

Promoting professionalism in the shipping industry worldwide

Issue 54 September 2018

Pull together

Teamwork brings benefits to shipping

Written by professionals for professionals

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

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

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

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

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Pulled closer by a sense of togetherness

Rob Gardner explains why teamwork has enhanced his journey with the Institute



When I first enrolled to do the Institute's Professional Qualifying Examinations some years back the last thing on my mind was teamwork. All I could think about was me, the books, time alone to study and the exams. Teamwork first crept in when my daughter Natalee agreed not to bounce on the trampoline while I was studying. And so it began.

Rob Gardne

Having passed two and failed one exam, I decided the man alone strategy wasn't going to cut it. I signed up for and attended a PREP revision session where I met a bunch of great people and we formed a study group. Each person in the group had a responsibility to prepare and give a lesson to the rest of the group. We helped each other, we competed against each other, we cajoled each other, but most importantly, we all passed and then we all celebrated together. We were a team.

When I was invited to join the South Africa branch committee, for me it was something to be both proud of and something to be intimidated by. These people had helped me become a member and now they expected me to get involved in the running of the branch. I mean, what did I know?

"One thing I have learnt is that the more you get involved, the more involved you get"

It turned out I knew nothing. I didn't know the makeup of the Institute, or who was who in Head Office, and the branch byelaws were a complete mystery. Again, a lot of studying and scrambling was done and again the results were not great. Instead, I realised that what was required was getting involved slowly and progressively and being guided by the other members of the committee. I started to find my feet and to be a useful member of the committee – a team of 12.

Being on the committee in South Africa means doing your bit for PREP. In my case this meant becoming a tutor – a shift of role from the guy with the hangover trying to absorb what was being said, to the guy who couldn't afford to have a hangover, because he needed to help these guys pass. Again, this was done as part of a team. We shared rooms, discussed what we were trying to achieve and the best ways to get points across. It was and continues to be fun. My team had grown; now it was the tutors, the students and the committee.

GIVE AS GOOD AS YOU GET

One thing I have learnt is that the more you get involved, the more involved you get. From tutoring in the sunny Drakensberg, to cold snow-covered Warwick, to a boiling hot room in Cameroon, it is a constant learning curve, enriched by the



Students take inspiration from tutors

sharing of ideas and by helping each other. It is forming different teams, but each with the same goal: helping our students to become members.

The Education and Training Committee is another great team. As its current chair, I am, admittedly, somewhat biased; well a lot biased if I am being honest. It is filled with people who are passionate about helping our students pass our exams. People who agreed to give up their own time and their company time to come and share what they know with students in Mombasa, or who at a casual mention of there being a shortage of text books launch a successful campaign to get text books. How could you not agree that they are a great team?

Currently we have around 12 active projects that are being driven by members of the committee, sometimes solo, but in a lot of cases as part of a small team that reports back to the rest of us. Together we then make the decision as to what is best to help our students.

The late Karl Franz was equally passionate about the Membership Committee and his passing has left a great hole in that team and in the Institute. They have lost a star player. But they are a team and they will continue to strive for the ideals that he wanted his team to achieve. They have you, our members, interests at heart.

I now find myself as part of the Executive Council, a long way from the guy negotiating with an eight-year old to stop bouncing on the trampoline while Daddy tries to study. What Executive Council and Controlling Council discuss and agree to involves all of us. We are our team; we are a great team. **SN** *Rob Gardner is the chair of the Education and Training Committee*.



All in it together

Working together is something that does not comes naturally to everyone. But time and time again, research has shown that an effective team can be a thing of beauty, bringing insight and innovation to a company.

The shipping industry is famed for its siloed mindset, with owners' holding their cards close to their chests when it comes to strategic ordering, recycling or investments. Sometimes that secrecy is necessary – maybe because of stock market requirements for a listed company – but more often than not it's just because it has always been that way in shipping.

Thankfully, technology is driving change.

Forward-thinking companies are realising that sharing anonymised data could benefit all, while blockchain initiatives – such as the recently announced pan-industry bunkering 'demonstrator' and the launch of the Maritime Blockchain Lab – are pressing home the importance of working together for the common good.

Where in the past, shipping companies have judiciously avoided too much collaboration, times are changing. Those that shunned teams in the past may want to take a second look, before they are left on the bench with no team to join. SN Carly Fields, FICS

Editor

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Having a team mentality means different things to different people, says Felicity Landon

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Remote working is becoming more popular, but will shipping move with the times?

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Making Cargo Day bigger and better

Once a year the shipping community comes together to transform lives around the world











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INSTITUTE OF CHARTERED SHIPPROKERS - SHIPPING NETWORK

Breeding familiarity, trust or complacency?

Having a team mentality means different things to different people, says Felicity Landon



Teams are as good as the culture they thrive in, the leadership they encounter, and the connection, motivation and communication of the members within. So says Dr Kate Pike, Southampton Solent University associate professor.

Felicity Landon

In the shipping industry, like every industry, there are excellent examples of people who consider and look after each other, with good illustrations both on board and ashore, she says. "There are





Dr Kate Pike says that crewing strategies can build effective teams

also some examples of poor teamwork, where people could benefit from more knowledge and understanding of the industry and profit from healthier people management strategies."

Dr Pike, senior research fellow at the university's Warsash School of Maritime Science and Engineering, says one important consideration is whether teams on board are being formed effectively.

"It is often the case that crew will join a vessel for a three-month contract and then join another vessel with a new crew on their next rotation. The fluidity of this kind of team working can lead to lack of ownership and responsibility, which can have impacts on vessel maintenance, safety and working practices," she says.

Referring to Tuckman's stages of group development, she says literature suggests the formation of a team takes time and teams will go through several processes along the way.

"This raises the question about how long is required for teams to form and operate effectively. Other manning strategies involve a back-to-back manning structure where often the top four on board work together and return to the same ship for several voyages. This crewing format increases team familiarity and can reduce handover times and improve accountability on board."

A familiar team have time to understand each other's strengths and weaknesses and how they are likely to react if an emergency situation was to happen, says Dr Pike. The Effective Crew Project, being run by a research team, including herself, at Solent University, is examining the strengths and weaknesses of these various strategies and their implications for the industry.

ADDRESSING ISOLATION

The feeling of isolation at sea is well documented among seafarers, and this is an important consideration behind the Mentoring Seafarers Project also being run by the Solent research team.

The feeling of isolation can be an issue at sea, so feeling that

you are part of a team and included as opposed to excluded, is essential, says Dr Pike, and company culture and leadership, and attitudes on board play a large part in how this can play out.

"Changes to social interaction on board are apparent, particularly where the sociability of that 'beer at the end of the day' is no longer available. In addition, social media and technology are often blamed for encouraging isolation, but times have changed and the way people communicate has too. Other management strategies have to be sought to ensure morale and team spirit are maintained for all nationalities on board. Some companies are already addressing this, but some are not."

For young seafarers or those in transitional stages of their careers, a mentoring relationship can provide invaluable support.

However, which crewing strategy is being implemented on board can be of significance here too, says Dr Pike. "If you are returning to the same vessel with people you know, then it is easier to build up longer-term relationships which helps to improve socialisation and could ultimately make seafarers happier. This becomes particularly important where seafarers are spending a long time away from their family and friends with little connection available to them via phones or social media. Stable crews have the potential to form more of a family dynamic and create a greater psychological trust within the team.

"Some seafarers however, may feel happier rotating vessels, as there will be new people to meet from different backgrounds. Fluid contracts also provide a fresh start each vessel change – which can be helpful if you were not working well with the team you had."

RISK OF COMPLACENCY

Karen Waltham, managing director of HR Consulting at Spinnaker Global, asks whether having the same teams all the time builds complacency. "If you have the same team, it might be that from the safety point of view you don't do checks. Has that built up to

Teamwork takes daily nurturing

Marc Nuytemans, managing director of Exmar Shipmanagement, sees teamwork as a topic that requires daily attention.

"We are a service company, so teamwork is the core of our business," he says. Today's good business professional possesses the required basic business and technology skills and knowledge. However, knowledge and innovation are no longer something you find between two ears but between two (or more) noses. The importance of teamwork can therefore not be overstated."

Antwerp-based Exmar Shipmanagement looks at teamwork not only as colleagues working together but also from an integrated perspective, he says. "Our suppliers, customers, partners, auditors, class agencies, and so on, are also part of our team. To emphasise that, we have 'alliances' as one of our company values." The others are respect, commitment and innovation.

The company has practices to increase trust and teamwork, adds Capt Nuytemans. "We run programmes across the organisation which enable our staff to gain insight on each other and develop empathy, both of which are needed in a team to build trust. In our rather flat and informal organisation, all staff can enter into a conversation with each other or with managers and supervisors, including outside their department.

"This free-flowing information sparks improvement and innovation. Ad hoc teams are formed to tackle issues that go beyond a department or unit's domain. That also prevents us from reinventing the wheel every time."

Exmar Shipmanagement encourages the involvement of seafarers in the office during their time



Marc Nuytemans puts teamwork at the core of his business

ashore and intends to intensify this encouragement in the future. "They are engaged either on a project basis or in day-to-day operations. Again, that fosters trust among crew and office staff – to the greater benefit of safety on board, innovation and continuous improvement."

Capt Nuytemans emphasises: "In our experience, teamwork relies on trust. That word has been used and misused very often, so it needs a bit of clarification. Trust lies at the heart of a well-functioning team. You can only get trust if you are willing to be open about who you are, your strengths and preferences, about what you can and cannot do, about what makes you tick or drains your energy. That goes beyond the traditional basic skilland-competence set and interactions." **SN**

trust, or is it being complacent? If you mix the teams, is it that you don't know them sufficiently, that you have to work doubly hard to prove yourself, and you check each other because you don't trust each other? Might that be better? It's an interesting debate."



HR Consulting's Karen Waltham says that successful teams depend on good management

Teamwork is an area of strong focus for Spinnaker's HR team, which has adopted the Facet 5 method of measuring personality (will, control, affection, energy, emotionality). This can identify and explain an individual's preferred ways of working, says Ms Waltham. "We take it a step further after personality preferencing, to think about them as a team. It's understanding more about you and your preferred way of working, while respecting others' way of working, and making them come together.

"Some people like to talk about things and mull them over; others don't. We give people an exercise, then analyse it to help them understand why their behaviours were that way. This is a more scientific approach which allows individuals to become more self-aware, while also understanding while respecting others' way of working."

If people are able to work in their preferred way, they are likely to be happier and more motivated, she adds.

