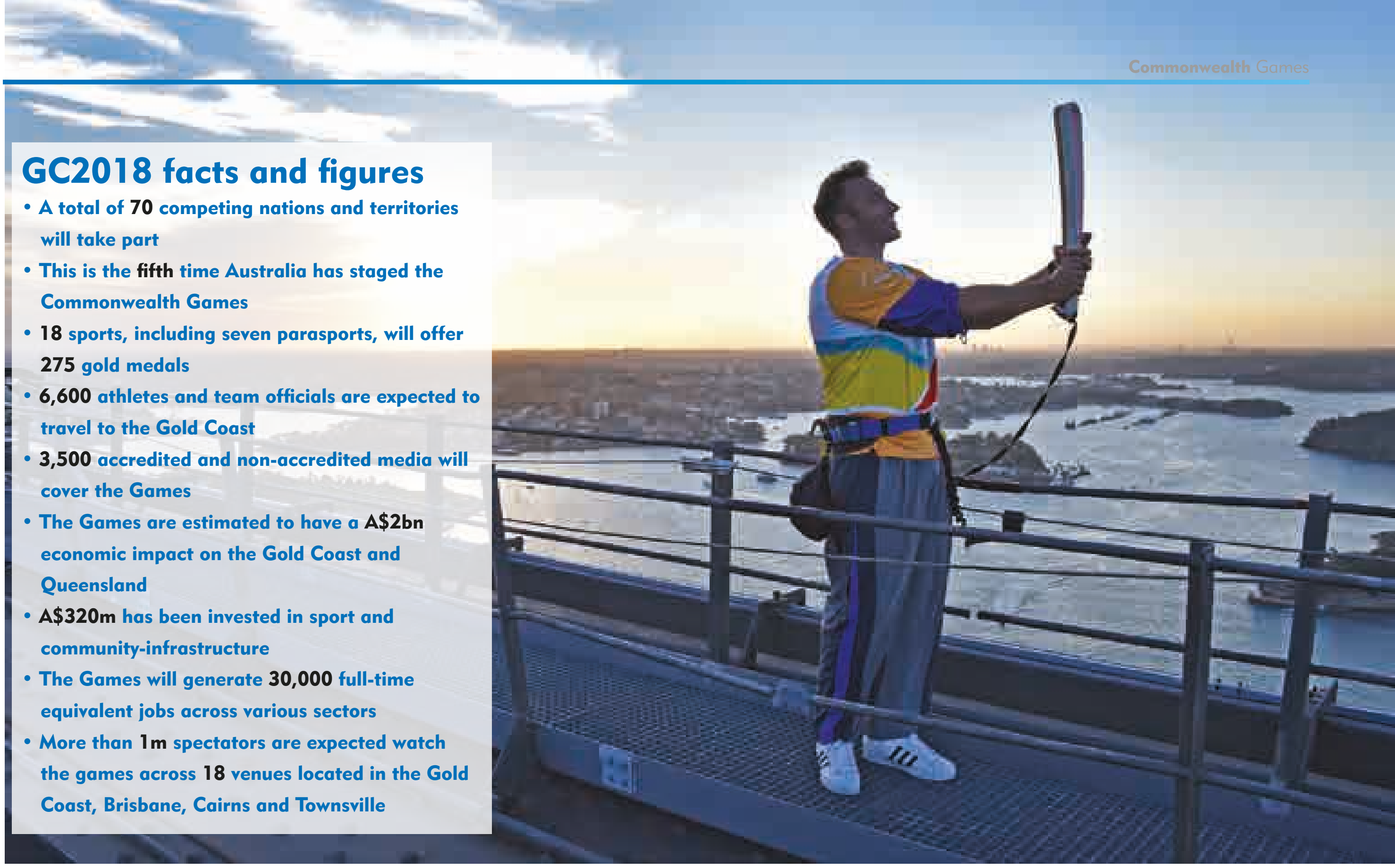
Schenker is forecasting 15,000 pallet movements

Schenker's operations have been based around a 20,000-square-metre warehouse and a workforce of up to 110 at peak periods, with a big focus on inclusion of indigenous and Torres Strait Islander employees, says Benjamin Wilson, Schenker Australia's national operations and business development manager.

"They have received training for the process of receiving, storing, assembling and distribution of supplies and assets to various venues and locations, and the return logistics process and dissolution programme in conjunction with the GOLDOC legacy programme," he explains.

Schenker is forecasting that there will be 15,000 pallet movements during the distribution process, he says.

Ninety percent of cargo moving through Schenker's facility is furniture items for the Games Village and venues, along with sporting and timing equipment for the competition venues. Much of this arrived in 170 forty-foot containers from China and Malaysia, says Mr Wilson.



GC2018 facts and figures

- A total of **70** competing nations and territories will take part
- This is the **fifth** time Australia has staged the Commonwealth Games
- **18** sports, including seven parasports, will offer **275** gold medals
- **6,600** athletes and team officials are expected to travel to the Gold Coast
- **3,500** accredited and non-accredited media will cover the Games
- The Games are estimated to have a **A$2bn** economic impact on the Gold Coast and Queensland
- **A$320m** has been invested in sport and community-infrastructure
- The Games will generate **30,000** full-time equivalent jobs across various sectors
- More than **1m** spectators are expected watch the games across **18** venues located in the Gold Coast, Brisbane, Cairns and Townsville

An athlete enjoys the views from the Sydney Habour Bridge

"Schenker has also assisted with the movement of additional power units and supplies – approximately 110 teu – which have been shipped from various ports, including in Eastern Europe, the UAE and Southeast Asia, to clients' laydown yards. This included arranging distribution from there to various venues and handling materials for onsite installation."

The majority of cargo imported has come containerised. A lot of the furniture, such as lockers, was imported flat-packed, but there has also been a strong flow of assembled and "as is" items from major southeast China ports. Schenker provided consolidation points in Qingdao, Shanghai and Shenzhen for suppliers unable to fill 20ft or 40ft containers. The power units were shipped "as is" in 20ft containers or as breakbulk.

"As suppliers required a just-in-time (JIT) delivery solution to coincide with delivery schedules and reduce container detention and port storage fees, Schenker had to adapt, utilising various shipping lines over the various projects," says Mr Wilson. "This allowed us to have flexibility with solutions for JIT requirements and combat the peak season congestion, which went on longer than forecast, and still be able to deliver."

Transport upgrades

In connection with the Commonwealth Games, A$440m was invested in upgrading light rail connections in the Gold Coast, and Schenker played a part in this too, facilitating the movement of four new light rail trains from Europe to Queensland via a ro-ro vessel in the fourth quarter of 2017.

As the Games draw near, Schenker is responsible for assisting with the athletes' arrival and departure process. "This requires Schenker to fit-out vehicles with specific equipment to handle the transportation of athletes' sporting equipment, such as bicycles and pole vaults," says Mr Wilson. "GC2018 is also integrating and is running the Para-Sport program which incorporates specialised equipment being utilised."

And with an eye on later this year, DB Schenker is working with all remaining suppliers closely, he says – especially those such as broadcasters covering the 2018 Winter Olympics in South Korea. Incidentally, Schenker was also the logistics provider for the Australian Open tennis tournament in January.

"With our dedicated sports division, Schenkersportsevents, Schenker understands the needs and requirements of such events and can meet these demands in conjunction with our core products, such as DB Schenkerocean, to deliver. DB Schenkersportevents has dedicated personnel in key areas of the globe – over 1,000 staff in 50 countries." This enables Schenker to create what it calls its 'Controls Towers', so that suppliers and customers have a dedicated contact point, explains Mr Wilson.

"Cargo and assets are then moved through our global network of 2,000 locations."

As well as the physical moves, Schenker has been responsible for Customs formalities in Australia for suppliers shipping with the company, and this element will increase in March when the teams arrive. Other services included quarantine clearance and origin consultancy.

Schenker has been a major provider of transportation and logistics services for sports events since the Sydney 2000 Olympic and Paralympic Games. The company was the official logistics provider/supplier for the Commonwealth Games in Manchester in 2002, Melbourne in 2006 and Glasgow in 2014, and a major provider when the Games were

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held in Delhi in 2010. It also provided logistics services for the Winter Olympics in Salt Lake City in 2002 and Torino in 2006, and for the Summer Olympics in Athens in 2004, Beijing in 2008 and Vancouver in 2010.

What would Mr Wilson highlight as the key challenges when organising logistics for events such as these?

"Every Games has it challenges, from shipping line congestion to infrastructure constraints for distribution to casual labour fulfilment," he says. The fact that other key events were taking place close to GC2018 added to the challenges.

Sustainability bar

Meanwhile, with the organisers of GC2018 having vowed to "demonstrate leadership in sustainability", the Games aim to leave positive economic, environmental, social and community legacies that last beyond the closing ceremony.

Among the priorities, it has stipulated that packaging, including food packaging, will be minimised to avoid unnecessary packaging-costs, demand for raw materials and carbon emissions. Sustainable food and drink options will be provided at the event. With a specific focus on protecting the oceans, spectators will be encouraged to bring their own water bottles.

"The impact of event pollution on the city's waterways and ocean environment is a key concern for the local community," say the organisers. "Mass-released helium balloons, lightweight plastic bags and single-use plastic water bottles are regularly found in the ocean, washed up on beaches and in the waterways, and have been found to contribute to the death of marine life and sea birds.

"They are a challenge to manage locally and throughout the world. Microplastic is now working its way into the world's food chains. In response to this issue, GC2018 will be a helium balloon-free event and games-time messaging will encourage spectators to bring their own transparent water bottles, with drinking water available for refills."

GC2018's sustainable procurement policy outlines its focus on sustainable sourcing and material selection, and the event's recycling and waste-management systems and practices have been designed to minimise landfill. The public are being encouraged to use public and "active" transport to get to the venues. The event organisers have said that one of the biggest legacies out of the games will be the improved transport system – better roads, doubling the rail services to Brisbane and upgrading the light rail.

Schenker's operations have been based around a 20,000-square-metre warehouse

Past lessons

When the Olympic Games came to London in 2012, the emphasis on sustainability meant a strong focus on transport by water.

The event was described at the time as the biggest peacetime logistics operation in the world. UPS operated nearly 1m square feet of warehousing on behalf of the London Organising Committee of the Olympic and Paralympic Games (LOCOG). The main logistics centre was a 550,000-square-foot hub within the Port of Tilbury, which provided the advantages of deepwater container berths on the doorstep of the capital, with easy access by road or river.

Being based at Tilbury offered important advantages. LOCOG took on premises at 46 Berth at the port and there was some heavy investment in the multipurpose sheds and in creating additional quayside covered-storage.

The event itself shone a spotlight on the River Thames, the capital city and the importance of the port and river for efficient, green freight and passenger transport. No doubt Brisbane's officials hope GC2018 will do the same for their city. *SN*

Who's who in GC2018

Schenker Australia has provided a range of services and functions to assist with the delivery of GC2018, including pre and post-games access to a global freight forwarding network; an integrated warehouse and distribution-service for receiving goods from suppliers and delivering these to venues; a distribution-solution for transferring athletes' baggage on arrival and departure and for moving their equipment to venues; supply of a warehouse-management system; and a warehouse to consolidate and manage the disposal of assets after the Games.

Brisbane-based cargo and freight company **Winangali** has partnered with Schenker Australia to provide logistics for GC2018. An independent logistics company providing road transport, integrated logistics and supply chain solutions, Winangali operates a haulage fleet and warehouse network stretching from Brisbane to Cairns, and it has also extended its operations in Victoria and New South Wales. The company's key focus is training and employing indigenous Australian people in all aspects of its operations.

Royal Wolf, a leading container provider in Australia, announced a partnership with the Australian Volleyball Federation (AVF) at the start of last year which would help the AVF team prepare for the Commonwealth Games. The company has provided Volleyball Australia with logistics and container storage needs for events across Australia. Royal Wolf also provided temporary ticket booths for Queensland station-workers while platform facilities were upgraded in advance of the Commonwealth Games. *SN*

Leading role in supporting global trade

Commonwealth countries provide a great deal of trade for commercial shipping, explains Brent Cameron

Brent Cameron

There are very few sectors of the global economy that have the vantage point of the shipping and logistics industry. If globalisation is akin to a large, digital network, those who carry out the physical work of the 'transactions' constitute the hard-wired connectors that facilitate communication. Every ship in transit functions like a data stream packet travelling between nodal points. As much as ecommerce accentuates the virtual aspects of the economy, globalisation is still primarily about the processing and moving of physical objects in a timely and efficient manner.

Topic: Trade

Key words: Partners, policies, supply and demand

Background Info: A number of countries are re-stressing the importance of the Commonwealth in national external trade policy

Because of that vantage point, the shipping and logistics industry is in the enviable position to be both a predictor and an agent of change. Therefore, the industry's business model depends upon responding to current demand, as well as anticipating the trends that will shape it in the years to follow.

Focus on the Commonwealth

In previous issues of *Shipping Network* – and later in this issue – commentators have discussed the issue of Brexit, how it will impact the industry and how best to respond to the change. The important point stressed then was that Brexit need not – and should not – be seen as a rolling-back or retreat of British participation in the global economy.

The position of the British government, in this regard, has been to stress the importance of preserving trade ties with Europe while taking full advantage of the opportunities that the broader global economy presents. In re-establishing an independent British voice in international trade, particular focus has been directed at member states of the Commonwealth.

In a March 2017 speech to a gathering of Commonwealth Trade Ministers, UK Secretary of State for International Trade Liam Fox stated: "This Commonwealth of Nations has the opportunity to lead the defence of free trade, working together to shape new policies and approaches, showing the world a route to prosperity that lies through partnership, not protectionism." He added: "Our joint discussions and bilateral meetings will be a foundation upon which to build. Every agreement that we reach and every barrier that can subsequently be removed will materially improve the lives of our peoples across the globe."

Britain is not alone in stressing the importance of the Commonwealth in national external trade policy. In Australia, former Prime Minister Tony Abbott forwarded a paper (co-written by UK Conservative Party deputy chairman James Cleverly) calling for an emphasis on the Commonwealth in rebuilding Britain's trade network. In New Zealand, Deputy Prime Minister and Foreign Minister Winston Peters made support for Commonwealth trade a condition of his party supporting Labour Prime Minister Jacinda Ardern in a coalition following the 2017 general election. In Canada, during the 2017 leadership contest for the country's Conservative Party, no less than four candidates – including the eventual winner, former Speaker Andrew Scheer, and the Shadow Foreign Minister Erin O'Toole – expressed support for expanding Commonwealth trade. In the case of Mr O'Toole, support for closer ties between the CANZUK sub-grouping (Canada, Australia, New Zealand and the United Kingdom) was an explicit and well-promoted part of his policy platform.

Former Australian Prime Minister Tony Abbott supports Commonwealth trade

Tenuous links

For those of us who advocate deeper and more-extensive trade and investment ties among Commonwealth member states, it has always seemed to be an odd assertion that the position be equated with a hostility to globalisation and an expansion of international trade.

As currently constituted, the Commonwealth is comprised of 53 jurisdictions, and over 2bn people. Its members are located on every habitable continent on earth and are drawn from a multitude of races, creeds and backgrounds. It can claim a permanent member of the UN Security Council, two members of the G7 and a quarter of the members of the G20 and the WTO. Collectively, it accounts for roughly 20% of global GDP. If one were truly interested in rolling back the global economy, the promotion of intra-Commonwealth trade is surely a curious way to go about it!

The promise of this sort of trade is hard to discount. The Commonwealth Secretariat estimated that the value of trade between member states was $592bn in 2013 and would top $1tr by 2020 – doubling in seven years. The research also found that bilateral trade between member states resulted in 20% more trade than with comparable non-members – as well as 10% higher foreign direct investment inflows than would otherwise occur.

While the debate about creating a free trade environment among Commonwealth members, starting with the CANZUK grouping, is beginning to garner more attention, the benefits of Commonwealth trade among member states have never relied on a formal treaty. Yet, for at least two decades, researchers have detected a "Commonwealth Effect" regarding trade between member states – one that is significant enough to reduce the transactional cost of trade, in a range estimated to be between 15% and 19%.

Formal agreements

At present, only two agreements exist to formalise trade between the larger Commonwealth economies: the Closer Economic Relations (CER) agreement between Australia and New Zealand and the recently-implemented Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union – which includes Britain until the Article 50 process has fully concluded. While the CER has been functioning for more than three decades, CETA implementation has scarcely reached its four-month anniversary. Given the formal rules governing trade among Commonwealth states, it is clear that the effects of intra-Commonwealth trade are organic, relating more to business and cultural affinities than specific legal or treaty initiatives.

For the shipping industry, the Commonwealth Effect has great significance as it relates specifically to those aspects of international trade that affect the efficient movement of goods and services: the use of a common language and the interchange between jurisdictions whose legal and political systems are based on the British model. Those whose stock-in-trade is the movement of products from place to place understand that the differences in Customs rules and standards can constitute a hidden tax on the industry. Translational services, legal and brokerage services and different Customs and shipping standards add to the cost of doing business – a cost that is difficult to pass on to customers and consumers in a competitive environment. Conversely, the limiting, or absence, of structural barriers provides a clear advantage on both pricing and time.

In many respects, the Commonwealth 'effect' already creates among member states a de facto trade bloc – one without the need for formalised negotiations and treaty arrangements. Where such treaties do exist, they serve only to deepen and expand the effect.

Beyond Brexit

Canada and the UK, by virtue of CETA, currently enjoy free trade conditions. However, at the conclusion of the Article 50 process and Britain's consequential exit from the European Union, the UK would technically fall out of this deal. While commentators in Britain recognise the loss of access to the Canadian market, it should also be recognised that Canadians have a vested interest in not allowing this to happen. According to Statistics Canada, in 2015, a full 42% of what Canada exported to the 28-nation trading bloc was destined specifically for the UK. It should come as no surprise, therefore, that the meeting between British Prime Minister Theresa May and Canadian Prime Minister Justin Trudeau in Ottawa in late 2017 concluded with a commitment to negotiate a successor trade treaty once Brexit had concluded.

It is understandable that, at present, Brexit dominates the headlines and attention of leadership in the public and private sectors alike. This process, however, is finite. It has a specific endpoint. Once that happens, the focus will shift to what happens next. What new agreements will be negotiated? Where will the flow of goods and services see the greatest increase? Just as important, what existing trade routes and connections will see increases in demand?

As Commonwealth leaders meet in London this April, the global economy and the future landscape of international trade will not be a peripheral discussion. In the years to follow, particularly after the conclusion of the Article 50 process, it is exceedingly likely that the trade patterns existing between Commonwealth member states will deepen and expand.

For the shipping industry, this trend provides a great opportunity for further investments in capacity-building while at the same time servicing demand that is relatively free of regulations and embedded costs.

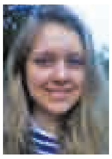
Expansion of global trade may be a general phenomenon, but the challenge for industry is to identify those nodal points in a shipping network where the demand and need for expansion are the greatest. If past trade and investment flows, and the current political climate, are any indication, investments in intra-Commonwealth trade will prove to be prescient. ***SN***

Brent Cameron is a Canadian-based writer and member of the Advisory Board of the Commonwealth Exchange. An updated edition of his 2004 book The Case for Commonwealth Free Trade: Options for a New Globalization is due to be released in early 2018.

The Commonwealth 'effect' creates a de facto trade bloc

One free trade agreement to rule them all

What would a Commonwealth free trade area mean for shipping, asks Kate Jones



Kate Jones

Debates over whether there should be a multilateral Commonwealth free trade area have been reignited in light of the UK's referendum on EU membership and its subsequent vote to leave the organisation. However, regardless of what the UK stands to get out of a trade deal of this sort, there are 51 other Commonwealth member states who might benefit or otherwise from a free trade agreement (FTA). They rightly have an interest in finding out how a free trade area for Commonwealth nations might play out in practice and whether such a thing, if achievable, is the right move.

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Topic: Partnership

Key words: Free trade, connection, globalisation

Background Info: The Commonwealth has huge trade potential when it comes to supporting future commercial shipping

In support of the 'For' camp, the Commonwealth's Trade Policy Briefing, Brexit and Commonwealth Trade found that although Commonwealth trade has been impacted by world trade slowdown, intra-Commonwealth trade in goods and services has nearly tripled since the start of the 21st century – from just over $200bn to over $600bn. Additionally, the amount of intra-Commonwealth trade in Commonwealth countries' total world trade has gone up – from around 15.2 to 17.6% – during the same timeframe.

According to the paper, analysis from the Commonwealth Trade Review showed that even without any co-ordinated policy moves – such as consideration of establishing new trade blocs – potential exists for extra exports of $156bn – or 34% of current intra-Commonwealth exports. A projection exercise showed that over around the next 15 years, Commonwealth GDP would double to $20tr – though the global economic recovery from the recession after 2008 could impact this estimate. However, the paper then said that even with low world trade growth, intra-Commonwealth trade could hit between $1.3tr and $1.9tr by 2030.

"Irrespective of Brexit implications, huge untapped trading opportunities do exist within the Commonwealth," the paper's authors, Mohammad Razzaque, Brendan Vickers and Poorvi Goel, noted.

Back in 2010, a Royal Commonwealth Society working paper, Trading places: the 'Commonwealth effect' found that the value of trade was likely to be one-third to a half more between Commonwealth countries, in comparison to country pairs where one or both were not Commonwealth nations. It also found that around one-sixth of Commonwealth countries' total trade in 2008 took place purely within the Commonwealth.

"Given the relatively small scale on which Commonwealth business and trade is currently promoted, the potential for the [Commonwealth Business Council, which was replaced by the Commonwealth Enterprise and Investment Council (CWEIC) in 2014] to nurture these links is significant," the paper, by Joanna Bennett, Paul Chappell, Howard Reed and Dhananjayan Sriskandarajah, said. "If promoted effectively, it could well be the association's economic ties, rather than its political bonds, that become its driving feature in the 21st century."

Bright idea or unworkable dream?

The reality

However, the Brexit and Commonwealth Trade paper, despite offering positive intra-Commonwealth figures, stated that a preferential trade deal across the area would be hard to obtain. Aside from noting that Malta and Cyprus are EU members and thus unable to make their own separate trade agreements with non-EU nations, the paper highlighted Commonwealth states' diversity, and commented: "The experience of [World Trade Organization-led] multilateral trade negotiations suggests trading arrangements involving a large number of diverse countries can be very time-consuming and often yield marginal gains."

Speaking to *Shipping Network*, Jonathan Marland, Baron Marland, who is CWEIC chairman acknowledged that "anything that promotes free trade is a very good thing", but added: "I don't think we would be able to achieve a multilateral Commonwealth free trade area as it's presently constituted because so many of the countries are moving at different paces in terms of free trade."

This perceived difficulty in establishing a Commonwealth free trade area is an opinion shared by Chris Milner, emeritus professor of International Economics at the University of Nottingham.

"Given that it is unlikely to be in the interest of many Commonwealth – especially developing Commonwealth – countries, it would be difficult to negotiate and implement such an agreement covering such widely-spread and heterogeneous countries with diverse trade interests," he said.

"A Commonwealth FTA would either not have any significant effect on the bilateral trade of many Commonwealth country pairings … because relatively-high transportation and other trade costs would swamp the benefits of a Commonwealth tariff preference, or it may encourage trade diversion from lower-cost, non-Commonwealth sources imports to a preference-receiving Commonwealth source," he said.

Mr Milner went on to explain that the costs of attempting to negotiate such a multi-country deal would likely be high against benefits for many Commonwealth countries. Additionally, he commented, it could constitute "distraction and diversion of trade-negotiating and policy capacity" from bringing in and deepening other more "'natural'" trade deals within the Commonwealth's separate regions or continents.

"The Commonwealth African countries, for example, are likely to have a much greater interest in the deepening of their existing regional agreements – East African Community (EAC), the Southern African Development Community (SADC), and so on – and in extending the coverage of this regional integration through the vehicle of African Union [a continental union for all Africa's countries] than they do in a Commonwealth FTA – especially given the availability of preferential access for their exports to the developed Commonwealth countries through other agreements," he said.

"The same is true for the Caribbean, South Asian and Pacific region members of the Commonwealth."

Buddying up

Within the Commonwealth, there are already plenty of groupings. For example, there are seven Commonwealth member economies in the Asia-Pacific Economic Cooperation (APEC). SADC is made up of 16 member states, 11 of which are in the Commonwealth. The Caribbean Community is a group of 15 Caribbean nations and dependencies, and there are 12 Commonwealth member states. Five Commonwealth nations – Botswana, Lesotho, Namibia, South Africa and Swaziland – make up the Southern African Customs Union. Kenya, Rwanda, Tanzania and Uganda are Commonwealth countries that are part of the six-state EAC, while the South Asian Association for Regional Cooperation, made up of eight countries, includes the Commonwealth nations of Bangladesh, India, Pakistan and Sri Lanka.

"In theory, if all 53 Commonwealth members adopted free trade among themselves, the expansion of trade among them would likely be substantial," says Michael Ferrantino, a lead economist for the World Bank's Trade and Competitiveness Global Practice. "However, there would also be substantial trade diversion. For example, in high-tariff countries like India and Pakistan, imports from the UK and other Commonwealth members would displace currently-existing imports from the US, Japan, China and other EU countries."

> "It would be difficult to negotiate and implement such an agreement covering such widely-spread and heterogeneous countries with diverse trade interests"

Mr Ferrantino said that "a new Commonwealth" would therefore not be advantageous for non-members. As to the questions of whether a multilateral, Commonwealth free trade area could ever be fully achieved and why, he said that Commonwealth countries' interests have now evolved "in ways that do not depend as much on the former colonial history as previously".

"Moreover, each of the Commonwealth members would likely insist on maintaining its own trade relations with third countries, thus diluting the value of belonging to the Commonwealth club," he said. He didn't believe a multilateral free trade area for Commonwealth countries would be the right move if it was "a closed group, like the old Imperial Preference scheme [a proposed system of tariffs or FTAs between the British Empire's dominions and colonies]".

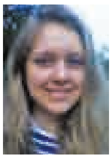
Instead, a new Commonwealth could be modelled on the principle of 'open regionalism', similar to APEC, he said. "That is, its members could agree to pursue liberalised policies with the world as a whole, while at the same time making a concerted effort to prioritise liberalisation within the Commonwealth. A Commonwealth based on open regionalism would create more economic gains for its members and would be a better proposition for non-members as well."

In summary, while the facts appear to support the idea of a Commonwealth free trade area, opinion does not. **SN**

> "If promoted effectively, it could well be the association's economic ties, rather than its political bonds, that become its driving feature in the 21st century"

Supporting marine economy development

A Commonwealth programme is working to improve commercial shipping provisions, finds Kate Jones



Kate Jones

Those who feel that the Commonwealth is more of a ceremonial grouping, rather than a body doing tangible work, might do well to look at the Commonwealth Marine Economies (CME) Programme, which is striving to improve the marine-related prospects for nations that are part of the intergovernmental organisation.

i

Topic: Initiative

Key words: Support, development, sustainability

Background Info: A commonwealth programme is helping Small Island Developing States to make the most of their maritime assets

The initiative is helping Commonwealth Small Island Developing States (SIDS) – maritime nations that tend to have similar sustainable development challenges – to take advantage of their maritime assets. In turn, the venture is helping to improve the world's capacity to do business on a commercial shipping stage.

"More accurate charts can enable larger ships to call, improving efficiency for cargo ships importing and exporting goods"

According to the CME Programme, SIDS face a number of common threats and challenges because of their small sizes and populations, their narrow economic bases, their high vulnerability to external environmental and economic shocks and their remoteness. There are further factors whose impacts threaten SIDS' food supplies, subsistence livelihoods, commercial fishing and connectivity, such as overfishing, climate change, a lack of modern hydrographic data, ocean acidification, pollution, habitat loss and extreme weather events. However, the maritime economy, according to a Programme brief, is often a primary income provider for these nations, with potential lying in their shipping, fishing and tourism industries.

Supporting role

The CME Programme, announced by then UK Prime Minister David Cameron in 2015, is a UK government-funded venture which "aims to support [SIDS] to preserve their marine environments and tap into maritime resources to catalyse economic development in a sustainable way across Commonwealth countries". It has three key goals: supporting sustainable economic growth and prosperity; increasing maritime security and resources supply; and supporting marine resilience and capability for change. When it

The CME programme gives smaller partners a helping hand

comes to commercial shipping, specific aims for the initiative include aiding SIDS in improving international trade and tourism (by attracting more and bigger ships and by developing port and coastal infrastructure), helping SIDS adhere to their International Convention for the Safety of Life at Sea obligations, and developing sustainable aquaculture and fisheries.

Speaking of the scheme, Melanie Hopkins, British High Commissioner to Fiji and head of the South Pacific Network, says that it's "an opportunity to support the ongoing efforts to balance environmental resilience with sustainable development – a means for shaping a prosperous Blue Economy". This 'buzzphrase', "Blue Economy", is an important one for our times. In a world where 71% of its surface is covered in water, it's easy to see why sustainable use of ocean resources for economic growth, improved jobs and livelihoods and ocean ecosystem health is important. Add to this the fact that over 80% of international goods traded are carried by sea and that the volume of seaborne trade is anticipated to double by 2030.

In detail

The CME Programme is a joint venture between the UK's Centre for Environment, Fisheries and Aquaculture Science (Cefas), the United Kingdom Hydrographic Office (UKHO) and the country's National Oceanography Centre (NOC). Cefas, an executive agency of the UK government's Department for Environment, Food and Rural Affairs, gathers, manages and interprets data concerning the aquatic environment, biodiversity and fisheries. The UKHO provides mariners with ocean charts, while the NOC is a marine science research and technology institution. According to the CME Programme brief, 17 Commonwealth SIDS, from the Caribbean and Pacific Ocean regions, are covered by the venture. These nations include Fiji, Grenada, Saint Lucia, Jamaica, Papua New Guinea, the Solomon Islands, Tuvalu, Vanuatu and Saint Vincent and the Grenadines.

"By providing valuable data SIDS are unable to access themselves, UK experts can unlock the marine potential shared by a large number of hard-to-reach Commonwealth countries to support their longer-term prosperity and international maritime obligations," explained the initiative. "By enabling Commonwealth SIDS to better understand, manage and harness their marine resources, the CME Programme can support sustainable and growing marine economies. This, in turn, will create jobs, reduce poverty, ensure food security and build resilience."

Rear Admiral Tim Lowe, the UK National Hydrographer and deputy chief executive of the UKHO, highlighted in a piece for geospatial professionals' publication GeoConnexion the work that the Programme does. In Vanuatu, the Programme helped further diversify Tanna Island's economy and increase its resilience towards future economic shocks after Vanuatu sustained significant economic damage from Cyclone Pam in 2015. It did this by using marine geospatial data to open Tanna Island to cruise tourism. For Tuvalu, Law of the Sea experts developed a special purpose chart to help the Tuvaluan coastguard in controlling and safeguarding fishing stocks within the country's Exclusive Economic Zone. The chart also supported a mission to safeguard mineral and energy resources. Finally, UKHO action in Saint Vincent and the Grenadines, according to the UK national hydrographer, permits bigger ships to use their sovereign waters and helps coastal resilience towards climate change.

Charting a course

The work of the Programme does not stop there though. For example, in Jamaica at the end of last year, the UKHO used state-of-the-art equipment to garner high-resolution bathymetric data in Kingston and Portland Bight – information that will be used to update nautical charts. In the future, the UKHO hopes to get funding to help Jamaica construct their own seabed-mapping competences.

"More accurate charts can enable larger ships to call, improving efficiency for cargo ships importing and exporting goods and attracting cruise ships – which should have a significant impact on the Jamaican economy," the UKHO said in a release about the project.

Speaking to *Shipping Network*, Rear Admiral Lowe says: "The key to harnessing the benefits of commercial shipping lies in improving the confidence of bridge crews when navigating in the waters around SIDS. For example, surveying work undertaken has already identified over a dozen uncharted wrecks, some in navigationally significant areas including fairways and anchorages. Improving navigational charts in these waters will help support greater navigational safety, and open up ports to more and larger ships and greater trade volumes."

Differing views

However, opinions regarding the actual impact of the Programme are mixed. Some are very positive: in January, UK Minister for Europe and the Americas Sir Alan Duncan said that the UK government was working, through the Programme, "to enable small island Commonwealth states to conserve and use their maritime space sustainably". Furthermore, in response to a question regarding the Programme, Lord Marland, chair of the Commonwealth Enterprise & Investment Council, said: "Any organisation, from our point of view, that promotes the benefit of the Commonwealth is one that we want to be associated with and one that we want to encourage."

Yet, others are not so upbeat. "The only beneficiaries I see to the Programme are, very specifically, the UKHO, Cefas and the NOC," James Hind from the Commonwealth Resilience Forum, says to SN, adding that little benefit would be brought to the private sector by the initiative. "Marine resources are a major component for SIDs and obviously for other Commonwealth countries – for example, Sierra Leone and others with coastal waters. Illegal, unreported and unregulated fishing is still a very significant problem for their economic and social development. Monitoring control and surveillance is sadly lacking."

However, if the comments of Rr Adm Lowe are anything to go by, it appears that the CME Programme will bring unprecedented benefits to the nations it is working with, as well as the wider world. UKHO claims that under the Programme, the hydrographic work for the 17 SIDS currently supported "could unlock over £2bn return for those economies".

"The underlying marine geospatial data is expected to impact everything from climate change mitigation to subsea energy to the development of infrastructure," Rr Adm Lowe explained.

Six concepts

According to the CME Programme brief, the organisation's activities across the Caribbean and Pacific are focused on six core concepts in its second year, with commercial shipping-related areas made up of collecting marine data for environmental resilience and safe and efficient trade; sustainable fisheries development; natural capital assessment for comprehending the marine environment's value; and infrastructure planning, development, training and knowledge-exchange. The Programme will work with each SIDS to come up with National Plans and relationships between the programme partners and regional organisations have been "developed and formalised" to guarantee a long-term collaboration future.

"By providing training and support to Commonwealth SIDS, as well as addressing economic and environmental needs, the programme seeks to ensure a legacy of growing self-sufficiency in Commonwealth small island states," the brief said.

As the venture further matures, it will become clear as to whether it will bring any lasting benefits for those involved in the commercial shipping world. However, given the shipping-related work the initiative has done so far, the prospects for positive change look good. ***SN***

As one door closes, another opens

Commonwealth states may be able to benefit from Brexit with shrewd negotiating, explain Christopher Stevens and Jane Kennan

Brexit could have a big impact on specific firms and countries, but in trying to gauge this, the watchwords are "extreme uncertainty". Brexit ripples will affect the rest of the world in several ways.

If the UK or EU economies slow, so may their import growth. Any reduction in investment as a consequence of short-term uncertainty or longer-term de-integration of the European Single Market will have possible adverse effects on growth and trade. Then there are indirect effects through the impact on investment and exchange rates, migrant remittances and global growth.

1

Topic: Brexit

Key words: UK, EU, trade

Background Info: The UK's departure from the EU is set to have far-reaching consequences that extend well beyond the geography of the multinational organisation

Some may gain, but others will probably lose as changes are made to the patchwork of EU trade policy that has been negotiated over decades

Probably the first impact will be the creation of a new UK trade policy – as well as any effect that the country's departure may provoke in the EU 27's regimes. For some states and firms, this will be the biggest impact – but it is subject to huge uncertainty. What might a post-Brexit UK trade policy look like? How will firms react to any change in relative market access or to any new regulations affecting the transhipment to the UK of goods initially imported into an EU 27 port? And, critically, when will firms react? How long in advance of the Brexit day are their trading decisions made? Moreover, how long have we got to get everything right? Two years from the date the UK formally notified Brussels of its decision to leave, two years plus the length of any transition regime or only a fraction of this period?

Status quo in doubt

Uncertainty is especially dangerous for small firms and poor countries without the resources either for extensive contingency planning or to tide them over temporary adverse market changes. Yet these are among the parties most likely to be affected. Some may gain, but others will probably lose as changes are made to the patchwork of EU trade policy that has been negotiated over decades.

Some developing countries have a special trading relationship with the EU. Others are on less-favourable terms. Figure 1 illustrates this for Commonwealth countries by showing the breakdown, by nation, of UK imports eligible for preferences. Some, like the Generalised System of Preferences, are unilateral: they can be made and unmade by the importing state. Others, like free trade agreements (FTAs), are negotiated between exporter and importer.

If and when it leaves the European Union Customs Union, the UK will fall out of the FTAs – unless all parties can agree an equivalent deal. In some countries, this could take years (for example, where an agreement requires new legislation). Therefore, unless these countries start prepping the ground now, their exports to the UK may fall off the cliff after Brexit.

So, why can't the UK simply apply the EU patchwork unilaterally to its imports from developing countries? The problem is the World Trade Organization (WTO). If it simply mirrors the EU system, the UK would be treating some richer areas, like South Africa and the Caribbean, more favourably than poorer areas like India – but without the WTO legal underpinning provided by FTAs. If it avoids this by granting unilateral preferences to all middle-income countries, those countries that currently get favourable terms would lose out. Clothing exports from Bangladesh would be outmatched by India's textile industry, while beef from Botswana would go head-to-head with market leader Brazil.

After Brexit, the UK can try to shape development better through its trade policies, but room for manoeuvre will be constrained by the final Brexit deal and WTO rules. Even in the WTO, there is uncertainty: it has never before had to disentangle the joint commitments of a grouping that has split.