However, she points out, successful teams depend on good management too. "If you are managing people, you are collectively managing a team – big or small – to become better." "Safety can certainly be improved through good teamwork, communication and effective leadership."

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COLLECTIVE GAIN

Teamwork should deliver healthy competition, motivation and innovation, says Ms Waltham. "It is finding the balance between people who are supportive but still able to keep a level of independence. Faster innovation depends on communication, allowing people to speak, and the understanding that 'no idea is a silly idea'."

Ultimately, teamwork takes time for trust to build, says Dr Pike. "When relationships are built, people do look out for each other and can become more in tune with the personalities and characters around them and the strengths and weaknesses of the crew. It is then possible to assess how to compensate or complement each other, particularly in pressured situations.

"Additionally, and as people's characters are learned, if something is wrong or someone isn't being their sociable selves, it is noticed. Safety can certainly be improved through good teamwork, communication and effective leadership. It is very much dependent on the standards set, reasonable expectations and good engagement from all team members." However, she stresses that vigilance must be maintained to guard against complacency in longstanding teams and over-loyalty where non-reporting could potentially compromise safety. **SN**

Be ready to challenge and respond

Most people don't question 'teamwork', – it is a natural part of most workplaces.

However, The Swedish Club Academy managing director Martin Hernqvist, points out that in some cases when people try to act as a good team member and put forward ideas and comments, it is not always welcomed. "This seems to be more common in hierarchical and safety-critical companies and industries – like shipping, healthcare and many more – and when the 'challenge' is made in the down-up direction, i.e. from a junior to a senior. There is not always a good response to the challenge and the senior/superior may feel that he/she is offended or threatened – 'I'm supposed to know and will not need advice from anyone else'."

This attitude is tackled in the Gothenburg-based P&I club's Maritime Resource Management (MRM) programme. The Swedish Club pioneered MRM training in the early 1990s. Aimed at preventing accidents at sea caused by human and organisational errors, MRM training is now available in more than 35 countries, and there are more than 100 licensed training providers.

Proper, clear briefing and communication is needed within a team, says Mr Hernqvist. When everyone knows the goal ahead, has a proper understanding of the task and their different roles, then any deviation from what is supposed to be done can be challenged. "And there must be a response to the challenge – it must not be left open."

MRM training succeeds best when the team leaders set the climate, says Mr Hernqvist. "Seniors should really encourage juniors – if you see anything you think is strange, just let me know. People from more hierarchical societies find that more difficult, because their culture is based on respect for seniors. That hasn't changed in 25 years. We need to improve the ability to challenge."

However, he has noted in recent years that the term 'challenge and respond' is being used more and more often. "Some people don't like the term 'challenge' because they feel it's a very tough word. But in training, we say you don't really question the person, you question or challenge the action or decision." It is important that all team members – juniors, seniors and decision-makers – feel that they are part of a team with a common goal, whether it's to take the ship safely from A to B, succeed in some critical surgery or complete difficult construction work.

"Also, it's important to understand that decisions are made on a 'mental picture' of reality and not on reality itself," adds Mr Hernqvist. "This mental picture is made up of small pieces of information – and a vital piece of information may be in the possession of a team member and not in the possession of the ultimate decision-maker."

If the team member, perhaps because of fear of being wrong, of reprimands, of spoiling the 'nice atmosphere', or because of bad experiences from the past, keeps quiet in such a situation, decisions could be made with negative and dangerous consequences.

"These teamwork issues can be trained (as with MRM) and, when successful, seniors will start encouraging effective teamwork and challenges, they will respond in a safe and good manner, and team members will understand their role in the system and take an active part and challenge when necessary. That's the goal, at least, even if it may take time to change." **SN**



The Swedish Club Academy's Martin Hernqvist advocates challenges

The quandary of where to work

Remote working is becoming more popular, but will shipping move with the times?



Across the world, the nature of work is being transformed. Sweeping demographic and technological changes look set to have a big impact on the average workplace: a recent Ernst & Young research study claimed that three-quarters of the global workforce will be made up of those from the millennial generation by 2025, while a McKinsey Global Institute report predicts that, as a midpoint in its scenario, automation could displace 15% of work worldwide by 2030, but that there could be 50m new technology jobs by that year.

be 5

Topic: Location

Key words: Workplace, home-working, flexibility

Background info: In the wider corporate world, there's a mixed response to remote working, but maritime workers see the value

In this era where employment is undergoing substantial evolution, remote working, or working away from one's traditional place of work, is increasingly being viewed as a viable option. According to the Upwork-commissioned 2018 Future Workforce Report, 55% of the US hiring managers surveyed agreed that remote work has become more commonplace in comparison with three years ago. In a blog post for Behere, a platform which facilitates remote lifestyles (a way of living based around remote working) for females, Katie Tatham says that in the changing workplace, "employees are looking for positions that go beyond the typical corporate office and cater to their desire for flexibility".

"I've found the community of the office allows you to bounce ideas off each other more easily and ask quick questions to clarify things"

"As demographics change in the markets, the desires and demands of workers are developing, and many employers are taking note," she explains, adding: "As millennials become the largest group in the workforce, the desire for work-life balance is forcing companies to re-evaluate practices."

Millennials – defined as those born in the 1980s or early 1990s – are demanding more flexibility in their work, and more than half of all professionals have left a job, or considered leaving, because it lacked flexibility.

"These companies must embrace the challenge of maintaining company culture and productivity, while retaining



Some people prefer the buzz of a social office environment over working from home

talent and recreating the corporate structure. Young men and women are redefining the way we work, through a desire to establish work-life balance and create experiences, while advancing their careers."

According to Ms Tatham, the digital workforce's growth is a primary factor for the move away from the office job.

"The job market is no longer local, and the hiring pool can be global thanks to technology," she notes. "Since we have the ability to work from anywhere, the need for traditional office space decreases."

A REMOTE-WORKING SECTOR?

But is maritime – an industry often viewed as playing catch up in adapting to the demands of the rest of the world – ready for such a cultural change? How has it embraced remote working, and do its companies look set to see even more of this kind of work in the future?

The maritime sector is perceived as being behind in letting employees work remotely and take advantage of flexitime. However, for maritime industry employee Holly Birkett, remote working is a popular option. Ms Birkett works at the UK Chamber of Shipping, the trade body for shipping which represents more than 180 different organisations from across the maritime industry in the UK. She estimates that the great majority of the association's staff regularly work at home – potentially one day per week on average.

"We each have laptops from which we can access our internal network remotely," she explains. "We also have the option to be supplied with an iPhone and iPad for work too. Many of us also travel a lot to visit our member companies around the UK, so we are able to continue our work from whatever hotel, plane or train we are in." In Ms Birkett's eyes, the entire result is "pretty seamless".

"We're able to be just as productive as we would be if we were working at the office," she reflects. "But remote working has its limitations – I've found the community of the office allows you to bounce ideas off each other more easily and ask quick questions to clarify things. I also really enjoy the social aspect of the office environment, and I think my colleagues do too."

However, Ms Birkett is grateful for the benefits that come from working away from the office.

"Many of our staff here at the UK Chamber have long commutes and families at home, so it's nice to work for an organisation that gives you the flexibility to manage your time," she says. "When you don't have to get up early to get ready for work and then spend over an hour on a train, then another hour coming back again, working from home allows you to use that time more effectively and productively – and make the most of your free time too."

Yet Ms Birkett's view is by no means a unanimous one. According to 2017 research from Cardiff University, 44% of people who work remotely find it difficult to relax and unwind after work and 39% of people who mostly work from home often work extra hours in order to complete their tasks (for those in fixed workplaces, just 24% do this). Furthermore, according to a Chartered Institute of Personnel and Development report from last year, 32% of employees feel that remote access to the workplace means that in their personal time, they can't switch off; 18% of employees in the study went as far as to claim that remote workplace access makes them feel like they are under surveillance, with 17% saying that this kind of access makes them anxious and affects their quality of sleep.

DIFFERING STANCES

This negativity surrounding remote working is arguably shared by some of the world's biggest companies. In 2013, it was famously revealed that web services provider Yahoo! had pulled the plug on home-working, having sent a memo to employees explaining that it was to ask all of them with arrangements of this kind to work in its offices. Tech giant Google's company culture has been described as one that "does not emphasise telecommuting", while International Business Machines Corporation last year asked thousands of US workers to either relocate to a regional office or leave – having previously allowed 40% of its employees to work outside traditional company offices.

However, other big businesses are large supporters of remote working. In 2017, online marketplace Amazon announced it planned to add 5,000 remote customer service positions. The company comes seventh in a 2018 ranking of the top 100 businesses for remote employment opportunities. Dell comes ninth, Hilton Worldwide is 21st and Toyota comes 47th.

It might be argued that a similar division of opinion surrounding work away from the office can be found in



Ports are already starting to offer the option of remote working, with remotely-controlled cranes

shipping. Membership body and information-provider The Baltic Exchange tells *Shipping Network* that it "[does] not have an official work-from-home policy", while logistics service company Hamburg Süd says it is "currently not working remote". However, remote working exists within shipping firm Hapag-Lloyd.

"The decision on remote working is with the respective department head – as it really depends on workload of and practicability for the department," the company's Nils Haupt explains. "In my case, for instance, my colleagues have general permission to work from home."

CRANE COLLATERAL

It's ironic that for a sector that is viewed as behind on its remote work and flexitime practices, maritime is in fact moving towards the ultimate remote working concept, through industry focus on remotely-operated vessels and cranes. C.H. Robinson's Sri Laxmana identified technology as one of five global shipping trends to watch for this year, noting that businesses are "offering platforms, visibility, advance manufacturing, automation, e-commerce, crypto-currencies, and digital marketplaces". However, remote working was not included in Faststream Recruitment Group chief executive Mark Charman's ten essential maritime recruitment trends for 2018, although the hiring expert did say that businesses "will need to be fiercely competitive to hire the best talent and will need to focus on their wider value proposition as an employer". He also said that technology and big data will increase in importance this year.

Undoubtedly, interest surrounding the definition of a place of work is growing, so it seems unlikely that the maritime sector will be able to shy away from being more flexible in letting its workforce choose where it wishes to earn a living. **SN**

Taking inspiration from those at sea

The Mission to Seafarers' Andrew Wright explains why we should look offshore for the ultimate team



write this during the latest 'Brexit' crisis for the UK government which has brought with it resignations and uncertainty. Such events raise many dilemmas in relation to teamwork.

Andrew Wright

There are few leaders who do not long for effective and harmonious teamwork, national leaders among them. But how is it best achieved? When are the moments for collegiality? When are the moments to assert authority? How do you both tap and temper the egos? How do you ensure the timid voice is heard?

Leadership can so easily repress or intimidate, knocking

Topic: Seafarers

Key words: Unity, common purpose, communication

Background info: Those on shipping's frontline often make a success of teamwork by necessity

confidence and alienating a sense of teamwork. Other leadership can be so tepid that it invites, inappropriately, the loudest and latest voices, leading to a destructive free-for-all. Teamwork is highly desirable but never easy.

As I write, I have also just heard news of the successful rescue of all twelve children and their football coach from their cave in Thailand – surely a superlative example of a successful team effort. I look forward to hearing the lessons that we might learn from that.

Shipping is absolutely about teamwork – and we can learn so much from those at the front line. My first experience of maritime teamwork was on a fishing trawler operating from the Shetland Islands in the far north of Scotland. My week aboard was extraordinary indeed. I think if you can survive that you can



Fishers act as an effective team

probably survive pretty much anything! I spent much of the time, sometimes in pretty bad weather, wedged on the deck to combat the trawler's violent pitching and rolling. More than that, I was simultaneously gutting fish as they came through on the conveyer belt in front of me. I was very proud of the fact that I was not sea sick, much to the surprise of the crew – possibly even to their disappointment.

HIGHS AND LOWS

Fishing is an elemental thing. Fishers really are the last of the great hunters. I have perhaps never felt quite so close to nature. Like all seafarers I was experiencing it in the raw, totally exposed before it in a very small vessel. The mood of the sea and the nature of the light seemed to change by the minute. Sunrise and sunset had a power I had never experienced. Mealtimes took on a new significance – and eating freshly caught halibut, straight from the sea, lightly fried in the pan and served with lashings of well-buttered boiled potatoes was unbeatable. There were many magical moments.

However, this was not an easy trip for the crew. Time after time the cod end of the net came up with a disappointing return. Several times the gear became stuck and some of the catch was lost. There was a growing sense of disappointment. For fishers, livelihood depends on a good catch. As a priest, I began to wonder a little about whether they might think it was my fault, in accordance with ancient fishing superstition. I began to muse on the story of Jonah. If these guys decided to chuck me over the side in search of better success no-one would ever know!

Of course, any such delusion was quite misplaced. These were in fact a thoroughly decent group, all from the famous fishing community of Whalsay. They were quiet men, but when they spoke they did so with accents that were barely penetrable. They were fantastic seafarers and I learnt so much from them about teamwork. They had served together so long that they knew one another's roles intimately. No commands needed to be given; it was as if they were one. They acted as a single unit, the experienced hands supporting the less experienced. It really was seamless, both in normal times and in crisis and I have never seen better. Several of them had recently been on another fishing vessel, one that had sunk to the north of the island, close to the wonderfully named lighthouse of Muckle Flugga. Perhaps that had further bonded them. Whatever, I was impressed and inspired.

Similarly, I sensed something of that same teamwork when I later spent a week aboard a container vessel. That ship clearly had a long history of team-building captains and I sensed the unity and common purpose of a multinational crew operating with great effectiveness and with a tangible spirit of co-operation and mutual goodwill. Credit:



Sea Sunday gives people a chance to thanks seafarers

LEARNING FROM SEAFARERS

As I write this, we have just celebrated this year's Sea Sunday. I spent the day with the community in the port of Milford Haven and together with people all over the world we gave thanks for the seafarers who are the lifeblood of us all. We have so much to learn from them, from their sacrifices, from their response to challenge and danger, from their abundant skill – but not least we have so much to learn about teamwork. Failures in shipboard teamwork are not only unfortunate, they are life threatening. How often have maritime accidents resulted from shortcomings in teamwork, from communication breakdown, from an inadequate understanding of complementary roles? Thankfully, most of us who go aboard ships usually get a tangible sense of mutual respect and of quality team effort.

As has often been commented on in this publication, the wider shipping industry is made up of an extraordinarily complex web of constituent parts. Even after nearly six years I am still seeking to get my head around it. Fortunately, I have also rarely experienced an industry that exhibits such a sense of goodwill and common endeavour. It very often works so very well.

Those of you who read my column regularly know that I do not usually resort to theology in my articles, but when it comes to that theme of teamwork I find it hard to resist referring to the Bible. There is a relevant passage in its New Testament, once well-known but perhaps less so in these more secular times. It speaks of the Church as being "the body of Christ".

Now if the foot should say, "Because I am not a hand, I do not belong to the body," it would not for that reason stop being part of the body. And if the ear should say, "Because I am not an eye, I do not belong to the body," it would not for that reason stop being part of the body. If the whole body were an eye, where would the sense of hearing be? If the whole body were an ear, where would the sense of smell be?

We are, says the passage, "many parts but one body". St Paul may not be alone in using this "body" image as a metaphor for teamwork but it seems to me that there has rarely been a better one. The truth is we are so very different, with such varied talents. That is our richness. We need each other and when we co-operate with each other in absolute respect and determination, our end is likely to be achieved both quicker and better – and with so much more fun!

FINDING A ROLE FOR ALL

I have had many experiences of teamwork, some good, like the ones above, others bad. All teams will have challenges and all teams will contain difficult people. It is my experience that very often the most troublesome ones can also be the most talented. Finding ways of integrating every player effectively is a game which is not always easy to play. As a team leader, I hope to think that I have played some part in motivating and encouraging effective team co-operation, but I also know that I have often been less than successful in that endeavour.

Effective teamwork begins with the recognition of the value of every member of the team. It begins with the realisation that we all need each other. It begins with that sense of mutual interdependence without which little can be achieved. Even within hierarchical structures that remains the stark reality. It is fantastic that we work in an industry where effective teamwork is so often and so effectively modelled. We have much to learn from it. Our troubled world has even more to learn. **SN**

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

"We have so much to learn from seafarers, from their sacrifices, from their response to challenge and danger, from their abundant skill – but not least we have so much to learn about teamwork"

Humans still matter in a digital world

There's no stopping the digital advance, but its success will depend on real people



elen Wylde has been looking at the maritime sector from the outside – and her judgment is that when it comes to digital advances, "the opportunity in freight and shipping is enormous – and the appetite is there".

Felicity Landon

As chief engagement officer at Transport Systems Catapult, she is part of a technology and innovation centre set up by the UK's Innovate UK to focus on 'intelligent mobility', harnessing emerging technologies to improve the movement of people and goods around the world.



Topic: Technology

Key words: Machines, reform, skills

Background info: 'Horizontal' skills are needed for shipping industry employees to make the most of the digital moves already taking place

Much of the digital discussion to date seems to have been dominated by road, she says. "But in the last year we have seen that what we call 'blue tech' (marine tech) is now coming together. And because it is to a certain extent more manageable, I think that tech transfer in this sector will happen more quickly than in roads."

From automated ferries to tracking of freight, Ms Wylde says there is a whole flow of opportunity opening up. It's a refreshing change to hear such a positive view of the industry from someone 'on the outside'. So, are we not so conservative after all?

"People in shipping are recognising that they need assistance from people who are specialised in digital technology and understand how it works. So there is not only a willingness to make things happen, but also the ability to work with others," she says. "People involved in the industry are prepared to bring in 'horizontal skills' to help them move the shipping industry forward and reform their products and services."

Something to give

However, it's a two-way thing. Shipping knowledge is vital to the application of any new technology, says Ms Wylde. "You can have expertise in digital, but if you don't know the problems you are trying to solve, and don't understand what is happening, you will get it wrong."

It all comes down to people, she says – it always has. It's vital that people can work in a team and rearrange themselves around the agenda.

"The industry has a really exciting two decades ahead. Those who have a positive agenda and positive attitude – they will be there in the future. Those who are turning a blind eye to circumstances and the speed of change? They won't be there."

Gordon Meadow, associate professor at Solent University, has examined the impact of autonomous vessels on seafarer competency. He says: "Autonomous ships won't mean no seafarers. People are still needed, just differently in different ways and, more importantly, with very different skills.

The industry must think about the skills people will need in 20 years' time, he says; in general, we train someone based on the skills and jobs that existed 20 years previously. "Human adaptability lags a long way behind technology and the maritime industry has not handled the growing skills gap well; this will be key for ships with growing automation in the future."

The ability to use and manage technology involves ensuring that all technological activities are efficient and appropriate, says Mr Meadow. "Therefore, the manufacturer has a huge part to play in incorporating human performance."

He is working with colleagues at IMarEST and the Marine Institute in Canada on a functional skills analysis of the roles vs functions of seafarers going towards 2040 – and he predicts that by 2030, at least 50% of the functions onboard will be mimicked by machines. "That doesn't mean fewer people. It means more highly trained people, with different roles and new career routes."

Mr Meadow adds: "Seafarer 2.0 will have an ever-increasing analytical brain; knowledge of systems engineering software tools; strong organisational skills; ability to see the small picture; ability to see the big picture; communications skills; and ability to lead, follow and work well in a team."

Long-term thinking is needed, he says. "We must create balance in capability through system design, systems understanding, training, operator self-discipline and situational understanding – as well as simply providing opportunities to practise the 'abnormal'."

Responding to the abnormal

Commercial seafarers by and large are trained for consistent everyday operations, he points out. "As we move forward, 'above real time training' methods are required so the seafarer can recognise and respond to the abnormal. New means of incorporating human performance with the smart ship of the present and the future will be found."

The great irony, he says, is that before an onboard function can undertake independent decision-making, the supporting operator must be the most highly skilled they can be to respond to any failure in the system's thinking.

"People are inherently flexible and adaptable, but to be effective in responding to these sorts of emergency or a 'save the day' scenario, the operator requires three things: to be taught the skills to do this; to practise and update these skills regularly; and to be provided with the appropriate information by the technology in a timely manner."

The maritime industry, like many industries, works in a polarised way, says Mr Meadow. "Every occupation is moving through this digital integration to the cyber physical systems future. Learning from other industries and making a decision on what we adapt, reject and retail would be a sensible way forward. The seafarer is a remarkable occupation, so often underestimated and invisible. Seafarer 2.0 will be the same."

EMBRACING CHANGE

Whether the digital change is for the better or not, it is here to stay and we need to adapt our processes and ways of working accordingly, says Marc Nuytemans, managing director of Exmar Shipmanagement.