The EU is unique in having 29 WTO members: the 28 member states plus the EU itself. They have combined rights and obligations which, following Brexit, will need to be divided between the EU 27 and the UK. This will have to be negotiated by the UK and the EU 27 together, as well as with any WTO member that considers its interests affected. This process is likely to take many years and, whatever else, will give any post-Brexit deal between the UK and some developing countries a high political profile. Other members may be looking, for example, at trade preferences with an eye on how these might affect their own trading conditions with both the UK and the EU 27.

Gaining and suffering

Potential winners and losers do not fall into neat categories. The least-developed countries (such as Bangladesh at present) are most secure – WTO rules would allow a willing UK to continue current preferential terms. Most at risk are those developing countries that currently have better access to the UK and EU markets through FTAs, including the controversial Economic Partnership Agreements signed by many African, Caribbean and Pacific states.

Big wins or losses are most likely from the following types of UK policy change:

- Some developing countries risk losing their foothold in UK import markets for one of two reasons: either their current favourable terms end with Brexit, and UK trade policy imposes more onerous import barriers on them; or the barriers to imports from competitors are reduced. These include Kenyan green beans, Namibian grapes, and Bangladeshi clothing.

- Countries not on the most favourable terms would benefit from an open UK. If the UK replaced the EU patchwork with open access to all countries equally, imports from India, Southeast and East Asia and parts of Latin America would become more competitive.

- Countries unable to access EU markets due to overly-strict import rules would gain if the UK adopted more flexible policies. Some developing countries have good market access on paper, but in practice are barred by other legislation. This includes the EU's rigorous rules of origin and sanitary standards, which are ostensibly about protecting EU consumers but, critics claim, are really about protecting EU producers. An example is the ban on citrus blemished by black spot fungus.

But what sort of development impact might occur, and which communities might be affected by it? Would an open UK trade policy favour plantations over smallholders, or would vulnerable workers gain? Are the EU's sanitary standards really disguised protection or necessary to safeguard health? The first step is to identify the specific exports from particular countries that are at most potential risk. As the Brexit process moves forward, it will become clearer how far such potential will be realised.

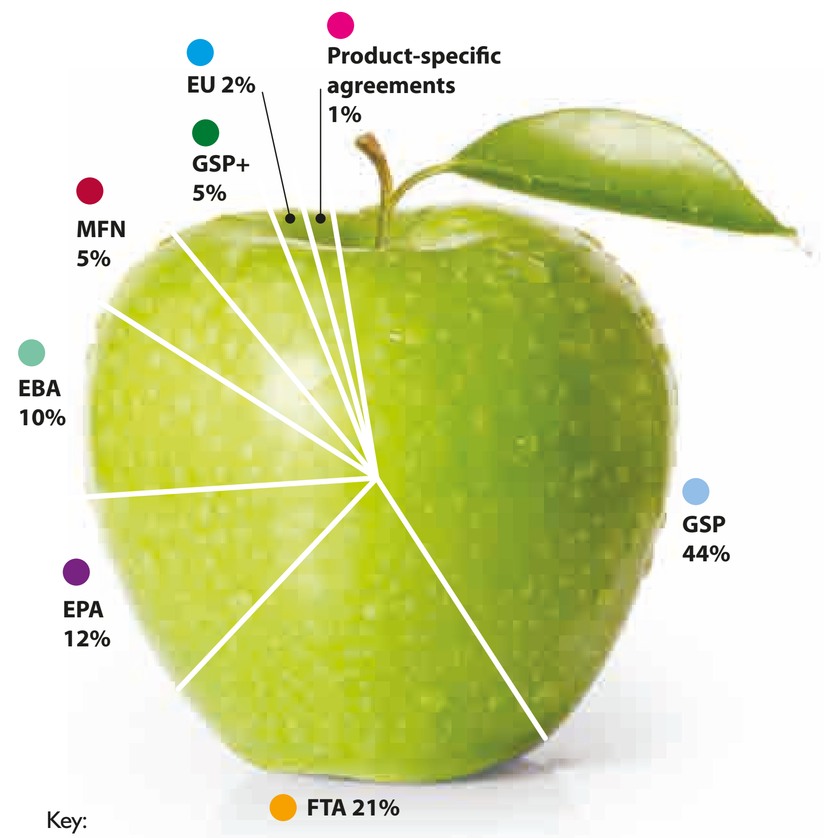
Exporters will suffer

The broad calculations that are possible today, given Brexit uncertainty, show that the impact could be substantial for some exporters. Even assuming that the least developed countries (LDCs) see no change in their treatment, our initial analysis of the potential effects on the other Commonwealth developing countries showed that they would pay an extra €661m import duty if the UK was simply to apply the most-favoured nation tariff regime that it inherits from the EU (based on 2013-15 import averages). Which countries? It is easier to list those that will not be affected than those that will: all but four non-LDC Commonwealth developing countries would face a potential calculable tax hike that represents 1% or more of the UK's total imports from them. Even if the UK extended to all Commonwealth developing countries, the EU's current generalised system of preferences, the extra tax bill their exporters would pay is still in the region of €184m. The impact on some countries, such as Kenya, Mauritius, Namibia, the Seychelles, South Africa and Swaziland, and also much of the Caribbean, would be substantial.

But none of these negative effects are inevitable. Any deals must be explicitly created in an atmosphere of rapid change, limited resources and lobbying from all sides. The default options if the interests of developing-country exporters are crowded out are either undesirable or vulnerable to challenge. ***SN***

Christopher Stevens and Jane Kennan are from the Oversees Development Institute (ODI), which is a think tank for international development and humanitarian concerns. For more information, visit https://www.odi.org/.

Share of UK imports from Commonwealth countries with better-than-MFN access by regime (average 2013–15)



Key:

MFN	Products imported from India and Nigeria for which they are graduated out of GSP
GSP	India, Nauru, Nigeria, Sri Lanka, Tonga
GSP+	Pakistan
EU	Cyprus, Malta
EBA	Bangladesh, Lesotho, Kiribati, Malawi, Mozambique, Rwanda, Samoa, Sierra Leone, Solomon Islands, Tanzania, Tuvalu, Uganda, Vanuatu, Zambia
EPA	Barbados, Belize, Botswana, Cameroon, Dominica, Fiji, Ghana, Grenada, Guyana, Jamaica, Kenya, Mauritius, Namibia, PNG, Seychelles, St Kitts, St Lucia, St Vincent, Swaziland, Trinidad
FTA	South Africa (since subsumed into the SADC-EU EPA)
Product-specific agreements	India and Pakistan (for two rice products)

Source: Authors' calculations using data from Eurostat's COMEXT database

Shared values that benefit us all

The Commonwealth concept should underpin the principles of shipping, says Andrew Wright

Andrew Wright

Shortly before Christmas, I was travelling back by train after visiting Immingham Seafarers' Centre for the organisation's carol service. This was a memorable occasion. Many seafarers were present and all received a Christmas present – more than 700 parcels had been generously-donated and carefully-wrapped at Immingham to be given out to seafarers. Also present were many representatives from the local community. One church had even provided a small orchestra to accompany the singing.

1

Topic: Welfare

Key words: Crew, commonweal, relationships

Background Info: In the shipping world, vessels serve as their own commonwealths, where the need to ensure the common good of all on board is essential

Crews are a reminder of commonweal values

It was a great celebration and seafarers' participation in the service reminded us that offering support to seafarers is a two-way thing. Chaplains and welfare teams frequently speak of how much they themselves benefit from the kindness and generosity of those they serve. Perhaps that is a good place to start any article on the theme of the Commonwealth.

Few are in a better position to promote peaceful and constructive co-operation than the global shipping industry

Returning by train to London, I was preparing to speak later that day at a maritime lunch. I knew they had asked for some stories about the shipping industry in 2017, and I was ready for that. On closer inspection of their letter, however, I noted that they also wanted a comment about the current 'state of the world' and any 'solutions' I might like to suggest – a tall order indeed!

By way of offering something, I identified a 'retreat into tribalism' as the biggest threat that faces us all. I do not need to lay out the evidence – we see it daily. In the face of perceived threats, it is human instinct to find safety behind walls, to build those walls even higher and to reinforce tribal identity. The protections afforded can be illusory, as history has often attested.

Commonweal values

In a world where population levels are at unprecedented levels, where resources for many are desperately scarce, where communication technology brings instant mutual awareness and where mass movements of people are hard to control, a retreat to tribalism can be understandable. However, it is also perhaps more potentially destructive than ever before. It is a threat to peace, to mutually-beneficial trade, to the frameworks of co-operation that can surely tackle our shared challenges – and to the values of compassion and goodwill which must surely lie at the heart of any hopeful future. Only in recognition of our common humanity and in generosity can optimism be grounded.

In that context, this issue's Commonwealth theme is timely indeed. The word commonwealth is derived from the word commonweal, meaning the common good or even the welfare of the public. That is the vision that has underpinned a number of the political entities identified as commonwealths.

This year, we have particularly in mind the 53 nations which identify themselves as part of the Commonwealth of Nations. This voluntary association, growing out of the old British Empire, binds nations and people together as friends of equal status. That equal status is recognised regardless of size of nation and incorporates huge diversity. It is supported by a series of core values: democracy, human rights, good governance, the rule of law, individual liberty and world peace among them. This year's Commonwealth Games are one way in which this friendship is expressed.

Of course, there have been tensions and differences. Where core values were seen as being undermined in any of the Commonwealth's member nations, truths have been spoken and friendships have been stretched – and, occasionally and at the extremes, broken. Commonwealth membership can be terminated and some have left of their own accord. Others have joined or rejoined.

There can be no doubt, however, that the Commonwealth has been a force for good. It is not without its flaws, but it provides one important model for co-operation. It values and honours the diversity of people, which brings such colour and vibrancy and in which there is the potential for so much mutual learning. At the same time, it stands against that destructive tribalism, of which there has been much evidence both within and between its nations. The EU is another model. It too is flawed, of course, but I share the sadness of so many in leaving, and believe the decision to 'Brexit' will ultimately be shown to have worked against the commonweal. But that is another story.

A role in shipping

Over many years, the Commonwealth of Nations, like the British Empire before it, has played a unique role in shipping. It has engendered and encouraged particular networks of trade, of which companies, ports and organisations – old and new – tell the story. It has also been important in the history of the Mission to Seafarers. While we operate in places outside the Commonwealth, the roots of our global growth moved with the Anglican Church through Commonwealth member countries. In that sense, it is close to many of our hearts, and we trust it is an entity which will continue to be nurtured and supported – and one which might inspire others in the building of friendship and co-operation.

However, beyond the institution itself are the values behind it – which must feature consistently in our thinking. Few are in a better position to promote peaceful and constructive co-operation than the global shipping industry. Not only does the entire world depend on it, but it relies on global peace and co-operation. It is underpinned by regulation and understanding which requires international buy-in and common interpretation. As we were reminded so strongly during London International Shipping Week, the future of automated shipping is just one area where we cannot proceed without comprehensive international assent to a practical legal framework.

Wherever we go in shipping, we are working in forums that are essentially international. People are brought together in unity of purpose. Diverse organisations work for effective shared frameworks. Tribal loyalties are transcended, boundaries broken, and mutual understanding promoted. Professional relationships grow into personal friendships – life-enhancing and often lifelong.

In effect the industry, has built its own commonwealth of organisations, companies and individuals. At our best, we

Welfare teams play their part in promoting commonwealth values

The sense of unity and mutual support on a ship can be palpable

work together for the commonweal. Promoting the common good must be at the heart of our vision, not just the good of shipping but the good of all the peoples of the planet. Our maritime industry touches everybody. What part can we play in challenging the obstacles to a better world?

For the common good

You would be surprised if I did not conclude with the seafarers themselves. I have been on many ships and met many crews. I have even travelled on one container vessel, living and working alongside the crew as they went between multiple ports.

Crews themselves are a remarkable reminder of a world in which tribal boundaries must be crossed for the common good. So many crews are multinational. The ship with which I travelled included Indian people, Sri Lankan people and Ukrainian people – and a Chinese cook was just disembarking as I joined. The sense of unity and mutual support on that ship was palpable and, as I have said before, the captain was clearly a great community-builder.

It is of note that a number of our chaplains have commented on the fact that they often see Russian and Ukrainian people working alongside each other. When the conflict in Ukraine was at its height, the chaplains watched for signs of echoing conflict on board, but very rarely was any tension apparent. That was great news.

However, it is also often pointed out that injustices within the industry are not always the fault of management. From time to time, we hear reports of tribal and racial tension among crews. This can be expressed in various ways and can be a real cause of personal pain and unhappiness, as well as potentially compromising the safe operation of vessels.

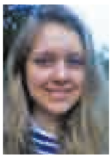
Ships in themselves, in one sense, are their own commonwealth, and the overriding priority is to ensure the commonweal – the common good – of all on board, breaking boundaries and encouraging common purpose and strong working friendships. We hope that our welfare teams across the world play their part in promoting commonwealth values among all the crews they meet – on board, in the minibuses or in seafarers' centres.

I write this article in the first week of 2018. It seems to me that the vision of Commonwealth is a great one to start any new year – and particularly this one. **SN**

The Revd Andrew Wright is secretary general at The Mission to Seafarers. Find out more about the work the Mission does at missiontoseafarers.org.

Closing the virtual door on hackers

A sector-specific cyber security competition highlighted weaknesses in shipping, explains Kate Jones



Kate Jones

Picture the scene: it has been discovered that the chief operating officer of a shipping company is working with an international cybercrime group known for attacking organisations all over the world and extorting them for money. The executive has provided the nefarious organisation with data on technological developments, critical vulnerabilities in the shipping company's fleet and information on ship schematics. It is now a race against the clock to halt a major cyber attack on the shipping company's vessels and docks.

A mock court room put the contestants through their paces

It's the kind of scenario that keeps shipping executives awake at night – which is understandable, given that cyber crime is now a very real possibility for shipping companies and something they need to tackle. However, in the case of this scenario, the shipping company, Fast Freight Limited (FFL), and the crime group, Scorpius, are fictitious. They were devised as part of the Masterclass of the Cyber Security Challenge UK, a series of national competitions, educational programmes and networking opportunities designed to track down, inspire and allow more people to become cybersecurity professionals.

Thousands entered the challenge, but just 42 individuals managed to win a place to compete in this final round, which was co-designed by BT in partnership with Airbus and IT firm Cisco, with support from organisations including the Bank of England and De Montfort University. Finalists had to battle through a year's worth of online and face-to-face qualifying challenges to get to the Masterclass, which was held in November.

Finding people to fight the growing prevalence of technology 'gone bad' has never been more necessary. Intelligence analyst Cybersecurity Ventures has estimated that cyber crime damages will cost the world $6tr annually by 2021 – double what it was in 2015, making it more profitable than the world trade of all main illegal drugs combined. What's more, shipping companies are right in the firing line to be victims of malicious use of technology.

In the UK alone, as many as 46% of the country's companies were the victims of a cyber attack or breach of their computer systems in 2016, showing that this sort of crime can hit a large number of businesses. Additionally, PWC's The Global State of Information Security Survey 2018 saw respondents recognise the threat of a successful cyber attack against automation and/or robotics systems – software increasingly being viewed as the next big thing for shipping. Forty percent of them anticipated that this would disrupt operations/manufacturing, while 22% even predicted that harm to human life would occur. And let us not forget that shipping has already seen big data breaches: just a few months before the Masterclass, shipping giant AP Moller-Maersk was hit by the infamous NotPetya cyberattack, while just over two weeks after the event's final day, maritime company Clarksons reported a security system breach.

A year in the making

For the challenge, the online qualifying rounds were skills-focused, while the face-to-face rounds featured varied themes over the year showing the reach of cyber security and its applicability across numerous sectors.

Themes of the 2017 face-to-face rounds included manufacturing, the Internet of Things and the military. However, aware of the risk of cyber crime presented to the shipping sector, the Challenge management chose to theme this year's Masterclass around the industry.

"There's been quite a bit of news recently to do with the threat to shipping, and we decided it was a wholly appropriate opportunity to raise the flag on this sector," says Nigel Harrison, co-founder and acting chief executive of the Challenge, who later noted that a number of different features in shipping were "vulnerable to being hacked and being subverted".

Teams competed around the clock

"There's a variety of options, a variety of challenges which anybody coming into the shipping industry could see and face, from industrial control systems to the theft of data and suchlike," he explains.

The Masterclass of the 2017 Challenge kicked off on November 12, with an action-packed programme of events from the off. On the first day, after having been placed into their teams, contestants were tasked with tracking down forensic evidence at various key locations around London. The activity served as a team-building exercise, allowing groups to get to know one another and learn different members' strengths.

The hunt begins

The next day, participants began the full competition phase, using some of the evidence they had found from their hunt. Each group was briefed that there were a team of rookies who had been brought in to aid the management of FFL (who had suffered the data breach) to sort out their network, defend it and find out what had previously gone wrong. The groups were given the company's complete infrastructure – including its emails, websites and firewalls – with players having to find out what the system's problems were and how to defend it. A number of tools were also made available for participants to use to help secure the infrastructure.

Gradually, the Masterclass' organisers added in what they call "red teams" – a live, malicious enemy trying to get into the system. Competitors had to identify this malicious activity occurring and fend it off – through measures like changing passwords and closing ports – and the teams also undertook forensic analysis.

Then, the stakes were raised ever higher. The red teams became more and more sophisticated, placing the teams under more pressure. Additionally, the groups were introduced to the task of defending some industrial control systems – systems and associated instruments used for process management. This came in the form of a mechanical arm, automatically controlled by a program that could move containers from place to place. A red team attempted to take control of the arm to use it for its own purposes. Though some teams ended up suffering quite a sustained hacker attack, some were able to fight off the red team and keep both the arm and industrial control processors secure.

The final Masterclass day held an extra challenge for the Masterclass participants with the opportunity to be an expert witness – a very real factor for cybersecurity experts. Competitors had to present evidence to a mock court, made up of real barristers, and answer quite detailed questions about their experience.

At the end of the Masterclass, organisers announced who they had judged to be the UK's cyber security amateur champions. Scooping the prize of overall team winner was Team Daman – named after Stephanie Daman, the late chief executive of the Challenge who died of cancer in June 2017. The group, who topped the points scoreboard, was made up of Caroline Haigh, David B, Harrison Speight, Joshua Green, Justin Rowley and Thomas Steven Brook – two of whom had not even reached their 20th birthday.

'Most exciting event'

Speaking to De Montfort University Leicester about his participation in the Masterclass, Mr Speight described the event as "one of the most exciting cyber events I've ever been to".

"It was really well organised and contained plenty of challenging exercises throughout the three days," he said. "I think this experience will help my future career, as the Masterclass is definitely something employers recognise as unique, and I feel super fortunate that I was able to compete in it."

Meanwhile, 22-year-old computer science student Mo Rahman was crowned as the best UK cyber security amateur after being deemed the top candidate against the entire group of competition assessors.

"[Mr Rahman] was viewed, particularly in light of his soft skills as well as his contribution to his team, as the best of the 42," Mr Harrison commented on the victory. "His technical skills and his soft skills shone to the fore and he was a really worthy candidate."

Mr Rahman described clinching the top prize as a "huge honour".

"Competitions such as this equip you to deal with a huge number of challenges and provide you with a direct route to industry," he said. "Cyber Security Challenge UK was a principal factor for my interest in cyber security and in kick-starting my career. The experience I have gained over the last couple of days is unrivalled and simply can't be obtained outside of these real-world settings. Working with industry experts has given me the confidence to enter the industry and pursue a career in an area that I have developed a true passion for." **SN**

To find out more about the Challenge, visit https://www.cybersecuritychallenge.org.uk.

"It is now a race against the clock to halt a major cyberattack on the shipping company's vessels and docks"

Team Daman was awarded overall team winner

A market out of synch

Vessel prices have not recovered to the same extent as freight rates, explains Basil M Karatzas

Basil M Karatzas

The volatility of freight rates in the shipping market has always been both a blessing and a curse: as bad as it is when freight rates enter a prolonged slump – like in 2015-2016 – it is as equally rewarding when the market swings to the other end of the pendulum. And freight rates do move fast and vehemently in unpredicted ways. The Baltic Dry Index (BDI) had quintupled between March 2016 and December 2017, a colossal improvement by any measure.

Since ships are priced and traded based on their current, and mostly on their future, earnings power, vessel prices tend to follow the volatility of the freight market. There is a time lapse of a few weeks and volatility of shipping asset prices is more subdued than freight rates, but every time that freight rates move in one direction, it's certain that ship prices will promptly follow.

> "The improving fortunes of the freight market over the last two years have not been entirely reflected in ship values"

For many independent ship owners, executing an 'asset play' strategy of buying low and selling high ships is a known trading strategy. In absolute terms, one can make much more money buying and selling ships when the market is right than from generating an operating profit from the ship's operations in the long term. In the more fragmented and less regulated dry bulk market, asset play is a rather widely-applied strategy for generating profits.

A low point

For those who care to remember, 2015 and 2016 were two abysmally-bad years for the dry bulk market, as the BDI established an all-time low in March 2016. There were many reasons for the Index reaching 296 points then (the lowest since 1988 when comparable data was recorded) and, at that time, dry bulk vessels were selling at a figure comparable to their scrap value, irrespective of their vintage and age. Many ship owners and industry observers during that period were pounding the table that prevailing asset pricing was affording once-in-a-lifetime buying/investment-opportunity.

Although in January 2018, the BDI index suffered a relative decline, the index, at the time of writing, still stood at a fourfold multiple of the market's bottom almost two years ago. Yes, stock equity indices and commodity prices have seen rising levels all along, but no other industry or index has experienced such a reversal of fortunes during this period (except perhaps for the speculative bubble accompanying the Bitcoin craziness). There has been a tremendous sigh of relief at the move of the freight market from the cash-burning, nail-biting, all-time-low freight rates to the profitable levels seen today and at the fair prospects looking forward.

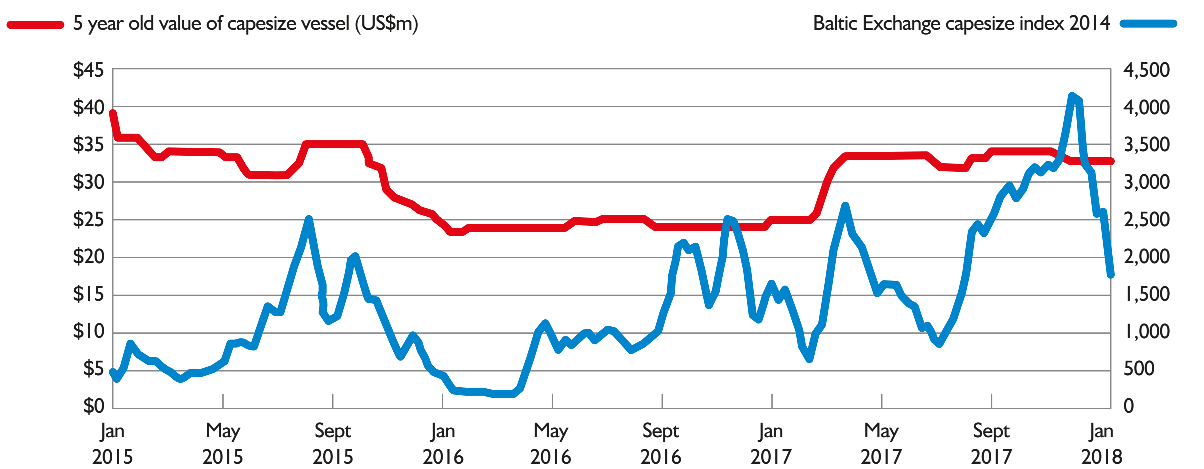
Given the magnitude of the upswing and the improving prospects of the market, one would have expected that shipping asset prices would be skyrocketing. At least, that is what has happened in the past, when asset prices moved stepwise with even small increases in the freight market. However, the truth of the matter is that the improving fortunes of the freight market over the last two years have not been entirely reflected in ship values.

True reflection?

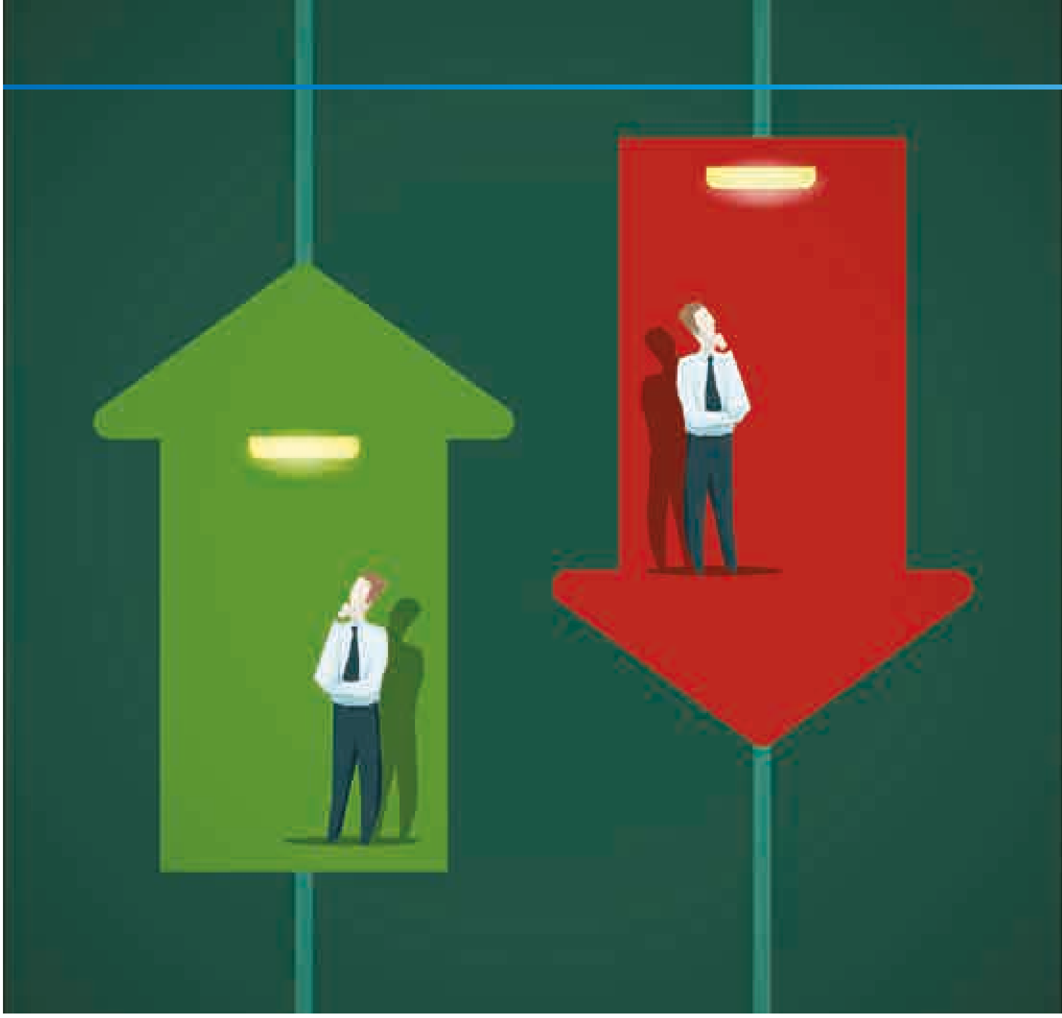
Of course, ship values for dry bulk vessels have improved over the last two years, and there has even been anecdotal evidence of older tonnage getting 'flipped' for more than 100% price appreciation within a year. As inspiring as such transactions have been, this has been only for a very limited sliver of the market.

In general, over the past two years, dry bulk asset prices have improved by 20%-50%, depending on asset class, vintage,

Capesize market asset price vs. freight rates January 2015 to present



Data source: Baltic Exchange



pedigree, age, circumstances, and so on. That is not to say that a 20%-50% asset appreciation is something to sniff at, but, again, when the freight market improves by as much as 400%, one has to wonder why this disconnect exists between freight rates and asset prices.

For illustration purposes, from data provided by The Baltic Exchange, prices and freight rates for the capesize market (one of the most volatile) are depicted, and it can be seen that while the Baltic Capesize Index has shown a fourfold increase (right axis) since January 2015, five-year old capesize vessels have barely moved in pricing in the same time interval (left axis). As pointed out earlier, not all segments behave in the same way, but for modernish capes, this has been a boring market as far as asset prices are concerned.

Exploring the disconnect

There are probably many plausible explanations, but, in our opinion, shipping finance is the main culprit for the disconnect. Shipping banks, the traditional source of capital for the industry, have systematically been curtailing their exposure to shipping, especially to the smaller, independent ship owners – who also happen to be the most active in the broader sale and purchase market.

Asset prices have been decimated and look very attractive by historical standards, but one needs 'fire power' to act, especially given that 2014-2016 was brutal and necessitated burning of cash by ship owners just to stay in business. With shipping banks unwilling to provide much leverage for purchases, collectively, there is little wind to lift the overall asset pricing market. Add to this that at the same time, private equity funds, capital markets and export credit facilities have also pulled back from the shipping industry, further exacerbating the lack of any additional lift to the market.

Since shipping asset prices are undervalued relative to the present freight market, it is implied that ship owners still have time to buy ships at relatively-low asset prices. The asset play boat has not left the port, so to speak. But again, without plentiful financial leverage in the future to allow ship owners to buy ships and to push ship prices higher, shipping assets will never really appreciate in lockstep with an improving freight market. This implies that the asset play strategy may not work with this business cycle and this by itself can act as a lid to any asset-appreciation strategy.

Of course, the fact that ships prices are not behaving in a yo-yo fashion with the freight market is not necessarily a bad thing. Having asset prices (and the financing behind them) fluctuating just because the freight market is jumpy is the sign of a competitive and fragmented market – and also a sign of an immature one. Ships are capital assets with high-capital-deployment upfront and long term, useful economic lives. Thus, they should be valued based on their long-term prospects, rather than on the whims of the daily freight market. That said, asset prices disconnected from the spot freight market may be a sign of a growing industry, as well as an industry shifting into a different gear. **SN**

Basil M Karatzas is the founder and chief executive of Karatzas Marine Advisors & Co, a boutique shipbrokerage and shipping finance advisory firm based in New York City. For more information, visit www.karatzas.com.

Crack down on fulfilment services

New regulations in the UK will penalise 'under the radar' e-commerce activities. Felicity Landon reports

Felicity Landon

When transport and logistics law specialist Howard Catherall gave a presentation on the UK's new Fulfilment House Due Diligence Scheme to a group of logistics and warehousing providers, he was – to use his own words – "stared at in utter disbelief".

Few were even aware of the upcoming regulations, which require any company engaged in fulfilment services to register with Her Majesty's Revenue and Customs (HMRC) this year and then to comply with some tough requirements. Failing to register in time will lead to significant penalties. The whole system goes live in April 2019.

"This is a huge change in an unregulated sector that is now going to be regulated. It creates a criminal offence of providing a fulfilment service without being registered. And if you don't do things properly and don't follow the rules, there are a series of penalties and HMRC might decide you are not a fit and proper person to be on the register," says Mr Catherall, a partner with Gotelee Solicitors.

"I can understand that warehouses will have been, up to now, happy to use any space to diversify into that part of the supply chain. But if you were looking at it now and what you would have to do to comply – would you really want to do this?" *Howard Catherall, partner, Gotelee Solicitors*

What's behind the new system? HMRC has identified what it believes is a £1.5bn VAT and Customs duty black hole where large amounts of e-commerce are taking place and fulfilment houses are being used by unscrupulous retailers, based outside the EU, which advertise goods for sale online.

"HMRC says there is systematic under-declaration of value and misdeclaration of goods, with no VAT being paid following the online sale," says Mr Catherall. "Through the introduction of this scheme, the fulfilment houses will take on the same type of burden as lawyers, bankers or accountants in relation to money laundering. In other words, it is firstly about knowing your client."

Each fulfilment house will have to have details of who exactly each customer is and, if the operator knows or has reasonable grounds to suspect that business or individual isn't meeting VAT/Customs obligations, there is an obligation to notify HMRC and not do any more business with that party. Any breach of that would lead to a £3,000 penalty. There is a real possibility that non-compliance could lead to a company going out of business entirely.

The fulfilment house will be required to keep records, VAT information, descriptions of the types of goods being stored, import entry numbers and other information.

"That in itself is particularly onerous – the operator has to do this for each and every individual or business based outside the EU selling goods on line when they are stored. It is just an incredible amount of work."

Shipping issue

So, who precisely will be caught by this new system? A clear target would be the individual who uses their spare bedroom or garage to store products on behalf of (for example) a Chinese individual or company. The company advertises the goods for sale online and once that sale is processed, the UK-based person gets instructions to send the product to the buyer in the UK.

But in the visible business world, HMRC's definition of a fulfilment house casts the net further than might be expected. A fulfilment house business is 'a person who by way of business stores third country goods, i.e. those imported from a place outside the EU member states, which are owned by a person who is not established in a member state, or stores third country goods on behalf of a person who is not established in a member state (such as an agent acting on behalf of the owner), at a time when there has been no supply of goods in the UK, and the goods are being offered for sale in the UK [for example, through Amazon or eBay] or elsewhere.'

In short, says Mr Catherall, warehouse operators considering (or already) using those spare shelves to move into 'added value' activities may well think again.

"I can understand that warehouses will have been, up to now, happy to use any space to diversify into that part of the supply chain. But if you were looking at it now and what you would have to do to comply – would you really want to do this?"

Given the small margins that warehouses operate on anyway, this burden is likely to favour larger operators which can spread the cost of putting the systems in place, he says. "If you are talking about a few spare shelves, it isn't worth it."

Trading Standards risk

Also, he warns, the implications could go further, into the grey area of trading standards and who is responsible for ensuring safety and quality of items being sold.

"Trading Standards will suddenly have access to a long list of fulfilment houses. They will come to your premises to look at the goods being stored. That will create considerable inconvenience. And, if it becomes plain that goods deemed to be unsafe have already left the warehouse, Trading Standards will ask – what checks did you do to determine if this was safe? Compliance with HMRC's Due Diligence Scheme puts the onus on you to open up a box to check it contains the 100 lamps it says it contains. If it transpires that the plugs were counterfeit or the marking on the product or packaging was not compliant, Trading Standards could say you have allowed products through that you should have known were unsafe. Allowing dangerous goods out would be a clear infringement and a criminal offence."

The new regulations are another example of 'joined up government', where multi-agencies – in this case HMRC and Trading Standards – are relying on private enterprise to find the solutions needed to ensure compliance, says port and logistics consultant Murray Gibson.

"Coming against a backdrop of increasing e-commerce, where the UK leads the field in Europe with close to 18% of all retail sales transacted online, and with both the fiscal and health & safety implications – we have all seen the exploding hover boards – it is surprising that regulation in some form or other has taken this long to surface."

E-commerce supply chains operate on sophisticated IT platforms, integrating the sales process with the storage and distribution, he says, and it therefore follows that a technological solution will be the answer to keeping warehouse keepers and fulfilment house operators compliant.

Mr Gibson says one of his clients is preparing to launch a Supply Chain 'App' specifically to deal with product safety compliance arising as a result of the Due Diligence legislation.

Warehousing consultation

The UK Warehousing Association (UKWA) has been part of the consultation group with HMRC on the new fulfilment house regulations, and its chief executive, Peter Ward, says there has been a "reasonable and robust consultation process".

"It is surprising that regulation in some form or other has taken this long to surface"
Murray Gibson, logistics consultant

"We understand the problem and the need to close the gap on uncollected duty and VAT," he says. "It has become too easy for people to buy goods from China or wherever, bring them in by whatever means, have it in their back bedroom and be a reseller on ebay."

UKWA is supportive of HMRC's process to tackle this, he says, but there are concerns.

"We have warned HMRC – how is this going to be policed? HMRC themselves don't have sufficient resources to police it and are likely therefore to push it back on the industry to police itself."

This, he says – based on previous experience – could lead to legitimate businesses being penalised.

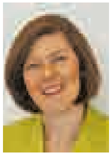
"A legitimate business forgets to put one tick in a box or submit one form in time, and HMRC comes down like a ton of bricks with penalties enough to put a company out of business – because, essentially, that business is doing HMRC's job for them.

"Legitimate businesses are prepared to help as far as they can and play their part in helping to catch fraudsters – as long as it doesn't become overburdensome and as long as HMRC doesn't come after those legitimate businesses."

Jonathan Williams, general manager of FONASBA, advises: "It is all about being aware and asking – does this impact on us? And what do we have to do? Companies operating warehousing need to understand this and check there is nothing they are doing that falls within the scope of the regulations." **SN**

Working towards gender equality

More needs to be done to put men and women on an equal footing, explains Karen Waltham



Karen Waltham

The issue of diversity and inclusion (D&I) has been a topic on the human resources (HR) and business agendas for many years. I can recall looking at D&I strategies in the banking sector over 20 years ago, when companies were keen to attract and retain the right talent for their businesses, irrespective of gender, ethnicity, race, disability, and so on. Depending on your background, you would have had individual views as to what this meant, what action was required and where real benefits could be achieved.

How long has D&I been on the maritime agenda? Gender is the topic which most people initially link. Quite naturally, the subject has had more airtime given legislative changes, particularly in the UK with the Equality Act 2010, which prohibited discrimination in employment, or in the provision of training and education, on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

So what progress is being made? Ahead of the 2015 UK election, Lord Davies' deadline for achieving 25% female representation in the UK's FTSE 100 boardrooms was imminent, and research at the time by telecoms company O2, which surveyed 2,000 women, highlighted that nearly 45% believed that women didn't hold senior-enough positions in their company. Additionally, 48% of those surveyed by O2 believed that the organisational decision-makers were men. Three years on, are companies doing enough? Are women doing enough? Are men doing enough? And where is the maritime industry in their thinking globally?