"Training definitely needs to be adapted," he says. "Digital, however, is only one aspect that drives the changed mindset and the need for a different skillset. The increasing complexity of systems and the expanded set of regulations also force a constant focus on learning."

Exmar Shipmanagement is increasingly turning the focus from 'training' to 'learning', where staff own their own development, says Capt Nuytemans. "We see traditional training as too much about the transfer of content, whereas learning is a more interactive and problem-centred process. It relates to staff's work challenges where they have the possibility to learn from direct experience.

"The overarching question is how we need to work and learn together to become a highly performant organisation. If staff can develop their skills through personal insight and development, that is beneficial for both themselves and for the organisation, so people become much more an actor of their own career and their own development."

For example, Exmar Shipmanagement has developed its safety culture and learning with minimal formal training but with a lot of tools and supported processes for on-thejob learning. The focus is very much on how participants can ingrain the safety principles in daily processes, he explains. "The same holds true for other aspects of



"The industry has a really exciting two decades ahead. Those who have a positive agenda and positive attitude – they will be there in the future. Those who are turning a blind eye to circumstances and the speed of change? They won't be there."

learning, such as leadership (how to be a leader in the 21st century?), and communication (for example, how do you deliver candid feedback? How to bring a difficult message?).

"Alvin Toffler said many decades ago that the illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn. That is also true for organisations." **SN**

Seeking digital inspiration for the industry

There are plenty of examples of shipping reaching outside the industry for digital inspiration, from port hackathons to competitions.

PitchBlue, the German Shipowners' Association's (VDR) major pitching event for maritime start-ups, was held in May. A shortlist of ten young companies presented their innovative ideas for maritime shipping; in only three minutes, each start-up had to get to the heart of their business idea and then answer the critical questions of the jury, consisting of six shipping company managers and digitalisation experts.

In the UK, a 'Digital Dragons Den' competition was launched by the UK Major Ports Group in June. Open to

anyone, from equipment manufacturers to academics and consultants, the challenge was to submit views on the top five ways digitisation could transform the port of the future, plus what the role of Government should be in enabling these innovations and their adoption.

The three best submissions are to be presented to the UKMPG board in November; the contest will also help inform the UK Government's Maritime 2050 vision.

"Our ambition is to connect leading innovators in the digital space with the major investors and operators in the UK ports sector," says UKMPG chief executive Tim Morris. **SN**

A top-down approach to shipping's governance

The 'team' exerting influence on the IMO has come under scrutiny and not before time



n April, International Maritime Organization secretary general Kitack Lim said in his opening remarks to the agency's Intersessional Working Group on Reduction of Greenhouse Gas (GHG) Emissions from Ships: "Never before has a meeting generated such great interest – not only within the maritime community but far beyond, as well. Your task will not be easy at times; the stakes are high and the expectations even higher."

Nadja Kostka

Topic: Governance

Key words: Responsibility, trust, leadership

Background info: The IMO has embraced greater transparency in its influence structure

In part, the increased scrutiny he was referring to originated in several studies and organisations asking the IMO to take a close hard look at the way it is governed, and make the necessary changes to ensure it can operate effectively, unimpaired by excessive influence from private concerns, to regulate areas like GHG emissions.

Currently, shipping contributes an estimated 2.5% of global emissions, but left unchecked this could grow to 17% by 2050. Along with aviation, the shipping sector remains outside of the UN Paris Agreement, which aims to limit planetary warming to "well below" 2°C, and ideally to no more than 1.5°C. A failure to dramatically reduce the sector's GHG emissions, therefore, will jeopardise the pledges signed by 195 states in Paris. This means that the IMO and its 174 Member States have a critical role to play.

TRANSPARENCY DRIVE

Since 2011, Transparency International, the global civil society organisation leading the fight against corruption, has been promoting anti-corruption, transparency, accountability and public oversight in global and national climate policy and climate processes.

In advance of the IMO meeting in April, Transparency International evaluated the IMO's governance structure to check if it helps or hinders the development of policies, including an effective GHG strategy. The assessment found a number of critical governance flaws at the IMO that could put its climate goals at risk.

Under the current rules, two thirds of the IMO's financial contributions come from just 10 countries, which make contributions based on the size of their fleets (measured in deadweight tonnage).

The states with greater tonnages not only contribute more funding to the IMO, but also have a greater say, in proportion to their tonnage, on whether and when a policy comes into effect.

At the same time, many low-income states threatened by

climate change cannot adequately fund their own participation. Take Bangladesh for example, which imported and exported \$34bn and \$43bn worth of goods, respectively, in 2016 and has 100,000 people employed in its shipbreaking sector. The low-lying south Asian nation is also at extreme risk from rising sea levels. Yet state resources are scarce, and Bangladesh sent only two representatives to MEPC 71, a meeting of the IMO's environmental protection committee in 2017.

In practice, the risks of undue influence are exacerbated because tonnage is concentrated in a handful of states that operate open registries. More than half of the world's fleet sails under the flags of just five open registries: those of Panama, Liberia, the Marshall Islands, Malta and the Bahamas. Together, these five states contribute 43.5% of the total funding from the IMO's 174 member states.

Open registries offer ship owners extremely favourable regulatory environments that commonly include effective anonymity, a zero corporate tax rate and minimal implementation and enforcement of environmental and social regulations – all in exchange for the registration fees from ship owners.

The secrecy that hides the true beneficial owner of companies that control ships in such open registries can sometimes be linked to unaccountable criminal and corrupt activities, according to both the United Nations Office on Drugs and Crime and Interpol. Three of these five open registry states (Panama, the Marshall Islands and Bahamas) were recently classified as non-cooperative tax havens by the European Union.

By virtue of their tonnage, these states can exercise influence over the IMO through the funding and ratification mechanisms. At least 17 open registries have outsourced the management of their registries to private companies, which suggests that around 10% of delegates to the IMO may actually be drawn from the private sector. By allowing private companies to debate and vote on issues of transnational public interest, the IMO undermines a basic premise of the UN system of international governance. Moreover, a lack of transparency over what positions individual states take during IMO meetings makes it difficult to assess the policies for which open registry states advocate.

DISPROPORTIONATE INFLUENCE

There are no rules governing the appointment of national delegations to the IMO. States appoint companies and representatives of ship owners directly to their national delegations. For example, a recent delegation from Brazil to an environmental meeting contained five advisors who were employees of the logistics multinational company Vale SA, which has substantial shipping interests.

An effective GHG strategy would require long-term investment in clean technologies. If companies and trade associations want to

resist these measures, they are well placed throughout the IMO to delay or dilute polices that promote such investment.

It is a key principle of the UN system to respect the sovereignty of states and not to impose controls on delegates. Yet the exploitation of this rule by open registry states to appoint companies to represent them amounts to a partial privatisation of intergovernmental policymaking in shipping.

Across the IMO, Member State delegates are shielded from public scrutiny. IMO reports of meetings do not reflect the positions taken by individual representatives, while journalists are forbidden from naming speakers at meetings without gaining their consent. The result is that the public do not know which delegates are arguing for which policies.

Yet delegates are also unaccountable to the IMO itself. The organisation has no code of conduct to regulate how delegates are appointed or place restrictions on secondary employment, conflicts of interest, gifts and hospitality. Meanwhile, the organisation's whistleblowing policy and complaints mechanism only apply to staff in the Secretariat. The IMO's oversight body has no jurisdiction to investigate the activities of delegates.

A well-functioning organisation's governance structure should enable decisive action, but the governance flaws identified by our research suggests that this is not happening at the IMO because policymaking could be overly controlled by private companies.

POSITIVE SIGNS

The IMO does perform more positively in some areas and, in particular, the transparency around the organisation's governance framework is relatively high, and while these results paint a bleak picture, there is light on the horizon. The increased scrutiny at the April meetings helped lead to the historic adoption of an initial strategy for reducing greenhouse gas emissions from international shipping by at least 50% by 2050.

There have also been positive developments during July. Australia, together with 11 other countries, successfully pushed the IMO Council to accept a proposal to strengthen the governance of the IMO. In November 2018, a working group will begin considering reform proposals from the IMO Secretariat and Member States. It will likely address matters

including the IMO Council's role in policy development, the transparency of discussions and decision-making, and the role of industry bodies, and how to ensure a balance of interests is represented. This is a first positive step to answer the call to establish a stronger governance framework.

The set-up of the working group is the beginning of a long process. The IMO now needs to work on its teamwork to ensure that all voices are represented – those of Member States, industry and civil society. As secretary general Lim remarked at a Maritime Administrator's event in Singapore: "Our challenge for the years to come remains the same: to work in partnership with all stakeholders to create better shipping – for a better future." **SN**

Nadja Kostka is project co-ordinator at Transparency International.

SECTION	INDICATOR	SCORE
Transparency	Can members of the public obtain relevant and timely information on the IMO's administration, policies and procedures?	Strong
Transparency	Can members of the public obtain relevant and timely information on the IMO's activities, outputs and decisions?	Medium
Accountability	To what extent does the IMO's finance mechanism ensure a balanced representation of interests?	Weak
Accountability	To what extent do the IMO's decision-making structures ensure a balanced representation of interests?	Medium
Accountability	Do independent civil society actors participate meaningfully in the proceedings of the IMO?	Medium
Accountability	Are there effective, independent and enforceable mechanisms to handle whistleblowing or the exposure of wrongdoing by IMO staff, Member State representatives, contractors, subcontractors and consultants?	Medium
Accountability	Are there effective mechanisms in place to register and handle complaints by external actors?	Medium
Integrity	Are IMO staff and Member State representatives subject to an effective Code of Conduct and conflicts of interest policy?	Weak
Integrity	Are IMO staff and Member State representatives appointed based on clear and objective criteria?	Weak



Good news! The @IMOHO agreed to look

into some of the governance flaws identified

Transparency Int'l



Don't let threats sink your industry

Hacking ships? It's as easy as one, two, three says Synopsys' Adam Brown



The nefarious hacker has been around for a long time, with possibly the first hack being perpetrated in 1903 in front of an audience at the Royal Institute in London, disrupting physicist John Ambrose Fleming's demonstration of his boss Guglielmo Marconi's technological wonder of the age: a long-range secure wireless communication system.

Adam Brown

Just prior to the demonstration, the Morse code receiver started spitting out insulting messages, initially repeating "rats", "rats", "rats", and then a limerick – "There was a young fellow of Italy, who diddled the public quite prettily".

While these days we think of hackers hunched over a computer wearing hoodies and Guy Fawkes masks, the hacker in this case was a moustachioed fellow and music hall magician called Nevil Maskelyne. We know this thanks to a triumphant letter in The Times confessing to the act.