Making change

The essence of D&I is not about introducing more policies or procedures, or about the introduction of training programmes. This is about a change agenda. Change takes time. However, setting the right environment and promoting and supporting the debate in the business environment shows that there is an appetite for change.

The report Breaking the Boardroom: A guide for British businesses on how to support the female leaders of the future from 2015, produced in conjunction with the Chartered Institute of Personnel and Development, explained the benefits

"Shipping as an industry is seeing an increase in females in maritime academies, more females considering a career at sea and an increase in females in leadership positions both at sea and on shore"

Women are catching up, but not quickly enough

of considering three questions when laying the groundwork: (i) looking at the gaps, (ii) considering what success may look like and (iii) thinking about who the target audience should be. These will be different for every company and should be adjusted relative to individual organisations' business strategy and direction.

Is this issue about senior women's development? We need to be mindful that some may see the opportunity to just 'tick the box' if they implement a programme. How do we address the need for such initiatives to be part of a wider cultural adjustment, which includes everyone at every level? How about running programmes for senior men to help them to understand how women operate differently and how other companies have benefitted? If all-male boards or senior leadership teams have not seen or experienced the benefits of a more diverse mix (or perhaps have had a bad experience), particularly in gender terms, they have nothing to use as a gauge or benchmark.

Certainly, across the maritime industry, the number of women in leadership positions has grown quite considerably over more recent years. It's a fact of life that if you have a good experience, you will be keen to repeat it – versus any bad experience, which you will choose to avoid in the future. Instead of statistics about women breaking through glass ceilings, how about figures relating to the number of men requesting part-time roles or choosing stay-at-home dad career choices year-on-year?

The current state of play

In the 2017 Maritime HR Association annual salary survey, 95% of the 22,000 incumbents reported on had their gender identified. This represents a reduction in the number of "Unknown" gender records within the data set when compared with last year – from nearly 13% in 2016 to just 5% this year. Perhaps this is illustrative of the ease of access of this information and the perceived relevance and importance of it. However, the study also showed that the proportion of women employed within the membership typically decreased as seniority increased, regardless of job function or location. Over 76% of the female workforce operated in administrative, junior and professional-level roles, with very few reaching managerial level or above. Just 0.17% of the female sample had a place on an executive leadership team.

The proportion of men and women varies according to the type of work they are undertaking. Within the Maritime HR Association, men dominated roles requiring an engineering focus, such as newbuilding and technical, marine and safety and quality – as well as executive-level positions. In contrast, women were most likely to be found in support functions such as crewing and corporate support (HR, finance, IT, marketing and admin support – HR and marketing particularly).

High-level analysis of the nationality of staff, regardless of where they work, showed the lowest representation of females among American and Norwegian employees, around 25%. Filipino women were most heavily-represented, at 65% of the workforce. However, the vast majority of them worked in administrative and professional-level roles – with very little representation at supervisory-level and above. The most common nationalities within the data set showed a similar picture, with Norwegian women more likely to reach director-level and Chinese women most likely to work at junior-level.

Looking ahead

However, increasingly, we are seeing the gender changes in previously-stereotypical jobs. Shipping as an industry is seeing an increase in females in maritime academies, more females considering a career at sea and an increase in females in leadership positions both at sea and on shore. You only have to do the maths to understand that if you increase females at the bottom of the career ladder, it will take time – in fact, years – for this to be seen, felt and evidenced up hierarchy lines – and, ultimately, in leadership roles and in the boardroom.

Often, when we ask women to be role models and inspiration for others coming up through the ranks, some will highlight and share the challenges while others will not see themselves as different. Certainly, women's networks in the shipping industry, like the Women's International Shipping & Trading Association, have played a role in supporting new recruits. Now, how about looking for male role models who have embraced women and gender diversity, which may include initiatives throughout their organisations, and can share the comparative experiences, positive and negative, for both genders at all levels? We can celebrate the changes to date, whether they be in education, government policy or business strategy.

April 4, 2018 is the next big date in the UK agenda, when companies with over 250 employees are required to publish the results of gender pay gap analysis on their website. While pay is a totally-different topic, it's worth noting, from the Maritime HR Association salary survey data, that the mean pay gap between men and women is 46.4%, with a mean bonus gap of 67.6%.

Let's all start thinking outside the box in support of this journey, and we will thus enjoy a great gender mix at all levels. My conclusion would be that while maritime is not necessarily that far behind other companies in terms of gender, it's necessary to respect that there is still work to be done. The wider conversation about the fuller D&I debate would be best left for another day. ***SN***

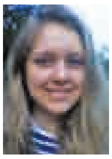
Karen Waltham is managing director of HR Consulting from Spinnaker Global. For more information on HR Consulting, visit https://hrc.spinnaker-global.com/.

Credit: IMO

The IMO supports gender parity in shipping

Offsetting continuity against change

Faststream outlines the shifting sands of maritime recruitment in 2018, finds Kate Jones



Kate Jones

Maintenance of the status quo in some places coupled with significant upheaval in certain areas: that's the main takeaway from Faststream Recruitment Group's Mark Charman's 10 essential maritime recruitment trends for 2018.

The chief executive of the shipping and maritime recruitment company forecasts the year ahead to be one of a continuation of certain trends from last year, such as the state of salaries and bonuses, as well as a maritime hiring resurgence. But that's not the end of the story, because 2018 will also be a year that will see new trends come to the fore, such as growth in senior executive recruitment and a hiring boom in the big data and digital areas.

In his analysis, Mr Charman believes that salaries and bonuses in the sector will remain mainly static in 2018. "With the exception of a few areas, 2018 will see little change in compensation and benefits in the wider sector," he explains. "2017 saw the full expat package become increasingly rare, with companies preferring to pay all-in-total-cash and a continued narrowing of the pay gap between the main shipping hubs. We expect this year to see only inflationary rises in base pay with moderate bonuses, and in some of the more challenged areas of shipping, possibly no change at all."

In the dry sector, Mr Charman says, hiring will pick up – but it will be challenging. "We saw lots of hiring action within the dry sector during the last three months of 2017, and the projects we have on the books paint a positive picture for 2018. This increased hiring action has also seen a firming up of salaries in the sector, but this may not be enough to persuade many experienced people who left dry during the tough times to return. Employers will find a skills-shortage in particular for mid-career and experienced senior talent."

> "The best talent across the board in maritime are in jobs, being bearhugged by their current employer, and know they will have multiple options if they [were to come] on to the jobs market"

Top notch talent

Another key trend for the year ahead, Mr Charman anticipates that competition for the best talent in the maritime world will be "fierce".

"There was a general resurgence in maritime hiring in the second half of 2017, and this trend looks set to continue for at least the first half of 2018," he notes. "The best talent across the board in maritime are in jobs, being bearhugged by their current employer, and know they will have multiple options if they [were to come] on to the jobs market. Companies will need to be fiercely competitive to hire the best talent and will need to focus on their wider value proposition as an employer."

When it comes to recruitment in the offshore sector, an uncertain future lies ahead. Mr Charman quips that sentiment in this area will be "up and down like [a fiddler's] elbow". "Some months, it seems that hiring in the offshore sector is back and we are off down the long road to recovery, and some months, companies are laying off again and the light at the end of the tunnel was actually a train coming," he comments. "While there is some opportunistic hiring in the offshore sector and more talk about a recovery, there hasn't been a great uptick in hiring, and quite frankly, I don't expect this to change drastically in 2018."

Changes in the norm

Another prediction foresees technology and big data increasing in importance in the recruitment sector. "Big data and digital is the future of maritime, and 2018 is likely to see a boom of hiring in these areas," Mr Charman notes. "Finding talent for this sector requires a change of tactics from traditional maritime recruitment, and it will be a question of whether maritime can do enough to tempt the best people away from the uber-cool and big-paying tech companies."

The cruise industry is also facing challenges: a return to the offshore industry could be a big challenge for cruising, as officers are swayed by what offshore can offer. "With over 90 cruise ships being built, new types of vessels and new types of companies entering the market, hiring in cruise will continue to [be big]," Mr Charman anticipates. "However, it is not a case of 'if you build it, they will come' for cruise, with demand already outstripping supply for cruise-newbuilding talent. When it comes to hiring on board, companies are increasingly having to look outside of the sector, whether they are hiring a captain or a chef de partie."

He adds: "A major threat to cruise would be the return of the offshore sector, where officers may jump ship for the higher salaries and shorter rotations on offer."

For the superyacht industry, the significant amount of large yachts under construction means that personnel will be needed – and superyacht recruitment will also become more sophisticated.

"There are over 100 big superyachts being built right now, which means there's going to be a lot of crew to hire," the Faststream boss explains. "With the yachts getting larger, technology becoming more complex and owners' requirements getting extraordinary, the hiring process in superyachts is changing – for the better. Who would have believed a chief purser being credit-checked for a job on board, or a psychometric test for a steward as part of their interview process? Well, it's happening, and this will be the new reality for superyacht recruitment in 2018 and beyond."

All change at the top

Mr Charman's penultimate trend for the world of maritime recruitment in 2018 is the notion that it will be "all change" when it comes to senior executives, with those working in shipping-related companies potentially seeing their senior leadership transformed.

"The second half of 2017 saw a huge uptick in senior executive searches, and there is no sign of this slowing down in 2018," he says. "In fact, we predict that this year will see even more senior executive recruitment as companies reshape their senior leadership teams to meet or capitalise on market opportunities. I am pleased to report that much of our current search work is as a result of companies growing or entering new markets."

Mr Charman's final prediction for maritime recruitment this year concerns Faststream Recruitment Group itself. Here, the organisation boss says that 2018 will see the company go back on the offensive.

"In 2017, we successfully met our objective to replace all the fee income we lost in the oil and gas downturn with maritime business, and 2018 will see us move back to going on offence," Mr Charman explains. "This year, we plan to expand our geography, increase our maritime sector offering in some key markets and grow our consultant numbers. All in all, we are working hard to grow our position as global market leader."

There's much to watch out for when it comes to maritime industry-recruitment in 2018 – a year that looks set to see some parties succeed where others fail. Those unable to keep on top of recruitment developments could get left behind. *SN*

"Companies will need to be fiercely competitive to hire the best talent"

There was a resurgence in maritime hiring in the second half of 2017

Land ice loss a shipping problem

Rising sea levels are not only a consequence of melting sea ice, but also land ice, writes Vittorio Lippay

Vittorio Lippay

The scientific community agrees that sea levels will rise significantly over the next few decades as a consequence of global warming. In the recent past, the oceans have absorbed 90% of the planet's heat increase with a substantial expansion of oceanic mass. Heat also reduces the cryosphere, the Earth's regions covered by ice. Seventy-five percent of the global rise in sea level is expected to be caused by water mass-expansion plus the decrease of land ice. However, it is not the ice already in the oceans that is increasing the expanding liquid-mass of seas and oceans. The global balance is being altered by the fate of ice on land.

Concerns focus on the Greenland and Antarctic sheets. Demise is faster in Greenland: the loss is approximately 286 gigatons a year – versus 127 gigatons a year in Antarctica. A gigaton is the equivalent of 1,000,000,000 metric tonnes or 3,345 very large crude carriers. Between 1992 and 2001, the loss rate in Greenland alone was 36 gigatons a year.

Shore installations, like ports and warehouses, are vulnerable to sea levels rising, with direct consequences for the shipping industry. Data available from tidal gauges shows that sea levels have been rising continuously since the mid-19th century (on average, 1.7 mm-a-year from 1901 to 2010, according to the Intergovernmental Panel on Climate Change, or IPCC). Altimeters on satellites, which started providing precise and continuous monitoring of sea levels in the 1990s, confirm an accelerated sea level-rise of 3.2 mm-a-year from 1993 to 2010, an increase that is expected to continue as more ice melts. The two phenomena are unquestionable: only the extent and speed of the melt are disputed.

The IPCC, established in 1988 by the World Meteorological Organisation and the United Nations, has the task of providing estimates concerning the future developments of climate change. The IPCC periodically summarises the contributions of thousands of top scientists in their specific fields and since 1988, the organisation has published five comprehensive assessment reports, with the sixth report currently underway. Reports are based on four different scenarios of human-induced climate change, defined as Representative Concentration Pathways.

Each pathway considers the effects of greenhouse gasses (GHGs), mainly CO_2, in terms of radiative forcing (watts per square metre) consequent to socioeconomic factors on a world scale. Radiative forcing occurs when the temperature on a planet rises because less energy is radiated into space than received. GHG lets solar radiation come in but hampers emission into space, causing radiative forcing on Earth. During the Regional Sea Level Changes and Coastal Impacts conference held at Columbia University in 2017, the World Climate Research Programme and the Intergovernmental Oceanographic Commission recognised that regional sea level-change and

Credit: Antonio Bovino

Disappearing land ice could have catastrophic consequences

its coastal impacts are a 'Grand Challenge' and as such an absolute priority for scientific research worldwide.

Global and local sea-rise

The sea level across the whole planet is defined as the global mean sea level (GMSL). In a specific location, such as a port, it is known as the local mean sea level (LMSL). The two quantities are connected. The uncertainties in the IPCC projections arise because of factors like, for instance, whether or not the world population increases to a certain figure or the efforts to reduce greenhouse warming succeed or fail to maintain the global temperature increase at two degrees Celsius over the pre-industrial era. The four pathways represent an attempt to provide decision-makers with a broad spectrum of hypotheses on the consequences of each event proceeding.

According to these scenarios, by 2046 to 2065, the GMSL could rise by 0.24 to 0.30 metres. Additionally, between 2081-2100, the GMSL could increase by 0.40-0.63 m (according to the fifth ICC Report). There is also a 65-in-100 chance that by 2046-2065, the rise will amount to 0.17-0.32 m in the best-case scenario – and 0.22-0.38 m in the worst.

Uncertainty in the projections lies on how the land-located cryosphere reacts to a changing climate, an actively-researched subject. The Greenland Ice Sheet and the West Antarctica Sheet are seen as the more immediate contributors to sea level-increases in the future. If totally melted, they could each contribute to a hike of around 7 m and 5 m respectively.

Innovative tool

Wave height increases with the level of waters, moving the breaking point (the overtopping) nearer to port structures, thus causing a copious over-spilling of seawalls. Japanese research from 2013 evaluated the negative impacts of local sea level-rising on extreme phenomena after Typhoon Vera, which caused a storm surge of 4 metres in Japan in 1959. The research found that a stronger typhoon caused by global warming, combined with a sea level rise of 60 cm, would lead to an increased run-up height of the waves, necessitating a threefold rise of the height of the sea wall for protection.

The planning and construction of a seawall takes 10 years on average. Planning for effective countermeasures requires forecasting instruments on the expected sea level-rise for each port. Knowing where the ice will melt matters, as impacts on LMSLs are regionally-different.

NASA and its Jet Propulsion Laboratory (JPL) monitor polar ice sheets using aircraft and satellite gravimetry. The Natural Environment Research Council's Centre for Polar Observation and Modelling at the University of Leeds monitors ice thickness via Cryosat, a satellite launched by the European Space Agency.

Using simulations of ice melting in different zones, Eric Larour and co-workers at JPL advantageously used a fingerprint linked to gravitational effects, that points to specific melting areas, to forecast the impact of these on ports worldwide. When an ice sheet melts, its gravitational attraction on surrounding waters decreases, leading to a local decline of the sea level – which triggers a rise somewhere else. Mr Larour used two models of ice-melting. On a 200-year timescale for Greenland ice only, a global sea level-rise of 46.8 cm was found to yield a local rise of 23 cm in New York and 9.2 cm in London (according to the Simulation Code for Polythermal Ice Sheets model). A GMSL rise of 92.9 cm yielded a local rise of 15.4 cm in London and 48.1 cm in New York (according to the University of Maine Ice Sheet Model). Therefore, New York is more exposed to ice melting in the northern, rather than the southwestern, parts of Greenland. Conversely, rising exposure in London is linked to melting in the north-northwest of Greenland.

Until now, planners could only rely on projections providing just one figure: the impact of global ice-melting on sea levels. Now, NASA's JPL can provide coastal planners with finely-tuned local projections for designs or necessary adaptations of shore installations and port facilities.

"People think Greenland is far away: what happens there, where and how much ice melts is not going to really affect their lives. By evidencing the figures of local impacts, our work helps them appreciate that what is happening to ice, and where, actually matters a lot," Mr Larour says in an interview with *Shipping Network*.

The tool provides sea-level projections for 293 ports worldwide. JPL's team is also working on improving the product with tide data, climate projections and simulations of extraordinary events like typhoons. Such improved versions could become invaluable for exploring future drafts in many ports.

A challenge and a chance

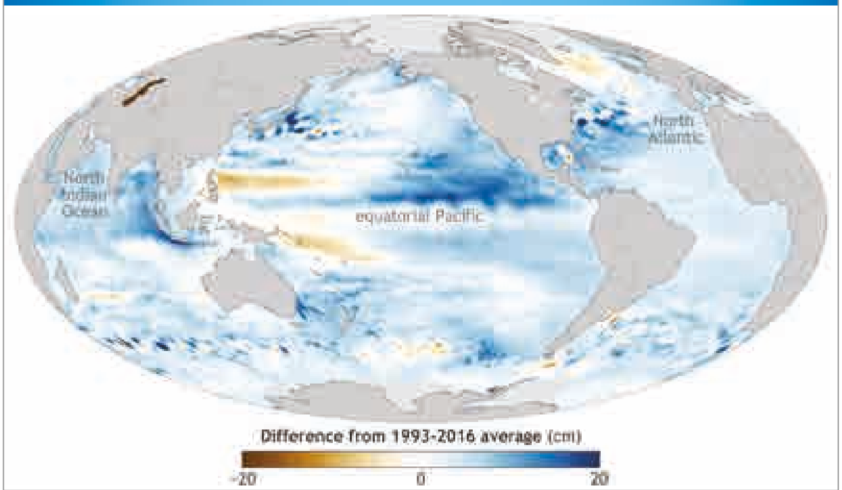
Matt Hauer of the University of Georgia in Atlanta analysed, in 2017, the demographic consequences of unmitigated sea level-rising, which in the US alone could move millions of people from coastal communities towards landlocked territories, thus reshaping the population. However, contrary to expectations, a unique retrospective analysis by Monika Novácková and Richard Tol from the University of Sussex revealed that there were no negative effects from previous sea level-rises on the American economy. Instead, there were perhaps slightly positive consequences. This is likely to hold true for other developed countries.

The best countermeasure against sea level-rising is climate proofing, whereby new structures and installations are designed and built in view of future developments and projections. Britain already applies climate proofing. Gradual countermeasures, as the levels increase, are another practicable way to protect assets. Being at the forefront of these changes, the shipping community worldwide needs to keep a vigilant eye on these trends and take action where it is needed. **SN**

Vittorio Lippay is a Member of the Institute. The link to the JPL tool can be found here: https://vesl.jpl.nasa.gov/research/sea-level/slr-eustatic/.

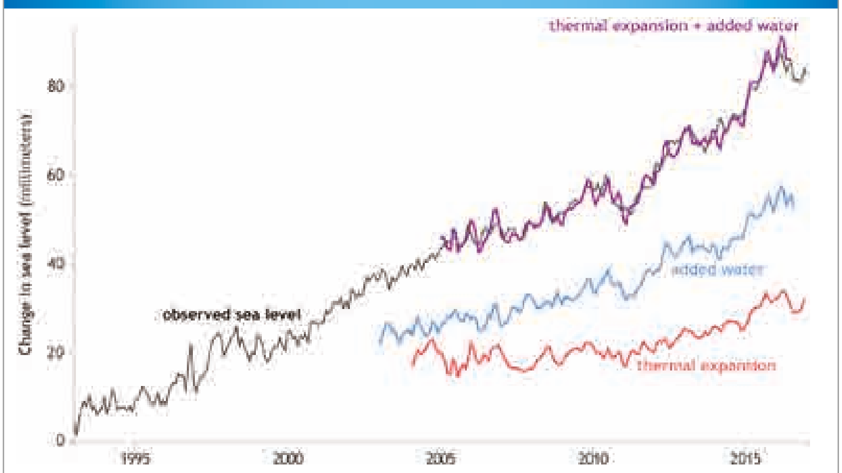
"People think Greenland is far away: what happens there, where and how much ice melts is not going to really affect their lives"

Difference in sea levels over time



Credit: NOAA

Global sea level rise: change of sea level in mm



Credit: NOAA

Examinations results

Matt Gilbert reports on a record-setting November examination sitting

Matt Gilbert

The additional series of exams taking place in November is now firmly rooted in the Institute's calendar, enabling quick re-takes, rolling study plans and those who wish to get cracking with a fast-track assessment option early in the academic year. With a maximum five-year period of studying professional qualifying examinations (PQE), it can also reduce stress for those sailing close to the deadline.

In the 2017 sessions, just over 950 students registered to sit almost 1,600 examinations in the full range of 16 subjects in over 40 of our standard examination centres worldwide and we are delighted to report a record number of completers for the November 2017 session. Head office is now focused on making sure everyone knows the next steps to applying for election to membership and gaining MICS. Well done to all our achievers and to everyone who took part! A brighter career awaits you and the Institute is also brighter for your continuing participation. SN

FOUNDATION DIPLOMA

Country	Name	Foundation diploma in:
Greece	Thomais Dova	Dry Cargo Chartering
Kenya	Margaret Waweru	Marine Insurance
Uganda	Diana Businge	Port Agency
United Kingdom	Charlotte Kelly	
Kenya	Ruth Muasa	
Netherlands	Pim Steenhuis	Port and Terminal Management
Netherlands	Job van der Kroft	
Cyprus	Maria Markides	Shipping Finance
United Kingdom	Michael Petty	Tanker Chartering

ADVANCED DIPLOMA

Country	Name	Foundation diploma in:
United Kingdom	Keval Dhokia	Dry Cargo Chartering
United Kingdom	Victoria George	
Kenya	Najash Mdathiru	Logistics and Multi-Modal Transport
South Africa	Byron Vather	
South Africa	Robin Vermeulen	
Ghana	Bertha Yeboah Asuamah	Marine Insurance
Kenya	Philemon Mchana	Port Agency
United Arab Emirates	Padina Saffarzadeh	
Netherlands	Peter-Paul Wagenborg	
Kenya	Ellah Kiyangu	Port and Terminal Management
Kenya	Jesca Mary	
South Africa	Brendan Van Niekerk	
United Kingdom	Dean Reddish	Ship Operations and Management
Italy	Alessandro Romano	
Greece	Kelly Sklavounos	
Ukraine	Yuliia Smishna	
Ukraine	Yuliya Surovtseva	
Ukraine	Mikhail Anatoliyevich	Ship Sale and Purchase
Cyprus	Konstantia Loizou	
Cyprus	Alexander Romanov	Shipping Finance
Ghana	Prisca Chendjou	Shipping Law

PROFESSIONAL QUALIFYING EXAMINATIONS COMPLETED

Country	Name	Country	Name
Australia	Matara Perera	India *continued*	Pratik Padalkar
	Nicholas Brewer		Rajendran Sellamuthu
Bulgaria	Bilyana Hristova		Ramesh V R
	Krasimir Ivanov		Sidhartha Sarangi
	Valentin Moskov		Varun Rathee
Canada	Shujun Li	Ireland	Amelia Mitchell
China	Guilherme Figueiredo		Joseph Richardson
Cyprus	Constantinos Philippou	Kenya	Lucas Katema
	Despo Zannetou		Matuku Mbithuka
	Diamanto Xenophontos	Mauritius	Rechad Mamode Ally
	Eva Stavrou	Myanmar	San Toas
	Marilena Morphaki	Netherlands	Maria-Nefeli Mintilogliti
	Polina Chimonidou	Nigeria	Ayodeji Oluleye
Ghana	Kwesi Saforo	Singapore	Hwee Ching Lee
Greece	Anis Naccache		Jia Ling Ee
	Asimina Charcharou		Nishant Khera
	Christina Gkionai		Qing Hao Sim
	Dimitrios Zacharis	South Africa	Goscelin Gordon
	Efcharis Rocanas	Sri Lanka	Harshani Fernando
	Elena Roulia		Mantrige Lawrence Dias
	Eleni Mavrea		Shane De Alwis
	Evangelos Tsioumas	Ukraine	Oleg Parashchenko
	George Kefalos		Oleksii Chebotar
	Ioannis Ioannidis		Sergey Vakulich
	Irene Piperaki	United Arab Emirates	Anishkar Baskaran
	Irene Skinitis		Aristeidis Georgokopoulos
	Leonidas Manolis		Lindsay Smith
	Manolis Mihaletos		Luke Macbourn Corera
	Michael Plexidas		Ranju Kumari
	Michail Georgiou		Sofia Nikolopoulou
	Michail Tziovas	United Kingdom	Christakis Ntiso
	Nicolas Trantas		David Patten
	Niki Baka		Dimitrios Panagopoulos
	Nikolaos Aidinis Antonopoulos		Elli Kefaloukou
	Paraskevas Kousounadis		Ioannis Manolis
	Paraskevi Moraiti		Kehinde Afolabi
	Petroula Nikoloulia		Kristina Chapple
Hong Kong	Gareth Jones		Louis Jones
	Wan Wang		Orestis Bakas
	Weibin Zhang		Richard Brooks
India	Anuj Gandhi		Styliani Terezaki
	Firdaus Ahmed		Svitlana Zakatsura
	Krishna Venketaraman		Thomas Chapman
	Prasenjit Maity		

Deserving of a place

The Institute welcomes four new Bye-Law 50 Members to its ranks

Most people looking to join the Institute need to go through the process of examinations or preparing a dissertation in order to be eligible for election to membership, but there is an alternative route to membership through Bye-Law 50.

This clause, which allows people to join the Institute without going through the examination or dissertation process, is reserved for individuals that the Institute's Controlling Council judges as having considerable influence in shipbroking and having demonstrated a commitment to the Institute by offering long-term support. Individuals must also be deemed to be expected to continue to provide such support.

Bye-Law 50 membership requires a majority vote of at least three-quarters of Controlling Council members who are present and eligible to vote on a resolution passed by the executive body.

One person who has recently been granted Institute membership, in this case within the Pakistan Branch, under Bye-Law 50 is Rear Admiral Asif Hameed Siddiqui, general manager for operations at the Karachi Port Trust. This role follows a distinguished career in the Pakistan Navy which saw Rear Admiral Hameed Siddiqui hold internationally-recognised posts. The new Institute member has actively supported the Pakistan Branch by supporting Institute open days in Karachi in Pakistan as well as the Branch's participation in World Maritime Day in the country.

"I feel fortunate to be on the register of those who matter most in this field as subject-matter experts"

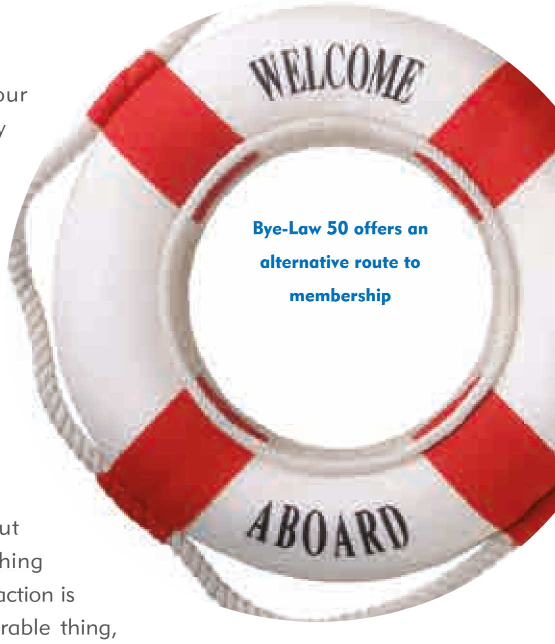
An important goal

"Being in the naval profession for over three and a half decades, I consider myself fortunate enough to be actively involved in the planning and safeguarding of my country's Blue Economy," Rear Admiral Hameed Siddiqui says to Shipping Network. "Recently, through my exposure to maritime shipping and port operations, I have wanted to learn more and more about shipbroking and chartering.

"Given that shipping is an ever-growing, expanding field, I considered myself left-out and destitute of some fundamental essentials of shipping and chartering before becoming a member of the Institute," he continues. "Having now been given Institute membership, I feel grateful to be able to indulge myself more and more in this domain and improve my 'sea blindness' as regards the Blue Economy."

Rear Admiral Hameed Siddiqui believes that growing maritime trade means that those involved in the industry need to keep aware of the latest shipping business trends.

"I believe awareness and interaction in this domain is vital to our food and energy securities, as it will bring 'the three Ss' – safety, speed and security," he says. "The shipping industry is a vibrant, massive industry and a dynamic field, and if you want to make your way up at any stage, you have no option but to learn about it – and the Institute is the best platform for this. Going to work is good, but doing something with job satisfaction is the most desirable thing, and I think knowledge about shipbroking and chartering is vital."



Bye-Law 50 offers an alternative route to membership

In response to the question of what he hopes Institute membership will bring for him, Rear Admiral Hameed Siddiqui adds: "I feel fortunate to be on the register of those who matter most in this field as subject-matter experts."

Other Bye-Law 50 members

Rear Admiral Hameed Siddiqui is joined by new Institute member Samuel Edmund, also accepted under Institute Bye-Law 50. Mr Edmund joins the West Africa Branch. He is executive director of Oil Marine Agencies Ghana, and was instrumental in establishing the West Africa Branch by offering a home for the organisation in his office and actively supporting branch events. Mr Edmund actively encourages all his staff to undertake the Institute's exams and offers his conference room for local prep and other branch meetings.

Institute Bye-Law 50 has also allowed Wellington Koo, the executive director of Valles Steamship Company, to become a member of the Hong Kong Branch. Mr Koo has been an active supporter of the Hong Kong Branch, including financially-supporting branch events and encouraging staff to undertake Institute exams. Aside from his Valles Steamship Company role, Mr Koo is a member of ClassNK's Hong Kong Committee, a member of the Executive Committee of the Hong Kong Shipowners Association and a Council member of Intertanko.

Finally, Michael Ewings has been granted Institute membership, for the Ireland Branch, under Bye-Law 50. Mr Ewings was managing director of his own company, MF Ewings & Co, for 35 years, before selling the business to Clarksons and becoming director of Clarksons Port Services in 2015. Within these organisations, he has promoted the Institute and encouraged students. Mr Ewings has also supported the Ireland Branch with financial and personal support at events and fundraising throughout his career. *SN*

Countdown to IMO 2020 deadline

Regulatory pressures remain a key determining factor in freight performance, finds Louisa Follis

At the start of 2018, and despite some seasonal weakness in the Baltic Dry Index, overall macro-indicators suggest a buoyant commodity environment for this year. In late fourth quarter 2017, the World Bank projected global growth of 3.7% for 2018, up slightly from last year and in comparison with 3.1% in 2016. The organisation highlighted India, Brazil and China as three main drivers of this expansion, which should, therefore, support the shipping industry's firm trade-demand expectations.

In addition, the slowdown in newbuilding ordering through 2015 and 2016 will bring relief to some owners contending with heavy vessel-delivery numbers through much of the decade. At the start of 2018, Simpson Spence Young (SSY) figures reported that the dry bulk carrier orderbook stood at just over 10% of the fleet, somewhat inflated from the flurry of ordering in the final quarter of 2017, which compared with 21% at the beginning of 2015 and 67% at the start of 2009. The tanker orderbook on January 1, 2018 stood at approximately 13% of the fleet, according to SSY.

But while these factors will provide some support to vessel utilisation and freight rates over the coming 18 months, regulatory pressures will be a key determining factor for the freight markets and sale and purchase decisions as we approach the end of the decade.

> With less than two years to go, the industry remains cautious as to how it will adapt to the tighter rules and on how these new limits will impact rates

Curbing ship emissions is more important than ever

Credit: Roberto Venturini

Sulphur limits

As of January 1, 2020, the International Maritime Organization (IMO) is mandating a dramatic cut in bunker sulphur limits, to reduce air pollution from ships, from the current 3.5% to 0.5% – essentially a shift from fuel oil to a lighter distillate-blend. According to the IMO, this will reduce sulphur oxide pollution levels and result in "major health and environmental benefits for the world". With less than two years to go, the industry remains cautious as to how it will adapt to the tighter rules and on how these new limits will impact freight rates. In a practical sense, for owners and operators, compliance will be complicated and the impact on refineries could be significant.

"It looks like the IMO is not going to postpone the regulations," said Michael Friis, tanker projects manager at Braemar ACM, "and this could be one of the biggest game-changers the industry faces in a long time."

Mr Friis pointed out that concern was mounting over the general shortage of low-sulphur fuel and dislocation between supply and consumption.

"The implementation of the new rules could prove to be an operational nightmare," he said. "I am not sure that the industry is ready for the impact."

Even with a shift in refinery configuration and an increase in blending, the 2020 regulations will inevitably result in higher fuel bills, with the fuel oil and mid-distillate markets pricing, at the time of writing, a $200 spread between the two fuel types.

"Owners having to burn higher-cost low-sulphur fuel oil may seek class dispensation," said Vikki Koumis, chartering manager of Austbulk. "The consequences of such a rule change is very expensive for any owner."

Hidden costs

For the tanker markets, and using Worldscale as an example, this could be factored into the annual adjustment on the bunker price each year, and ultimately, owners would look for the additional fuel costs to be paid for in freight rates. This could also result in slow-steaming from 2020. Whether this is achievable or even desirable in the current environment is up for debate, particularly as there is the issue of policing the new rules and the issue of consistency worldwide.

There are technical solutions under consideration too. For the container sector, a shift towards gas-fuelled vessels is emerging, with such newbuilding orders in evidence though Q417. For tankers, and particularly bulk carriers, however, the take-up of such energy appears to be a long way off, although newbuilding quotes in Korea are increasingly appearing with LNG-fuel options.

Yards are also offering newbuilding options as being 'scrubber-fitted' or 'scrubber-ready', with flag-approved exhaust gas cleaning systems to use with high-sulphur fuels. Retrofitting

Tanker talk

In its first *Oil Market Report* for 2018 and at a time of three-year highs in crude prices, the International Energy Agency (IEA) forecasted additional global oil demand growth at +1.3m barrels per day for the year as a whole. This compares with the faster expansion of +1.6m bpd now estimated for 2017.

The IEA cited the impact of higher oil prices, changes of oil use in China, some weakness in Organisation for Economic Co-operation and Development (OECD) demand and the shift to natural gas in a number of non-OECD countries as the reason for the softer expansion trend this year. However, it acknowledged that the outlook was a "conservative number" given the current perception of "healthy global economic activity".

On the supply side, the IEA pointed out pressures to the markets from OPEC's cut discipline in late-2017, disruption to Libyan output and, in particular, the drop in Venezuelan production at the end of last year. The IEA described the trend in Venezuelan crude output as a "mounting concern" and assumed the declining pattern would continue in the current political climate. For the shipping markets, this could spell some shifts in trading patterns and volumes.

"If output and exports sink further, other producers with the flexibility to deliver oil similar in quality to Venezuela's shipments to the US and elsewhere, including China, might decide to step in with more barrels of their own," the IEA reported.

Partly as a result of this outlook, the IEA expects non-OPEC production to rise, particularly from the US, so long as prices remained supportive. As a consequence, the IEA raised its forecast for non-OPEC production for 2018 from 870,000 bpd to 1.1m bpd and noted that "very soon, US crude production could overtake that of Saudi Arabia and also rival Russia's". **SN**

such scrubbers is under consideration by some and could be the most cost-effective under current circumstances. But to date, according to brokers in London, there are no definitive examples in the bulk sector. Clearly the technical viability of such a move, plus the capital outlay required to purchase and install the equipment (which could run to several million dollars), is proving a dilemma amid the volatile earnings outlook over the next two years.

"Many owners on the dry side at least could steer towards operating more vessels to avoid technical costs," said Ms Koumis, who pointed out that the new regulations and general uncertainty could have an impact on the overall sale and purchase markets in the near-term. "As a smaller owner, it makes sense for us to hold off on further sale and purchase transactions until the picture becomes clearer," she says. She was clearly reflecting the widespread 'wait-and-see' approach that much of the industry is taking before embarking on fleet changes. **SN**

Credit: Roy Luck

General uncertainty could impact the sale and purchase market

Boxed up

At the Asian Financial Forum, held in Hong Kong in January, the International Monetary Fund highlighted the firm conditions in the global economy, echoing the general macro-sentiment in play at the start of the year. This should bode well for the demand side of the container markets and followed bounce-back in ocean freight volumes from 2017, as highlighted by Clarksons in an early Q1 report where the broker reported the fastest year-on-year global seaborne trade growth since 2012 at +4.1% to 11.6bn tonnes.

In the container sector, port throughput volumes have proved buoyant, and for port operator PSA International, there was a reported 9.8% increase in the volume of containers it handled worldwide in 2017. The company's Singapore terminal handled 33.35m teu, a rise of 9% from the previous year.

The container industry itself continues to digest a series of mergers and alliances, with the larger consolidations reported to be controlling ever-more market share. Last year saw the joining of Hong-Kong-based Orient Overseas Container Line and Chinese-owned COSCO Shipping, and according to Drewry analysis, the top seven carriers now account for 80% of the market share.