What on earth has this got to do with the security of shipping you may ask? Let's dissect this and draw some parallels.

Technology moves quickly, followed by hackers and researchers, then defenders. Industries can also be tiered; financial services tend to lead (they have always been an obvious target), followed by software vendors and cloud providers, then by healthcare. Each vertical has its own motive for advancement based on their unique threat situation. My company has run a study of software security initiatives (SSIs) for over 10 years, and we can see these clear trends. So far, we have not seen any maritime SSIs which would indicate a lag in cyber maturity in that industry.

"The shipping industry can learn from the last two decades of security experience from other industries and apply mitigation techniques, whether that is process, people, training or technology"

> Looking at the research that has surfaced over the last year, it's not surprising that exploits were relatively easy to deploy. This is in stark contrast to financial services who embrace new cyber defence practices and technology to pre-empt attacks. They experience breaches, but have a much larger attack surface.

Not so secure?

Marconi's hacker breached, with relative ease, what at the time was understood to be a secure channel. Marconi was using a specific frequency to transmit and receive messages. Anyone with any experience of analogue radio will know that does not

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constitute security, and only at a stretch (at the time) could constitute obscurity of any messages transmitted. In 1903 the technology was new, so no one knew that it wasn't secure, and could easily believe that Marconi's equipment did communicate securely because he said so! Therein lies our parallel: Many shipping systems are still using intercommunications in the clear, over shared networks, with some using insecure devices available on the public internet.

Recent research has shown that it's possible to misdirect or control a ship by:

- Hacking into a SATCOM device connected to the public internet – cyber security issues relate to network configuration, security configuration (default & hardcoded passwords), and application security vulnerabilities.
- Hacking into an ECDIS system due to underlying old and insecure operating systems.
- Spoofing antenna data to SATCOM systems physical security to these devices is an issue.
- Accessing the serial communications/IP convertors used by the ships, industrial control systems.

It's also possible to commit financial crime or disrupt logistics by EDIFACT tampering. EDIFACT has some security measures in place, but these are easily bypassed which could lead to stolen cargo, or mishandling of cargo – which could affect ballast, or result in other hazardous situations depending on content. Who would do such a thing? Marconi had a situation where someone wanted to defame him and his machine by hijacking

A different kind of breaching

Pen Test Partners' Ken Munro moved the issue of hacking ships' systems from theory to practice when he published a video blog in June detailing just how easily it can be done.

In the vlog he explains how to take the GPS data stream from a ship and modify it once it's on the serial network. Mr Munro describes how the hackers "simply inject a filter and modify the GPS location data being fed to the ECDIS".

If the ECDIS on board is in 'track control' mode – where it directs the autopilot – then the hacker can

the demonstration. Each industry has its own unique threats and threat actors with their own motivations.

Recently I found myself talking to an activist who was proud of his work disrupting shipping activities. He was able to cause delays, resulting in additional port fees and breaches of service levels. He did this by locating vessels which had turned off their AIS; not by using highly skilled hacking techniques, but by using some easy to obtain open source intelligence. Think of crew on the network constantly beaming out their location, either via GPS from their phones or by pictures of ports and updates on social media.

LEARN FROM THE PAST

Each industry and sub industry has its own unique threat actors; however, while the threats are different, the techniques are the same. This means that the shipping industry can learn from the last two decades of security experience from other industries and apply mitigation techniques, whether that is process, people, training or technology.

Those responsible for the cybersecurity of ships should pay attention to the practices already established. It's important to identify one's own threats fool it and cause the ship to change direction. He points out that if the crew are alert, then they should pick it up and take control, but they will be presented with exactly the same tampered position data as the automated systems.

To mitigate such an attack, Mr Munro says it's critical that vessel networks are segregated, and this applies to both the IP and serial networks. Then, passwords for serial devices must be changed from default. Finally, serial device software must be "kept up to date" and "patched against security flaws". SN

through threat modelling, assessment of risk exposure and then mitigation. In doing so, remember Marconi's 'secure' messaging system – it wasn't secure. There are no silver bullets; any vendor-supplied security should be checked independently, as should the network, infrastructure and software configuration of any ship.

The BIMCO guidelines on cybersecurity for ships have emerged as a great reference for the industry, but they must be used as advice and not a checklist, as this simply doesn't work. Vendors of devices for ship control, navigation and communication should consider a software security initiative – a good measurement tool for such a thing is the free document at BSIMM.com.

Finally, in my last parallel, Marconi's hacker was self-proclaimed. As with many breaches today, the breached organisation only becomes aware through outside notification. Would you know if there was a breach of confidentiality, integrity or availability of sensitive data or control messages on your ship or at your shipping company? **SN**

Adam Brown is manager of security solutions at Synopsys.



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As a world-wide charitable body, we unite the world's maritime search and rescue organisations for our common humanitarian purpose:

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High cost of missed post-fixture messages

ITIC's Andrew Jamieson explains why brokers need to take extra care of emailed messages



TIC recently helped a shipbroker reduce its level of exposure to claims from a charterer for damages and loss of profits in a rising market, following a failure to pass on fixture options correctly.

The charter agreement between the parties contained an

messages are followed up with a telephone call especially after office hours."

The reference to making a telephone call reflects the frequently expressed view that, while the brokers accept that they missed an

Andrew Jamieson option for a second voyage, but the broker failed to pass on the charterer's message declaring the second-leg option, which had to be nominated upon completion of loading on the first voyage. The owner refused to perform the second leg as the option had not been declared in time, and the market had risen in the meantime.

The charterer maintained that, if the owner did not perform, it would claim from the broker damages of \$500,000 representing the additional cost of fixing a ship in the prevailing market.

Following negotiations with ITIC

and the broker, the owner agreed to perform the second leg for an additional \$275,000, which more accurately reflected what could have been achieved on the spot market. ITIC reimbursed the broker for the additional freight.

This is a typical example of a common cause of claims – timesensitive messages not forwarded sufficiently quickly. The failure to spot and pass on an operational message can have severe financial consequences. In another case, a broker failed to pass on berthing instructions. The vessel remained at anchor and a substantial demurrage claim was passed to the broker.

MASS OF MESSAGES

Shipbrokers receive an enormous number of messages every day. It is not surprising that sometimes messages do get missed. Although human error cannot be entirely eliminated, the risk of a claim can be reduced.

Brokers often specify an address to which operational messages have to be sent. This should lessen the chance of an important message being buried among the myriad of market circulars and negotiation messages received during the average day. The protection that this gives will be enhanced if the broker makes clear the consequences of not following the instruction.

ITIC has a recommended post-fixture clause for brokers to place at the end of recap messages. The clause is endorsed by FONASBA. "Important: Operations. It is essential that all messages in respect of operations be sent to the relevant email addresses (ops@broker.com). We can accept no responsibility for delay or other consequences if messages are sent to any other email address within the company. Please ensure that all important operational



MESSAGE CONFUSION

Not all messages are simply overlooked. A recent claim involved brokers assuming that their colleagues were dealing with it. It was the weekend and a member of a tanker broker's operations staff was not on duty. A message was received on their phone, which was linked to their individual email address.

The email was sent by a colleague in a different office for onward forwarding to the owners. The message was an important instruction regarding the amount of cargo to be loaded. Although the operations person saw the message they assumed that it had also been addressed to the general operations email address and would be dealt with by the colleague who was on duty. They therefore took no action. Unfortunately, if they had looked they would have realised that the message was only addressed to their individual email address. The message was not passed on.

The reason for the revised instruction was that the charterer wanted to change the discharge port rotation to avoid severe congestion at what was originally scheduled to be the first port. This revised rotation would require a reduction in the vessel's draft to enable its discharge at what would now be the first port. The message was not passed on and the wrong amount of cargo was loaded. There was no option but to stick to the original rotation and face the prospect of a substantial demurrage claim.

The consequences of failing to pass on an operational message may be expensive or may simply damage brokers' relationships with their principals. Time spent checking for missed messages can be time well spent. **SN**

Andrew Jamieson is claims director at International Transport Intermediaries Club (ITIC).

email, "if it was that important the principal should have called". The feeling is compounded if the message was sent outside normal hours.

The most common claim against tanker brokers is demurrage claim documentation that has not been passed on by the broker. The broker may, unfortunately, only discover what has happened after a large demurrage claim has been time-barred under the charter party terms. If tanker brokers have separate claims addresses then the above clause should be extended to refer to the claims address.

Saluting the next forwarding generation

Regional award winners offer fresh perspectives on the industry



This month will see the announcement of the winner of the International Federation of Freight Forwarders Associations (FIATA) and the TT Club's Young International Freight Forwarder of the Year Award for 2018.

Kate Jones

The accolade, which was launched in 1999 and open to those aged between 18 and 32, aims to further develop the professionalism of young people in the freight forwarding sector and encourage training in the field. At stake is a first place prize of a week's worth of practical experience of multimodal transport infrastructure in a country away from the victor's own, a week of academic training in the TT Club's European head office in London, a trophy and an international certificate.

In order to be eligible for the 2018 award, young forwarders had to be selected by their company's national forwarding association – each of these associations having the right to choose one candidate within the age range. Those selected then had three months to write a dissertation of between 4,000 and 6,000 words on an advised topic. The essays were then used by the judges of the award, along with a supporting statement from each candidate's national forwarding organisation, to pick a winner from each of FIATA's four world regions. This year, the choices were made from 17 entries.

The regional winners will attend the FIATA World Congress, which in 2018 is being held in New Delhi in India from September 26 to 29, where they will present their dissertations, in 15 minutes, to a steering committee for final assessment to determine an overall award winner. Registration fees and accommodation costs for participation in the event will be covered, with air travel subsidised. Regional finalists also receive a trophy, a certificate and a year's free subscription (in English, French or German) to the International Transport Journal.



Tjaka Segooa – regional winner of the award for Africa and the Middle East



Sarah Skrypec – regional winner of the award for Asia Pacific

VARIED SUBMISSIONS

Louis Perrin from the UK is Europe's winner of the Young International Freight Forwarder of the Year Award, having been selected by the British International Freight Association through submission of a CV and an interview. Mr Perrin, director at Hemisphere Freight Services, is heading to the FIATA World Congress with an essay entitled "From Super Grid Transformers to Supercars", which explores the transport of a 180,000-kilogramme power transformer from Korea to the UK and the shipment of a Bugatti Chiron sports car, worth in excess of \$3m, from the UK to Saudi Arabia.