Meanwhile, container information company Alphaliner estimated that through 2017, the leading 15 carriers controlled more than 85% of the market share. The research body reported that these carriers raised capacity from 16.27m teu in 2017 to 18.32m teu by the start of this year. Total capacity of the container fleet expanded some 3.9% to 21.51m teu, according to the company's data, providing plenty of competition for the trade flows and further pressure for average freight rates. **SN**

Keeping dry

Production forecasts for coking coal have been cut for 2018 by a number of key miners in a trend that is expected to put upside pressure on prices from their already-inflated levels at the start of the year. A pullback in investment over the last few years, combined with wet weather, technical issues and 2017 Australian port congestion, have added to the somewhat-softer supply-growth outlook.

This could add further upside pressure to coal prices, which, at the turn of the year, reached their highest level in more than two years. Support for both metallurgical and thermal coal has been felt from strong Asian manufacturing activity plus some shortage for gas in the utility sector in China through the winter.

In terms of trade, one of the world's largest coal exporting ports, Australia's Dalrymple Bay Coal Terminal (DBCT), reported a surge in late-2017 volumes. DBCT December export volumes to India were particularly strong. This was as India's domestic production fell short of demand and as metallurgical coal stocks shrank mid-way through the year at a time of growing steel production. Overall, DBCT coal volumes to India rose by over 160% in December 2017 year-on-year to a 15-month high of 1.3m tonnes.

DBCT 2017 exports to China were up 7% for combined thermal and coking coal but were lower by 11% for Japan at 12.8m tonnes – and lower too for South Korea, at 9.75m tonnes, down 16% on the year.

The hike in coal prices should provide a windfall to the miners and producers, particularly as freight levels remained relatively subdued over the same period. The rise in coal prices has taken hold ahead of the Japanese annual coal contracts with Australia for April, and is likely to lock-in firmer fixed prices at a premium to suppliers for the year ahead. **SN**

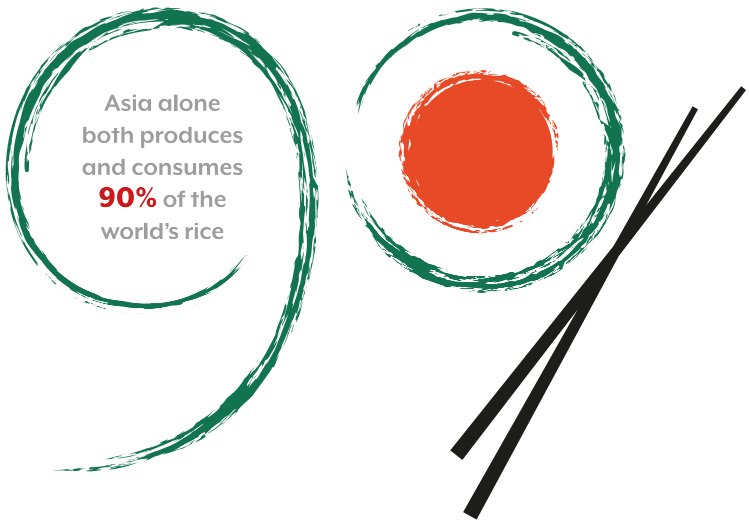
A grain of truth

Weird and wonderful facts about one of the shipping industry's stable commodities

Day in, day out, those of us involved in the shipping industry deal with commodities without any in-depth knowledge of the cargo itself. Whether we move, fix, handle, insure, finance or secure a commodity, *Shipping Network* feels it's time that we paid these assets the attention they deserve – after all, we likely wouldn't have a job without them. This is the first in a series of 'Homages to Commodities', where we have found out wonderful and weird facts about grain. We promise that you will never see this commodity in the same light again.

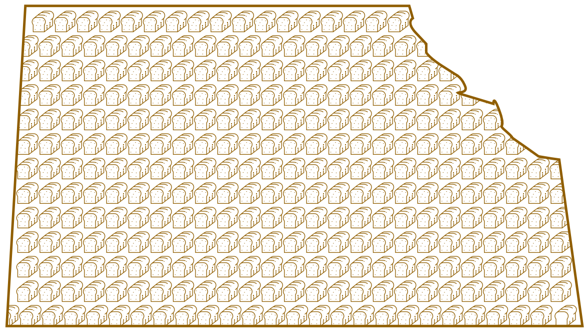
RICE

Rice is the oldest known food that is still widely consumed today. Archaeologists can date its consumption back to **5000 BC**, the time when the first traces of its cultivation in China, India and Thailand appear.



Asia alone both produces and consumes **90%** of the world's rice

In India, rice is the **first meal** that a wife serves to her husband after their marriage and it is also the first food given to newborn babies, as it's considered auspicious for future prosperity.



WHEAT

The US state of Kansas produces enough wheat each year to bake **36 billion** loaves of bread and enough to feed **everyone in the world** for about **two weeks**.

If you eat pasta **three** times a week, it would take **70 weeks** to eat all the pasta made from **one** bushel of durum.

OATS

The ancient Greeks were the first people known to have made a recognisable **porridge** (cereal) from oats.

January is officially **National Oatmeal Month** in the US

BARLEY

Until the 16th century, barley was one of the most important grains. It was even used as **currency**.

Russia is the biggest producer of barley in the world. It produces more than **16 metric tons** of barley each year.

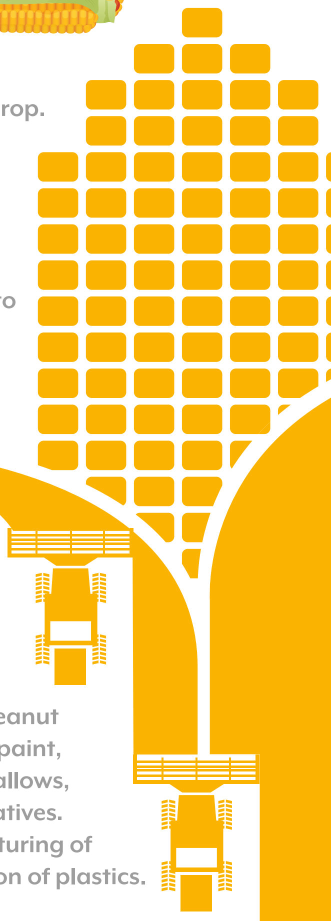
King Edward of England signed a royal decree in 1324 making a **barleycorn a unit of measurement in making sizes of shoes**.

He proclaimed that three barleycorns were equivalent to an inch, 39 barleycorns to the size of one foot and 117 barleycorns to the size of one yard.

From then on, sizes of shoes where derived from the length of barleycorns and is still the basis for shoe sizes today.

A study in the British Journal of Nutrition showed that infants who were introduced to **oats early** on were **less likely to develop asthma**.

CORN / MAIZE



Corn is America's **number one** field crop.

One bushel of corn contains about **72,800 kernels** and weighs **56 pounds**.

There was **no corn in Europe** prior to Christopher Columbus voyages to the new world. While in the West Indies, Columbus traded with the natives and brought corn back to Europe.

Every cob of corn has an **even** number of rows.

There are more than **3,500** different uses for corn products. It can be processed and used in such things as baby food, batteries, chewing gum, dessert icing, fireworks, ethanol fuel, peanut butter, antibiotics, potato chips, soap, paint, glue, shoe polish, aspirin, ink, marshmallows, ice cream, cosmetics, and rust preventatives. It is also used in vitamins, the manufacturing of photographic film, and in the production of plastics.

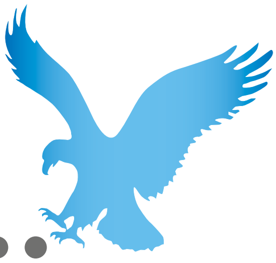
RYE

Rye can be grown at altitudes up to **12,000 feet** and as far north as the **Arctic Circle**.

The world's main rye producing countries are **Russia, Poland, Belarus, Ukraine** and **Germany**.

Rye production is **only 10% that of wheat**, but it is the second most used cereal grain (wheat is first) for making bread.

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

Toby Stephens

Tom Walters

Q With the development of autonomous vessels, are regulations keeping up?

A The feasibility of Maritime Autonomous Surface Ships (MASS) continues to advance. A British company expects a gradual implementation of autonomous systems. It aims to develop vessels with reduced crew and remote support by 2020, to be followed by remote controlled unmanned coastal vessels by 2025. Remote controlled unmanned deep-sea vessels could follow by 2030, with fully autonomous deep-sea vessels by 2035.

Development of an intelligent object classification system, to assist with navigation and enabling vessels to detect objects that would not otherwise register on AIS or radar, is planned. Not only will this be necessary for autonomous vessels in due course, but will also benefit manned vessels in the short term.

A fully autonomous 105 teu container vessel has already been developed, with plans for it to operate, from 2019, between Norwegian ports. This is a significant step in showing the feasibility of MASS in commercial use, particularly in coastal waters. And there are other projects worldwide.

But are the regulations keeping up with the innovation? Classification societies are developing frameworks for assuring both the physical and digital parts of MASS. For example, Lloyd's Register has already produced a Design Code for Unmanned Marine Systems and this is expected to be updated as the industry develops.

The UK Maritime Autonomous Systems Regulatory Working Group (MASRWG) launched its Voluntary Code of Practice in November 2017. The Code aims to "set initial standards and best practice for those who design, build, manufacture, own, operate and control MASS of less than 24 metres in length". It has been reviewed by the UK Maritime and Coastguard Agency (MCA) and also deals with remote manning and the training and qualification requirements of those who operate MASS.

The Code seeks to be in line with existing legislation and sets out objectives and practical guidance, including addressing the requirements of key international instruments, such as COLREGS, SOLAS and MARPOL. The Code introduces original concepts, such as setting out new classes of MASS: ultralight (less than 7 metres); light (7 metres-12 metres); small (12 metres-24 metres); large (24+ metres); and high speed. Small MASS units for scientific and offshore surveys are already in use; the Code anticipates larger MASS in the future. The Code acts as a starting point and framework for sound industry practice and will continue to be updated generally, and when guidance from the IMO Regulatory Scoping Exercise is published.

Further, a working group on MASS has been set up by the International Group of P&I Clubs (IG). This group is expected to consider the extent to which MASS present new risks to the shipping industry. The IG's support for MASS may give real confidence to the industry.

The UK Ship Register (UKSR) recently signed its first unmanned vessel to the flag. This will be operated in one of various modes: under the direct control of an operator, semi-manned or completely unmanned. It will be used for subsea positioning, surveying and environmental monitoring work. This vessel is not to the same scale as the projects mentioned at the start of this answer, but it is significant that the UKSR has allowed an unmanned vessel to be registered. This is a welcome development which will no doubt assist with the development of MASS technology in the marine industry.

Technology often precedes the development of regulations. In the areas of MASS, the marine sector is doing a good job to keep up and address the regulatory requirements. **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.

Q What is the difference between data security and cyber security?

A To the uninitiated, data security and cyber security may be much the same, but the European Union General Data Protection Regulation (GDPR) which comes into force on May 25, 2018 is going to change that.

Readers in Europe are probably aware of the GDPR and may already know that it has extra-territorial effect. Translation: the GDPR has long tentacles and you will not be safe just because you are outside the EU. If you hold or process data pertaining to individuals within the EEA, or have an office in the EEA, then you are subject to the legislation. Be aware that the GDPR will apply to all companies, even small and medium size enterprises, although some of the obligations for these may be relaxed.

Those found in breach of the GDPR are exposed to a fine of up to €20m or 4% of global turnover, whichever is higher. If you get this wrong, a lot of people are going to be very unhappy.

The GDPR requires a great deal of analysis of how an organisation holds and processes data. Data Subjects will have increased rights which need to be understood, particularly as there are increased reporting obligations on companies in the wake of a data breach. Privacy notices will need to be updated to cover information prescribed by the GDPR, as will internal policies and procedures for dealing with the data and complying with reporting obligations. Employment contracts may need reviewing. The GDPR also applies retrospectively to data collected before it came into force.

Although the scope of the GDPR goes beyond data stored electronically, today's data storage and processing reality dictates that data breaches will likely be electronic. Coupled with the recent WannaCry and NotPetya denial of service cyber attacks and ever-growing cyber fraud, the time is right for a complete review of all data and cyber security procedures.

There is a common misconception that cyber security and data protection is an IT issue. This is wrong. While IT infrastructure and software are parts of the solution, internal procedures and training set the standard and offer the first and most important line of defence when it comes to cyber security. Experts often name the human element as the number one risk factor in cyber security. Rarely does a breach occur without an error or an intentional act by a member of staff.

If those procedures and that training is found wanting, it is not hard to imagine what contractual counter-parties might say. BIMCO is working on an industry Cyber Clause, but in the meantime extra caution should be exercised in all contracts: from construction contracts and contracts for the supply of goods and services, through to charterparties, terminal agreements and others.

Do consider your company's insurance policies. It appears that GDPR liabilities are not specifically excluded from P&I cover, although they are also not likely to fall within the scope of cover. Cyber insurance policies are available in the market that may assist a company in dealing with data breaches and losses arising from these. With any insurance, however, for public policy considerations, there will be significant limitations on the coverage of actual fines.

The GDPR is extremely complex and affect different organisations differently. The details touched upon in this answer are only a very brief overview: do all that you can to prepare for its implementation and take appropriate advice.

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. **SN**

The articles were written by Toby Stephens, Tom Walters and Guy Main. Toby and Tom are partners and Guy a senior manager (partner equivalent) at HFW, a sector focused law firm specialising in shipping, aviation, commodities, construction, energy and insurance. Toby is based in HFW's Singapore office and Tom and Guy in London. Guy is also a Fellow of the Institute and, before joining HFW, he spent 18 years as a shipbroker.

HFW

Hong Kong

Come join the family

Matt Gilbert reports on a record-breaking Open Day to find out more about the Institute

Matt Gilbert

On January 25, the Institute threw open its doors to prospective students in a record 28 centres internationally and online via the open day forum. The events were well attended and appreciated by many who are considering further study and the route towards professional qualifications.

Institute staff, members and tutors were on hand to answer queries and all who attended experienced a range of informative and fun occasions including networking, topical talks and presentations and one-to-one advice. Sample textbooks were also on display, together with information on fees and funding including the WISTA-ICS scholarships and other support available.

Inaugural open days were held in Auckland, Istanbul, Lagos, Aarhus and Port Louis and by new Institute partners in Korea, the Philippines and Malta.

Over 1,000 potential students are estimated to have visited to discover more about the Institute, while information on the event was circulated to over 9,000 readers of Tradewinds, via social media and through regional press, projecting the impressive scale and reach of the Institute as a global organisation.

The Australia/New Zealand Branch held events in Auckland and Perth where those who attended expressed an interest in signing up to TutorShip.

Canada was covered by Vancouver and Montreal, where two events were held, one during the day to transport and logistics students at Champlain College, St Lambert Campus and one in the evening for the public at the office of the Shipping Federation of Canada.

East Africa Branch had a very successful session with over 200 participants attending the event at the Kenya Institute of Management.

ABP kindly hosted Humber Branch's event and promoted the event internally so that its staff visited to learn more, joined by a group of Master's students from Hull University.

Branch vice chairman Ravee S Titte conducted the East India event at the branch, where eight students participated.

Topical talks

Hong Kong held an innovative and informative event with topical talks to draw in visitors, followed up with orientation on the Institute's professional qualification system.

Dublin was very busy with a lot of inquiries from prospective students and some existing members dropping in to say hello at the Dublin Port Centre.

Liverpool John Moores University hosted the local branch who were met with around 30 visiting degree students wanting to know more about the Institute and how they can gain membership.

Pakistan Branch organised the Open Day at KPT Staff College in Karachi, attended by over 100 visitors belonging to various shipping and maritime sectors such as agency, freight forwarding, as well as ports and terminals. It was the first time that also naval personnel attended, and they showed their interest for the Institute's qualifications.

The Singapore Branch held its Open Day at its office at 6 Raffles Quay. Over 10 prospective students attended where the branch shared the Institute's course books, workbooks, study brochures, book catalog and exam-related information, followed by a presentation entitled 'ICS Educational courses and membership", which explained types of qualifications, methods of study offered, types of local subsidy available and benefits of membership. Later there was a 'meet the local tutor' session, in which students had the opportunity to go "one on one" with the tutors, on how the Institute can help them in career progression. The event was well received, and the branch is pleased with the response.

The Turkish Shipbrokers Association hosted Istanbul's open day which is also planned as an exam centre in May 2018. It was with particular pride that many past students volunteered to come and explain to visitors how important the Institute is.

The inaugural Open Day was held in Nigeria after last year's official launch of the Nigeria Chapter in the prestigious British Council's MMS room in Lagos.

The open day in Busan was a successful event and registered a good number of attendees, both from Korea Maritime and Ocean University students as well as people from the industry asking for information about the Institute.

The London Branch event was held at the Baltic Exchange once again with over 30 visitors from the main broking houses, liner companies, agents and students completing postgraduate studies.

A big thank you to all the members, tutors and staff who gave up their time to make this year's event the most successful on record, setting a high standard and big target to surpass next time. **SN**


Singapore


Istanbul


Liverpool


Montreal


Mombasa


Manila


London


Karachi


Busan


Auckland


Lagos


Sri Lanka

New Zealand Chapter hosts shipping dinner

THE New Zealand Chapter of the Institute's Australia/New Zealand Branch (ICSANZ) was a co-organiser of an annual shipping organisations' dinner held in December in The Wintergarden at the Northern Club in Auckland.

In all, 78 members, partners and guests attended the event, which was co-hosted by the New Zealand Company of Master Mariners, The Nautical Institute New Zealand Branch and the Royal Institution of Naval Architects.

Attendees enjoyed a first-class meal as they listened to a presentation from Charles Blackie, the Chief Justice of the Pitcairn Supreme Court and a judge for the District Courts of New Zealand.

ICSANZ New Zealand Chapter chairman Chris Burn also presented long-standing fellow Captain Michael Wade, a founding member of the Branch and a previous chairman, with a life membership certificate for the Institute. SN

Captain Michael Wade proudly displays with his life membership certificate

Hong Kong's Expo and soccer involvement

The Hong Kong Branch tackled the PB Soccer Sixes 2017

THE Institute's Hong Kong Branch participated in Hong Kong Maritime Week 2017, an annual event for the port and maritime industries in the territory.

The Branch set up an exhibition booth and presented a series of talks at the Maritime Career Expo, one of the week's events, which offered both young people and the public information about maritime careers and industry developments.

Branch vice-chairman Manson Cheung and honorary secretary Rakesh Sethi participated on behalf of the Branch, discussing various positions in the maritime sector and how the Institute can help individuals achieve their industry goals as well as giving out pamphlets and leaflets.

Other organisations participating in the careers event, which took place on November 25, included The Hong Kong Shippers' Council, the Hong Kong Seamen's Union and Hongkong International Terminals.