According to Mr Perrin, freight forwarding is not necessarily a career that young people know of – "but it is an amazing industry full of great opportunities and [initiatives like the award] further highlight and reinforce this". The young logistics specialist also believes that work-based and professional learning is of very high importance within his career.

"I completed my degree in logistics and transport while working within Hemisphere Freight Services," he recalls. "Having a great workplace to relate my education directly to added huge value to me and the whole experience."

For Mr Perrin, the ever-changing political and regulatory landscapes mean the freight forwarding sector needs to stay agile and innovative to provide solutions to help facilitate global trade and transportation. Another challenge for the industry is embracing technological advancements and applying them within it, and its businesses, to aid efficiencies and capabilities, with Mr Perrin adding that attracting and developing a new talent pool into freight forwarding will be crucial.

AFRICAN CONNECTION

South Africa's Tjaka Segooa was named regional winner of the award for Africa and the Middle East. Ms Segooa joined Bidvest Panalpina Logistics three years ago as part of its business development team, later moving into the warehousing division at one of the company's leading fast-moving consumer goods customers. She was chosen as the South African entry, by the South African Association of Freight Forwarders, in January.

Ms Segooa's dissertation presents an airfreight export commodity of an abnormally-sized consignment of aircraft parts for the Airbus A400M aircraft (from South Africa to Germany), alongside a sea freight import commodity of a temperaturecontrolled full container load said to contain six pallets of carbon composites (from France to South Africa). The two commodities were chosen based upon special requirements concerning their perishability, packaging, handling, shipping and regulatory challenges. Abnormal length and time sensitivity are features of the export shipment, while a temperature-controlled status is a feature of the import shipment.





Kendyl Baptiste – regional winner of the award for the Americas

"Tjaka's quest for knowledge, eye for detail with diligence and passion for her work is combined with an earnest drive to learn," a spokesperson said. "[These] provide her with the right ingredients to do well at what she puts her heart and mind to."

THE AMERICAS

Kendyl Baptiste from Canada has been picked as the FIATA and TT Club award finalist for the Americas. Selected by the Canadian International Freight Forwarders Association, Ms Baptiste has wanted to get to the FIATA World Congress since 2016, writing a dissertation for Canada's 2017 competition for the award while undertaking a freight forwarding course. Then, she finished runner-up to Bradley Davis, who ultimately went on to be named the overall Young International Freight Forwarder of the Year for 2017.

This time round, however, Ms Baptiste was selected by her national forwarding association through an essay on importing a 100-tonne stator for a nuclear power plant from Poland to Canada. This forms the first part of the dissertation she will present in New Delhi. The other section discusses the export of humanitarian aid from Canada to four remote areas in the Central African Republic.

The young forwarder, who holds a number of roles at Bolloré Logistics including that of ocean import supervisor, feels that opportunities within the freight forwarding sector have no limit.

"You can work in operations, projects, procurement and sales," she notes. "These different areas in freight forwarding can allow any individual to be specialised in so many different sectors within the same industry."

However, the freight forwarding sector is not without its challenges in Ms Baptiste's eyes. "As the industry is moving towards a paperless state, a lot of emphasis is put onto accurate and timely data entry," she argues. "One of the biggest challenges in the industry right now is the fact that the same information has to be keyed in multiple times. If our systems could all be linked so that manpower and time are not wasted re-keying the same info, it would save companies a lot of money. Data entry work can be a mundane task, and accuracy and timeliness are a challenge for any company."

WINNER DOWN-UNDER

Australia's Sarah Skrypec, customs compiler at VISA Global Logistics, is the last regional finalist, having been chosen as the Asia Pacific region's award winner. Her dissertation is broken down into two complex shipments: an importation of six thousand litres of iceberg water (for the purposes of producing high-quality alcohol) sourced from the Antarctic and an exportation of a 2.3-tonne southern white rhinoceros for breeding purposes as part of a global conservation programme. Ms Skrypec was chosen for participation in the award by the Customs Brokers and Forwarders Council of Australia.

"For an industry that is forever growing and developing, the potential is vast for those who put their mind to it and want to achieve greatness," Ms Skrypec says of the freight forwarding sector. "Whether it be getting promoted into a new role or a more senior position, travelling or simply expanding your knowledge within your role, the opportunities are endless."

However, growth will always be a challenge in the industry, the forwarder claims, adding that the field needs to expand quickly as technology and businesses develop to keep pace with capacity.

"Inspiration is another challenge," she says. "Youths generally want to pursue careers as doctors, lawyers, police officers, and so on, but never as a customs broker, import operator or cartage co-ordinator, etc. These positions are often filled as a last resort. I believe it should be a first preference for a lifelong career."

However, Ms Skrypec feels that initiatives like the Young International Freight Forwarder of the Year Award "give young freight forwarders something to strive towards and motivation to hold their heads up, knowing they are contributing to this great industry".

"There should be more initiatives like this to encourage the young freight community to want to develop their careers further," she says. **SN** "For an industry that is forever growing and developing, the potential is vast for those who put their mind to it and want to achieve greatness"



Feeling the pain of the sulphur rule

The 2020 sulphur deadline could prove costly for larger ships, explains Kate Jones



t's now well known across the shipping industry that the IMO's incoming limit, of 0.5% mass by mass (m/m), for sulphur in fuel oil used on board ships (Sulphur 2020) will have an impact on the way that shippers use fuel. Debate has centred on the options that shippers can go for to ensure that their vessels match up to the requirement – enforceable from January 1, 2020 – with the topics of low-sulphur fuel oil and scrubbers attracting plenty of attention.

Kate Jones

However, new research from Capt Tan Xiangfu, operations manager at the Singapore branch of mining firm Anglo American, goes further than a standard analysis of how vessels can best ensure compliance with Sulphur 2020.

In a paper, Capt Tan, who holds a Master of Science degree in Marine Policy from Cardiff University in the UK, offers insight into how Sulphur 2020 will affect freight costs within the capesize market – namely, how fuel price will impact these costs. To evaluate the new rule's effect upon freight costs for capesizes, the research compares the bunker adjustment factor (BAF) – an extra charge imposed on shippers to compensate for changes in the price of a vessel's fuel – of three Baltic Capesize Index routes: C3, C5 and C17. The aptly-titled paper – IMO 2020 Fuel Regulation Impact on Freight Cost: A Stance from Capesize Market – takes the assumptions that in 2020, there will be enough fuel with a 0.5% sulphur content cap and that the price is unknown. "It is fact that the fuel price will go up by reducing the sulphur content," Capt Tan states in his report. "This paper is [for evaluating] the freight impact on the capesize market by using Softmar (a shipping software) to calculate the sensitivity of the freight costs against fuel price."

METHODS EXPLAINED

The document's methodology explains how the research deploys the concept of the time charter equivalent (TCE) – a standard shipping industry performance measure which is used to calculate a vessel's average daily revenue performance. Offering shipping firms a tool to measure period-to-period changes, TCE can be used for converting freight income into daily revenue for a particular trip and for comparing it with a time charter rate. The measure is used by charterers and owners to decide whether to fix a ship on a voyage charter or a time charter.

TCE is calculated through voyage estimation, which evaluates a vessel's costs versus revenue for a certain trade route (the method also offers owners and charterers profit and loss analysis). To calculate TCE, voyage revenue should be divided by the voyage days for a certain trip. However, in his paper, Capt Tan notes that in the equation used to get to the performance measurement, freight revenue is directly proportional to bunker costs (meaning that when one of these two factors increases, the other goes up by the same percentage) given that the other factors are constant. Thus, Softmar is used in the report "to confirm this relationship" and assess the sensitivity of freight rates compared with bunker costs for the noted Baltic Capesize Index routes to get the same TCE result. Softmar is also deployed to determine these routes' BAF and show how Sulphur 2020 will affect their capesize freight costs.

The Baltic Exchange publishes freight indices for certain sizes of vessels in certain trade routes and C3, C5 and C17 are typical capesize routes published by the organisation each day, the research explains. The discharge port for all of the routes is the Port of Qingdao in China, but the load ports differ: C3's is Brazil's Port of Tubarão, C5's is Australia's Port Hedland and C17's is South Africa's Port of Saldanha Bay. The bunker port for both C3 and C17 is the Port of Singapore (with C3 bunkering twice there - once on the ballast leg and once on the laden leg), while C5's is the Port of Qingdao. Capt Tan's research adopts the economical speed and consumption figures for a 180,000 dwt capesize detailed in the document. Three TCEs are used in the calculation for each route - \$8,714 per day, \$10,501 per day and \$12,288 per day. For each TCE, \$300 per tonne of bunker price is used as a reference point. Obtaining the freight rate change involves increasing and decreasing \$50 per tonne of the bunker costs concerned, and the paper assesses the freight change against a bunker price from \$150 per tonne to \$600 per tonne.

CONNECTION CONFIRMED

The results revealed clear proportionality between the bunker price and freight costs. With C3 – the Tubarão to Qingdao route – the BAF is 0.0229, meaning that with every \$1 the bunker price increases by, the freight costs will rise by \$0.0229 per tonne. With C5 – the Port Hedland to Qingdao route – the BAF is 0.0071, meaning that freight costs change \$0.0071 per metric tonne when the bunker price goes up or down by \$1 per metric tonne. As for C17 – the Saldanha Bay to Qingdao route – the BAF is 0.0158, meaning that when the bunker price alters by \$1 per metric tonne, the freight costs will increase or decrease \$0.0158 per metric tonne.

Capt Tan explains in his research that the calculation's result shows that freight rate is directly proportional to bunker price. Additionally, the paper finds that the BAF is constant for a particular route, regardless of the TCEs – however, when the route is longer, the BAF is greater.

"The [research] shows the longer the route, the higher the BAF for a certain TCE," Capt Tan says. "It is because ships will burn more fuel when the voyage is longer, and the voyage costs go up."

Regarding total freight for a capesize shipment, the document reveals that for every bunker price-increase of \$1 per metric tonne, the total freight costs will go up by around \$4,053.30, \$2,792.70 and \$1,256.70 for routes C3, C17 and C5 respectively. Alternatively, if Sulphur 2020's compliant fuel price is \$100 more

than current IFO 380 – intermediate fuel oil with a maximum viscosity of 380 cSt that complies with the current sulphur-content-in-vessel-fuel-oil limit of 3.5% m/m – the voyage costs for burning this new fuel go up around \$400,000 for C3, \$280,000 for C17 and \$125,000 for C5.

"Whether these costs can be passed on to the charterers is still a question mark," Capt Tan notes. "If these costs can be passed on to the charterers, assuming there are 50m tonnes of iron ore to be shipped in each of these three routes for a year, the charterer on [the] C3 route will pay about \$114.5m more, by burning 2020-compliant fuel compared to using current fuel, a year; the charterers on C17 will add about \$79m more [in] freight a year; and the charterers on C5 will bear an additional \$35.5m a year."

AN UNCERTAIN FUTURE

The digits increase the longer one continues to read Capt Tan's paper. His findings offer a sobering look at how shippers may find themselves affected by Sulphur 2020, aside from dilemmas about whether to fit scrubbers or use compliant fuel oil in their vessels. What's more, this paper only looks at a single type of vessel, raising questions about the consequences of the incoming cap for other types of ship.

There are other indications that suggest that the outcome will not be pretty: in May, analysts at investment bank Morgan Stanley said they anticipated that crude oil prices could hit \$90 a barrel by 2020 and that the new IMO rule will prompt a demand boom for middle distillates. The same report also said that some bunker experts were forecasting a massive fuel price hike from 2020 in conjunction with the cap becoming enforceable. Some experts anticipated potential increases of several hundred dollars a tonne due to rises in demand for low sulphur heavy fuel oil (HFO). Additionally, the research claimed that the HFO price for ships with scrubbers is likely to go up and that there exists increasing concern about conventional HFO availability in some regions after 2020.

With that date fast approaching, it doesn't look like the low-sulphur switch is set to be a clean one. ${\scriptstyle SN}$



There could be a massive fuel price hike from 2020 for capesizes



Making Cargo Day bigger and better

Once a year the shipping community comes together to transform lives around the world



S omething we take for granted in the UK is our access to safe, affordable surgery when we need it. If we need medical care, we have come to expect that trained medical staff will be there to help us, in a building that is clean, and we won't be hit with a crippling bill afterwards.

Mike Haydock But this is a blinkered view. Two out of every three people in the world do not have this access to safe surgery when they need it. This staggering statistic means that five billion people are left helpless when they need a tooth removed, or cataracts repaired, or an emergency C-section – never mind the myriad other conditions that require surgical care. They simply cannot get the help they need.

As a result of this, 17 million people die every year from conditions that could be treated with surgery. This is equivalent to the combined populations of England, Scotland and Wales dying every year.

And to make matters even worse, when surgical care is available in these less-developed countries, the operation often costs far more than people can afford. According to the Lancet Commission on Global Surgery, a quarter of those who have surgery incur financial catastrophe as a result of seeking medical care.

So imagine that you wake up with an agonising pain in your stomach. You suspect appendicitis. You know what you would do: you would head to the local accident and emergency department and the necessary operation would be paid for by the National Health Service.

Now imagine waking up in agony, but finding that there's no hospital nearby – the nearest one is many miles away – and even if you can afford to reach it, and the doctors have time to treat you, the treatment would bankrupt you. What would you do?

This is the heart-breaking reality for two-thirds of the world's population. And what do they do? They have to live with the pain. They are left utterly helpless.

Mercy Ships thinks this is unacceptable, and the organisation is working hard to change the odds for these people. We sail our hospital ship, the *Africa Mercy*, to some of the poorest countries in the world, delivering free surgical care and anaesthesia to people who otherwise wouldn't be able to access it.

HELP WHERE IT'S NEEDED

Since 1978, Mercy Ships has provided more than 89,000 operations, and more than 400,000 dental procedures, entirely free of charge. Its hospital ship is staffed with incredible volunteer experts who give their time and expertise for free to treat dental and eye problems, cleft lips and palates, tumours, club foot, childbirth injuries, burns and various other conditions.

What's more, Mercy Ships trains and mentors local health professionals, and teaches them how to share their knowledge with others. The charity also provides vital equipment, renovates hospitals and clinics, and works with governments to build sustainable healthcare policies and plans.

Mercy Ships doesn't just sail into a country, deliver surgeries and then sail away. They work closely with each host nation to serve where the need is greatest, and to leave a legacy that lasts.

The shipping industry can get involved with this work through a fundraising campaign specifically for the sector called "Cargo Day".

This year's Cargo Day is on October 3. On that date, Mercy Ships is calling on the shipping industry to donate cargoes, commissions, address commissions and individual pledges to help fund its medical programmes.

Last year, ship owners, charterers, brokers, port agents and inspection companies united to donate more than $\pounds500,000$ to the charity. Mercy Ships is looking to smash that target in 2018 – and with your backing, we can do it.

Charlene Cree, corporate partnership manager at Mercy Ships UK, describes this as an easy, fantastic way for the shipping community to get behind our work. "We have been amazed and deeply encouraged by the response of the industry so far to the Cargo Day campaign. Clearly they believe in our work and are eager to support it, and this gives us the drive to make Cargo Day 2018 the best yet."



SUPPORTING WORDS

Gilles Rolland, managing director of Nyala Shipping, has described Cargo Day as the chance for the shipping community to form a "natural and logical partnership" with Mercy Ships, which he calls an "incredible charity". Mike Anthony of Braemar, meanwhile, said that he is "excited to join such an inspiring cause", and that he feels "empowered to kick things on and spread the word". Mike and his Braemar colleagues have been early champions of the campaign.

Another organisation that has become involved with Cargo Day is the Sahara Group. "Our partnership with Mercy Ships is special," says Valery Guillebon, "and we derive so much pleasure from seeing smiles on the faces of beneficiaries and hope restored to many beneficiaries with serious medical and surgical challenges.

"At Sahara Group, we are passionate about empowering lives and providing platforms to help people overcome challenges in order to live their dreams. We continue to do this at our locations across the globe and we remain committed to supporting the Cargo Day project."

Any money raised from Cargo Day this year will go directly to help fund the Mercy Ships medical programmes in each country it visits. Currently the organisation is focused on West Africa: its hospital ship will be docking for ten months in the port of Conakry, Guinea this August, before sailing to Senegal in the latter half of 2019. In Guinea alone, Mercy Ships will deliver more than 2,000 life-changing surgeries onboard the Africa Mercy – all for free – and treat more than 8,000 patients at a land-based dental clinic.

Training will be provided to local healthcare professionals in essential surgical skills, obstetric anaesthesia, paediatric anaesthesia, primary trauma care, essential pain management, biomedical equipment care, neonatal resuscitation, the Ponseti method and the WHO Surgical Safety Checklist. Mentoring will also be offered to maxillofacial teams, surgeons, surgical nurses, anaesthesia providers and sterile processing staff.

"Whatever your role in the industry, you can help us transform lives in Guinea and beyond," says Ms Cree. "Our work can't happen without your support, and Cargo Day offers the perfect opportunity for you to get involved with our work, and change the odds for millions of people around the world. Don't miss out on this chance to transform lives across Africa." **SN**

Michael Haydock is the communications manager at Mercy Ships UK. He is a trained journalist and has previously worked for The Week magazine, Trinity Mirror and The Bookseller. To support this work and pledge to take part in Mercy Ships Cargo Day – or simply to get more information – email info@ mercyships.org.uk, call the Mercy Ships office on 01438 727800, or visit mercyshipscargoday.org.

Giving the gift of walking to Cecilia

When little Cecilia was born, her legs seemed normal. But as she grew, she was diagnosed with knock knees – a condition that causes the knees to angle together, and makes it nearly impossible for the legs to stay straight. Over time, it can cause serious pain and walking gets harder and harder.

Cecilia's parents watched their bright-eyed child grow from baby to toddler – and her knock knees continued to worsen.

Cecilia's father, Emmanuel, brought his daughter to Mercy Ships in search of a miracle. They left behind Cecilia's mother and baby brother in hopes that when they reunited, Cecilia's legs would be straight and her future brighter.

"I'm so thankful for Mercy Ships coming to serve my people, who are in need," said Emmanuel.

The family had spent over a year waiting for a surgery that took little over an hour on the *Africa Mercy*. It wasn't long after her surgery before Cecilia bravely took her first steps with her miniature walker, and six weeks after surgery, her cast was removed. When the time came for Cecilia and Emmanuel to go home, the volunteer team sent them on their way with lively singing and dancing. Now, thanks to the support of Mercy Ships donors and partners, Cecilia can step forward into a life of limitless opportunities. **SN**



Cecilia before and after the operation

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



This question has recently been considered by the Court of Justice of the European Union (CJEU) in a preliminary ruling (Bosphorus Queen Case C-15/17, ECLI:EU:C:2018:557).

While a number of laws and conventions are

Henry Clack

relevant to the issue, the CJEU has ruled in particular on the proper interpretation of Article 220(6) of the UN Convention on the Law of the Sea (UNCLOS') 1982 and Article 7(2) of Directive 2005/35/ EC on ship-source pollution. The guidance given by the CJEU was on the circumstances in which a coastal State may instigate proceedings against a foreign vessel due to the vessel causing pollution in that state's EEZ.

By way of background, an EEZ coastal State whose waters the ship passes through will have jurisdiction to issue a fine, if the oil spill could create a threat, regardless of the vessel's flag state, and subject to certain criteria.



The key facts are that during July 2011 the bulk carrier *Bosphorus Queen* passed through Finland's EEZ. It spilt a small volume of oil on the outer edge of the EEZ. The oil was not seen to have reached the coastline or caused damage. No countermeasures were taken.

On the return passage through Finland's EEZ, Bosphorus Queen was detained and its owner was obliged to provide security in respect of a possible fine for the spill. A fine of \in 17,112 was subsequently imposed by the Finnish Court. This was on the basis that the oil spill had caused major damage to or a threat of major damage to Finland's coastline or related interests, or to resources of its territorial sea or EEZ.

The CJEU held that the EU, as a party to UNCLOS, had jurisdiction to interpret its provisions. Also, that UNCLOS has primacy over secondary EU legislation. Although the EU was not a party to the 1969 Intervention Convention, it could take it into account as it formed part of the rules for interpreting UNCLOS.

UNCLOS article 220(6) and article 7(2) of Directive 2005/35/ EC both say (among other things) that "clear objective evidence" is required not only of the act of the violation, the oil pollution in this case, but the consequences of it.

As for the mention of "coastline or related interests" in the same two articles, this had effectively the same meaning as in article II(4) of the 1969 Intervention Convention. Article 220 (6) applied as well to non-living resources of the sea of the coastal state, as well as the resources in its EEZ. "Resources" means harvested species as well as living species associated with them or which depended on them, such as animal and plant species.