Pacific Basin Shipping's PB Soccer Sixes 2017 tournament also took place at the event and the Branch submitted a team. This marked the first time that the event took place during Maritime Week, meaning that there was enthusiastic participation from Hong Kong's shipping community.

Davin Chan formed the Branch team, which was made up of members and friends and proceeded to the tournament's quarterfinal without any loss in the group games.

In the quarterfinal, the team drew with the MSTI team and then lost 2-3 in a penalty shootout at the end of the match. SN

Fellow awarded prestigious Romanian medal

INSTITUTE Fellow Viorel Raducanescu has been awarded Romania's National Order of Faithful Service for exceptional service to both the country and the Romanian people.

Mr Raducanescu was awarded the Knight ranking of the medal by the President of Romania in London on December 1, the day of Great Union Day, the country's national holiday.

The medal reflects his dedication and commitment to Romania and the fostering of the relationship between Romania and the UK.

Mr Raducanescu is the Honorary Consul of Romania in Liverpool and is also president of consular group Liverpool Consular Corps.

Commenting on being awarded the Order, he said: "The National Order awarded to me by the President of Romania came as a complete surprise. I am pleased to see that my hierarchical superiors, who know of my work, made the proposal – and supported it – to the President.

"This decoration it is in recognition of the work I have done so far, but it also makes me aware of my responsibility to live up to it."

Mr Raducanescu added that the trade links between the UK and Romania are increasing each year and there was a natural process by which shipping links improve. He suggested that local authorities containing ports might consider twinning with Romanian port cities like Constanta and Sulina. SN

Mr Raducanescu displays his special medal

Greece Branch Annual Forum success

THE Institute's Greece Branch opened its doors for its 13th Annual Forum at the Eugenides Foundation in Palaio Faliro in November.

The event, entitled *'Sailing into calmer waters? Cautious optimism returns'*, saw attendance of over 400 professionals from the Greek and international shipping community.

This year, speakers took part in a Q&A session where they were called to answer questions related to the field of their practice.

The panel, which was moderated by director of Naftika Chronika Ilias Bissias, included BIMCO's Peter Sand, Waterson Hicks' Konstantinos Bitounis, TEO Shipping Corporation's Amalia Miliou-Theocharaki and Ursa Shipbrokers' Simon Ward.

An interactive discussion between the audience and the panel followed the Q&A session.

The Forum also saw eight students awarded for exceptional performance in Institute exams in November 2016 and May 2017.

Among this group, two people gained the highest marks worldwide in different exams, with Dimitris Lamprou achieving this accolade for Ship Sale & Purchase and Eleni Mavrea achieving the highest marks for Shipping Law and Dry Cargo Chartering.

The panel took part in a lively Q&A

These two students were also recognised during the Institute's prizegiving ceremony, held at Trinity House in London in October 2017. ***SN***

220 attend Tee's Autumn Dinner

The Institute's North East of England Branch held its Tees Annual Autumn Dinner for 2017 on November 17 last year.

The black tie event, hosted by branch chairman Richard Booth at Middlesbrough's Riverside Stadium, home of Middlesbrough Football Club, saw 220 people in attendance.

Those at the event were entertained by Robert Hill, the Institute's head of membership, as well as after-dinner speaker David Bryon, who offered the audience comedy stories about his time as managing director of former airline Bmibaby. Nic Ingle was the guest toastmaster.

Harry Harrington and Nikki Sayer received Fellowship status at the event, while Stephen Davison was awarded membership and additionally received the prestigious Rose Bowl trophy for his dedication to his studies while experiencing personal challenges.

A raffle at the dinner raised £1,900 for the branch's education fund and the Marine Society & Sea Cadets seafarers' charity.

"It was good to see so many present and retired members enjoying the evening," said branch secretary Brian Livingstone. ***SN***

Stephen Davison (L) receives his Membership certificate and the Rose Bowl trophy from branch chairman Richard Booth

South Wales & West dinner details

THE Institute's South Wales & West Branch will hold its Annual Dinner for 2018 at the Mercure Cardiff Holland House Hotel and Spa in the UK on April 20.

Members and partners are welcome at the event, which will offer guests a four-course meal and entertainment once again from comedian Rod Woodward.

Having been described as "a young Dave Allen" by comic Peter Kay, Rod has supported celebrities Paddy McGuinness and Russell Brand on tour and performed in front of the Duke and Duchess of Cambridge at the Royal Variety Performance in 2014.

Tickets for the Dinner are £55 a head, and the event venue is also holding 40 rooms for guests until March 20. Rooms, which are £118 a night for a single room and £128 per night for a double room (as well as being inclusive of breakfast and VAT), should be reserved directly with the hotel by quoting "Institute of Shipbrokers".

Sponsorship of the Dinner is also back for a second year, with sponsors getting their company logo printed on the back of the event programme. All donation sizes are welcome.

For tickets and sponsorship details for the event, contact Branch secretary James Coliandris on 07809 687143 or by emailing SWWSec@ics.org.uk. ***SN***

Photo competition winners celebrate

During 2017, *Shipping Network* ran a photo competition with the winning entries being published in the December edition.

There were many wonderful photos submitted from members and students around the world which made the judges' decision very difficult.

The winners of both categories were awarded their prizes this year and as a special surprise they also received an enlarged framed print of their winning photo.

Institute director, Julie Lithgow, and head of membership, Robert Hill, attended a members' networking event in Mumbai in early January at which they presented Pushkar Potdar, winner of the People category, with his prize.

Mr Pushkar said: "I'm over the moon to have this splendid news and truly grateful that the judges gave a serious consideration to my work. It is appreciation such as this that pushes any artist or a sportsperson to do better and achieve something even greater."

At the Germany Branch Annual Dinner in February, the winner of the weather category, Oliver Schiewe, received his prize from branch chairman Hauke Pane and Mr Hill. Mr Schiewe was delighted and surprised to win with his photo, which captured a beautiful sunset view as seen from his office overlooking the port of Hamburg. **SN**

Pushkar Potdar (winner), Robert Hill and Julie Lithgow

Robert Hill, Oliver Schiewe (winner) and Hauke Pane (Germany Branch chairman)

Former secretary's lasting legacy

John Henry Parker became the Institute secretary in 1973 bringing with him a strong maritime background with P&O. He was already an Associate member of the Institute.

John proved to be a very reliable secretary and was at home whether it was talking to the Minister of Transport, the Clerk to the Privy Council, the Somerset Herald of the College of Alms or with Institute students.

During his tenure, the Institute completed its first major redrafting of the Bye-Laws and Royal Charter, and formed company membership.

John served the Institute during a very important and active time when it was literally brought into what was then the 20th century and laid the foundations for its continued success and for the great organisation it is today.

John leaves his widow Margrit Kalender-Parker and his son Rolf.

John Henry Parker, 5th February 1932 - 23rd November 2017. **SN**

John was active during an important time for the Institute

Bob was a committed fellow of the Institute

Sad loss to New Zealand Chapter

THE New Zealand Chapter of the Institute's Australia/New Zealand Branch (ICSANZ) is sad to inform Institute Members of the death of former Chapter member Robert "Bob" Devlin.

Mr Devlin, who was originally from the UK, having been born in Liverpool in 1924, spent his working life in the shipping industry.

He worked for P&O in Liverpool for many years before emigrating to New Zealand in 1972, where he worked for several shipping firms, later specialising in the kiwifruit and squash trades while living in Tauranga.

Later in life, he moved to Auckland, where he was involved in the unusual export of pumice.

Mr Devlin was initially an Institute member before becoming a fellow and later a life member of the organisation.

He was a longstanding member of the New Zealand Chapter of ICSANZ until around four years ago, when he resigned at the age of 89. **SN**

Middle East awards celebrate students

The region's prize-winners were recognised

Successful students in the November 2016 and May 2017 Institute examination sittings were recognised at an awards ceremony held by the Institute's Middle East Branch at the Crowne Plaza Dubai hotel in the UAE.

Over 200 guests attended the event, which saw 11 people receive 15 awards in total.

Branch president Krishnan Subramaniam and Branch treasurer Ali Canani kicked off the event, with this being followed by a talk from keynote speaker Dr David Galea from Drydocks World.

In his address, Dr Galea touched upon a number of aspects of the maritime industry, as well as the challenges due to the current economic and international picture.

The prize giving came after this speech, with a notable winner being Virasp Vazifdar, who received five awards. The awards were followed by a talk by guest speaker Dr Sangeeth Ibrahim from Sharjah Islamic Bank.

After a vote of thanks by Mr Subramaniam and Middle East Branch secretary Krishnan Prasad, dinner was served. **SN**

Marathon effort from Hong Kong

Supporters cheered on the Institute runners

Members of the Institute's Hong Kong Branch took part in the Standard Chartered Hong Kong Marathon in January.

The event, which was held on January 21, saw Desikan Bhoovarahan take on the full marathon and Losh Li undertake the half marathon.

Additionally, James Ho and Davin Chan participated in the 10k race at the event.

The Branch participants were met by members of the executive committee on completion of their respective courses. **SN**

West Africa Branch shines at Multimodal

The West Africa Branch made good use of its appearance at the recent Multimodal West Africa International Transport, Logistics and Supply Chain Management event in Nigeria.

The Branch was given a complimentary six square-metre booth by the organiser, Clarion Events West Africa.

Three Members and a Fellow manned the booth throughout the event, speaking to visiting participants about the benefits of professional development through the Institute, either directly or via corporate training.

Capt Samuel Olarewaju also represented the Branch as a speaker at the event with a presentation on 'Improving port operations through efficient cargo handling'.

Said Capt Olarewaju: "We used the opportunity accorded us to intimate the participants on what the Institute is and how its platform could be used for capacity building and continuous development in commercial shipping. Those that came to our booth appreciated the excellent work done on about a dozen Institute textbooks on display…these included a Fellow and deputy national president of the Chartered Institute of Logistics and Transport (CILT)." **SN**

Capt Olarewaju addressed the conference

Calendar

Dubai

April Events

3 April
Final deadline for May 2018 examination registration

5-8 April
PREP Weekend
Warwick University
UK

16 April
London & South East Branch
Student Revision Evening
London

20 April
South Wales & West Branch
Annual Dinner
Cardiff

22 April
Middle East Branch
Networking Event
Dubai

26 April
Liverpool Branch
Annual Dinner
Liverpool

May Events

11 May
North East of England Branch
Annual Spring Dinner
Newcastle-upon-Tyne

14-24 May
May Examination Session

30 May
Joint lecture with the Baltic Exchange: *"Money Walks Money Talks"*
London & Singapore

TBC May 18
Middle East Branch
Networking Event
Dubai

The Secret Broker

A little sulphur with that, sir?

Looking back on some of the comments I made at the end of 2016, I can say that I am quite disappointed that the promise of 2017 – much mooted by the 'experts' at the time – failed to materialise. In fact, over a very enjoyable 2017 festive season, and over quite a few lagers, I came to the conclusion that it was probably better to just try and forget about a lot of 2017.

2018 looks to have far better prospects. As always, any global growth requires more ships to be active, carrying the fundamental products needed to grow economies – and the increase in tonnage to meet this demand was thankfully slower to present itself than it has in previous years. In fact, this increase has now got to the point where – in some sectors, at least – demand has slightly surpassed supply, albeit briefly.

It's perhaps too early to break out the bubbly, but it's maybe enough to be a bit more optimistic, as well as being a more positive sign of a recovery in shipping. The lack of shipping finance also continues to provide a brake to waves of newbuilding orders. The other side to the coin regarding the shortage of shipping finance, though, could be that even smaller owners will be forced to consolidate in order to survive. A parallel danger is that yards with no orders have excess capacity, and the ability, therefore, to take orders offering fairly speedy deliveries – perhaps as short as nine months after contract. Should owners become more bullish and start ordering again, this would undermine any hope of longer-term moves towards an equilibrium – and the ugly head of oversupply will pop up again.

Ballast water irony

Speaking of ugly heads, a recurring topic of conversation has been new legislation courtesy of the International Maritime Organization (IMO). Ballast water treatment systems (BWTS) and greenhouse gas emissions to be specific – oh, the horror! 2020 could be a leap year in more ways than one. The IMO seems to have created the proverbial horns of a dilemma. While it is indeed admirable to encourage the reduction of the spread of alien marine species via polluted ballast water, it does seem odd to ignore that this conflicts somewhat with the imposition of the 0.5% sulphur limit on bunker fuels in 2020. Surely it is not too hard to expect the legislators to take on board (sorry for the pun) the fact that fitting expensive scrubber systems might indeed reduce pollution from emissions but also increase pollution of the sea itself?

The vast majority of ship owners seem content to do nothing and just wait and see as 2020 approaches, rather than taking a leap. The fact that it proved necessary for a two-year delay to be approved to the IMO's BWTS edict was a clear indication of just how divorced they are from the real world of ship operation.

On a lighter note, excess intake of food and drink in December may have led to inflation of one kind, but another type decreased when the retail price index rate of inflation lessened in January. This is a good sign for the UK economy – perhaps the Christmas/New Year bonuses will go a bit further; it all helps the general recovery.

One thing that did increase, however, was the price of Brent crude, which crept past the $70-per-barrel-mark. Quite a few see this as an indication that the Organization of the Petroleum Exporting Countries (OPEC) cutbacks in supply are having their desired effect. And wasn't the $70-per-barrel figure mentioned a while back as the breakeven point for offshore drilling to become viable again? Perhaps this will be the fillip for all those owners of laid-up platform supply vessels and anchor handling tug supply vessels!

Here's to 2018 – bottoms up. SN

the stern

New remotely-operated port fireboat

Marine engineering company Robert Allan and nautical technology business Kongsberg Maritime have partnered to develop a new remotely-operated fireboat for ports.

The first product in a series, according to Kongsberg Maritime, will be the 20-metre *RALamander 2000*, which is set to come with Fi Fi 1 capability and a total pumping-capacity of 2400m^3/hr with optional foam. Additionally with this initial product, a retractable mast can bring one of three monitors to a high attack point for shipboard or dock fires.

Firefighting auto-functions planned include dynamic positioning, water spray target-holding and "line protection" whereby *RALamander* automatically moves forwards and backwards along a line while directing protective spray cover on shore structures or vessels under threat from a fire.

According to Kongsberg Maritime, fires involving petrochemicals, shore-side structures, vessels or containers can be attacked faster in situations where explosion risk or toxic smoke may delay or stop manned assets from responding effectively.

The *RALamander* model can either be a force multiplier with conventional firefighting assets or be deployed alone.

"Drawing together Robert Allan's extensive fireboat design experience and Kongsberg Maritime's world-leading expertise in control, communications and sensing in marine applications, *RALamander 2000* represents a significant step-change and improvement in port firefighting capability and safety," said Kongsberg Maritime. ***SN***

Get down to Electric Avenue

Emission-free technology is starting to make inroads in shipping: Van Meegen Group of Companies subsidiary Port-Liner is set to pioneer Europe's first fully-electric, emission-free barges.

Rotterdam, Antwerp and Amsterdam will host the new vessels – which can carry 24-280 teu – from August.

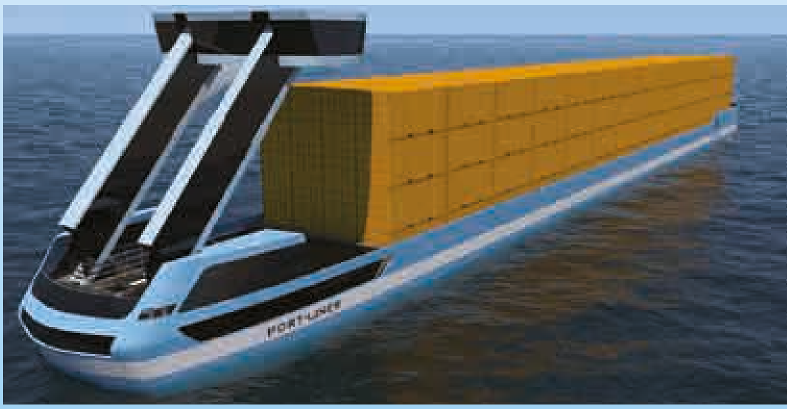
In Antwerp, operators are anticipating five of the new barges that month, with six bigger vessels capable of handling 280 containers due later in the third quarter of this year.

The barges, which will operate between De Kempen intermodal terminal in the south of the Netherlands and Antwerp, will remove an estimated 23,000 trucks from the roads each year.

The vessels will be the first on the planet to sail on carbon-neutral batteries, with the smaller barges able to carry more containers if it wasn't for low bridges in Belgium and the Netherlands, Port-Liner chief executive Ton van Meegen says.

The individuality of Port-Liner's vessels derives from the fact that the battery is positioned in a container which can be stored on any vessel.

Mr van Meegen said: "This allows us to retrofit barges already in operation, which is a big boost for the industry's green energy credentials. The containers are charged onshore by carbon-free energy provider Eneco, which sources solar power, windmills and renewables." ***SN***



Shipping Speak

"We need to find the right balance between increasing the Arctic's economic potential, safeguarding its fragile environment and respecting local and indigenous peoples' rights" – ***Karmenu Vella, European Commissioner for Environment, Maritime Affairs and Fisheries discusses the need for equilibrium in Arctic development***

"There is a fantastic wealth and breadth of career opportunities in maritime, and I am determined to see more women accessing these" – ***Nusrat Ghani MP, the UK's newly-appointed Maritime Minister, welcomes the establishment of Maritime UK's new Women in Maritime Taskforce***

Find your next move

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

Dry Cargo Broker, Asia Pacific

Our client is a market leading Dry Cargo Brokerage firm with several offices globally. They are currently looking to add experienced Brokers that can develop business with Korean clients. Suitable candidates can be accommodated in any of their offices whether this is in China, Dubai, Europe or the US etc. In order to perform this role it will be essential that you can speak Korean as you will be developing Korean business.

https://jobs.spinnaker-global.com/go/HQ00011928

Experienced Dry Cargo Broker, Asia Pacific

Our client is seeking a person to cover both the cargo side ad well as tonnage. Someone with existing contacts on the cargo side would be at a distinct advantage especially if they are able to bring business with them. Candidates based in Beijing would be preferred but our client can also relocate someone. In order to perform this role it will be essential that you can speak Mandarin as you will be developing Chinese business.

https://jobs.spinnaker-global.com/go/HQ00011927

Post-fixture Operations, Dry Cargo, London

A leading ship broking company is looking for a Dry Cargo Post Fixture Operator to join their team in London. You will be responsible for handling all post-fixture matters, dealing with all vessel documentation, liaising with masters & agents, working with the finance department to improve communication and completing day to day operational duties. The right candidate will have at least 3 years' experience within dry cargo operations.

https://jobs.spinnaker-global.com/go/HQ00011852

Offshore Shipbroker, Singapore

An Offshore Shipbroker is looking for an experienced Broker in Singapore. Having broking experience with tugs, barges and construction vessels will be an advantage for this position. If you have at least 5 years' offshore shipbroking experience please get in touch.

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