The CJEU decided that it was not necessary to take account of the concept of "significant pollution", as set out in UNCLOS article 220(5), when considering the consequences of a violation under the two articles set out above. When assessing the extent of damage caused or that could be caused to the resources or related interests of the coastal state, it was sufficient to establish the nature and extent of the damage, when considering the relevant factors, which could be caused. In the case of the spill from *Bosphorus Queen*, the nature of the ecological and geological features of the Baltic Sea, and the sensitivity of the Baltic Sea area, had an impact on the application of the UNCLOS article 220(6) and article 7(2) of Directive 2005/35/EC regarding the violation, although not automatically on the assessment of damage caused.

The CJEU said that while Member States had some flexibility, they were precluded from imposing more stringent measures than those laid down in article 7(2) of Directive 2005/35/EC. They were, however, at liberty to take other measures which were equivalent in scope to those set out in UNCLOS article 220(6). **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.



How will the Network and Information Systems Regulations 2018 affect the shipping industry?

On May 10, 2018, while the shipping industry was focused on the impact of the GDPR, the UK government's Network and Information Systems (NIS) Regulations 2018 came into

force. While the GDPR's focus is on protecting personal data, the NIS Regulations are more concerned with network and system security and on avoiding interruption to key services.

The NIS Regulations implement the Network Information Systems Directive 2016 (a piece of EU legislation). The NIS Regulations apply to Operators of Essential Services (OESs) and Digital Service Providers (DSPs). OESs are defined as operators of critical infrastructure across a number of sectors including, under the transport sector, shipping. There is also a threshold requirement. For example, a shipping company will only fall within the NIS Regulation if it handles:

- (a) over 5 million tonnes of total annual freight at UK ports; and
- (b) over 30% of the freight at any individual UK port which fulfils at least one of the following criteria –
 (i) it handles more than 15% of UK total roll-on
 - roll-off traffic;
 - (ii) it handles more than 15% of UK total lift-on lift-off traffic;
 - (iii) it handles more than 10% of UK total liquid bulk traffic; or
 - (iv) it handles more than 20% of UK biomass fuel traffic.

The NIS Regulations also apply to ferry companies and cruise lines if they carry 30% of the annual passenger numbers at any individual UK port which has annual passenger numbers greater than 10 million. The UK government is required to identify OESs by November 9, 2018.

OESs are required to take appropriate and proportionate measures to:

- manage risks posed to the security of their IT systems on which they rely;
- prevent and minimise the impact of incidents on the delivery of essential services; and
- report serious incidents that impact on provision of the essential services to the relevant Competent Authority (CA).

The designated CA for the maritime sector is the Department for Transport. Under the new legislation it has the power to impose penalties of up to a maximum of £17m (for a material contravention which has caused or could cause an incident resulting in an immediate threat to life or a significant adverse impact on the UK economy).

Due to the threshold requirement, the NIS Regulations will only directly affect the largest shipowners



operating in the UK. Companies will be regulated in the member state of their main establishment (i.e. where their head office is located). The GDPR uses a different definition which defines a place of main establishment as a data controller's place of central administration (with some exceptions). Where a shipowner does not have a main establishment in the EU, it must appoint a representative in one of the member states in which it offers services.

Shipowners will be given time to implement security measures but will be expected to begin analysing existing networks and security systems promptly. The UK government has recognised that improving security can take a number of years. However, as each sector has a different CA, concerns have been raised that different CAs may take different approaches. The UK government has said that, even though it will encourage cooperation and common procedures between CAs, divergence may be appropriate, reflecting the differences between sectors.

The new National Cyber Security Centre (NCSC) has been designated the UK's computer security incident response team under the NIS Regulations and will provide support to shipowners where required (e.g. following malware attacks such as WannaCry or NotPetya).

The Department of Transport has published guidance on the implementation of the NIS Directive in the form of Implementation of the NIS Directive DfT Guidance version 1.0. **s**N

While every care has been taken to ensure the accuracy of this information at the time of publication, the information is intended as guidance only. It should not be considered as legal advice. The articles were written by Henry Clack and Guy Main. Henry is an associate and Guy a senior manager (partner equivalent) at HFW, a sector focused law firm specialising in shipping, aviation, commodities, construction, energy and insurance. Both are in the shipping department in HFW's London office. Guy is also a Fellow of the Institute and, before joining HFW, he spent 18 years as a shipbroker. Research was carried out by Felicity Burling.



Tankers woes to be compounded

Modest oil demand growth looks set to slow this year, writes Louisa Lyall

n its early third quarter report this year, the International Energy Agency (IEA) indicated that oil demand growth could show a modest slow-down later this year, partly on account of rising crude prices. The Agency pointed out that in the second quarter of 2018, demand growth slowed to 0.9m barrels/day and forecasted expansion of 1.3m b/d in the second half of 2018, compared with 1.5m b/d in the first half of the year.

This softening in demand growth will come as unwelcome news to crude tanker owners who have experienced extremely low spot freight rates through the first half of this year. "Crude oil tanker earnings have, since records began, never been this bad," reported BIMCO in a July 2018 report, noting that VLCC rates averaged around \$6,000 per day for the first six months of this year. Suezmaxes earned near \$11,000 per day on average and aframaxes an average of \$9,600 per day. "All heavily lossmaking levels for an industry which needs a much-improved fundamental market balance to lift freight rates above breakeven levels into profitable territory," says the BIMCO report.

As we move further into the third quarter, signs are for a slightly more active VLCC programme in August, potentially underpinning rates. But, according to Gibsons: "Owners will require sustained momentum to drive the market noticeably higher," and the broker noted minimal suezmax enquiry by mid-July for August loadings.

UTILISATION PRESSURE

Overall, tanker demand has actually expanded so far in 2018, but the growth in the total tanker fleet – albeit relatively modest – has outpaced vessel utilisation levels this year. This situation is unlikely to change anytime soon even with a somewhat subdued delivery programme ahead compared with recent years. As of the start of July, Allied Shipbroking reported 34 VLCC newbuildings still scheduled for delivery by the end of this year, plus 20 suezmaxes and 45 aframax/LR2 vessels.

The relatively low freight rates have led to heavy scrapping levels with reports suggesting that more wet tonnage was being recycled in the first six months of 2018 than at any time on record. As such, Allied Shipbroking said this has contributed to the decrease in size of the total crude oil tanker fleet of around 0.4% during the first six months of the year, but other brokers said that even more VLCCs need to go to the beaches if there is to be any real revival in rates for the dirty sector.

For the rest of 2018 the forecast disruption to global crude output is expected to add further upside pressure to prices which is a negative for tanker demand growth. This includes supply problems in Libya and Venezuela – which are likely to continue given the respective domestic situations and the latest US policy towards Iran, threatening the country's exports to Asia.

In its July report the IEA said that there is a, "clearly



Market tightness might be tempered by additional US oil supply

expressed determination of the United States to reduce Iran's exports by as much as possible." The Agency suggests that shipments, "could be reduced by significantly more than the 1.2m b/d seen in the previous round of sanctions," and make the drive to source barrels more of a challenge.

With supply-side constraints in view, the Vienna Agreement between OPEC and ten non-OPEC oil ministers in June of this year aimed at raising overall output to previously agreed levels, was welcome news to the tanker markets. Allied Shipbroking is optimistic that these supply commitments from OPEC and Russia are, "starting to pay dividends on some routes".

US GROWTH

The IEA noted that non-OPEC output is set to expand by 2m b/d in 2018 and by 1.8m b/d in 2019, largely on account of greater production in the US and this too is an upside for the tanker market according to Allied. "The fracking revolution in the US has already helped shift trade patterns in such a way that each extra tonne of crude oil being shipped on average adds a considerable increase in tonne-mile against what it would be adding a couple of years back," the broker says.

Even so, the IEA stressed that overall pressure on global

Boxed up



An interesting observation in a recent Clarksons research report is the pace of expansion in container volumes on the 'non-mainlane' box trades. While this pattern has been in evidence since the 2008 financial crisis, in 2018 this trend is even more robust and is "outpacing that on 'mainlane' trades by a considerable margin," according to the broker.

The expansion in container trades on the non-mainline routes includes East & South East Asia for component manufacture, plus the sub-Continent where India's economic growth of over 7% is underpinning containerised import demand, forecast at about 8% this year. Latin American box imports are expected to grow at a similar pace. For European and US-bound trades, however, expansion is far more subdued and mainline box-trades are expected to, "moderate at 2.5% in 2018", according to the Clarksons report.

The scope for further containerised trade growth between the nonmainline areas could mean some shift in focus towards the smaller and mid-sized box-vessels rather than the mega-carrier routes. Clarksons points out that this, combined with the more limited fleet growth in the smaller sizes, could mean "significant improvements in boxship charter market conditions" for these sectors.

This trend will be closely watched by the carriers through the rest of 2018 which, according to Drewry, will be a tough year for the container market despite a tighter demand-supply balance and some recovery in rates. Early third quarter in particular has proved firm for carriers, particularly on trans-Pacific routes and market reports suggest that rates are on the rise for key Asia to Med and Asia to US West Coast routes.

Despite the positive signs, Drewry notes that main carriers will likely see second quarter losses this year, partly on rising fuel prices and despite the emergency bunker surcharges put in place at the end of the quarter. Further cost-cutting and slow steaming are probable this year and Drewry expects ocean carriers to just break-even in 2018.

As well as rising bunker prices, a big downside risk to container profits this year is the potential early impact of trade tariffs. This is particularly the case between the US and China where signs suggest that the main impact will be felt on trading volumes and potentially main-line box rates in 2019. **SN**

oil supply remains, as does the potential for higher prices. "This vulnerability currently underpins oil prices and seems likely to continue doing so," the IEA said. "We see no sign of higher production from elsewhere that might ease fears of market tightness."

On demand for next year, the IEA forecasts fairly sustained levels of growth at 1.2m b/d for the first six months of 2019 and expanding to 1.6m b/d in the back-end of next year Overall, the Agency expects expansion of 1.4m b/d in world oil consumption in 2018 and 2019. However, the IEA notes that with the higher oil prices, there are growing fears from consumers that their economies could take a hit. "In turn, this could have a marked impact on oil demand growth."

For the tanker markets, any softening in oil demand and by connection, trade, at this time of fleet expansion would be highly unwelcome and could add downside pressure to rates. As of July 2018, Allied Shipbroking's research puts the total tanker orderbook at 70.1m dwt or about 14% of the current tanker fleet, which includes next year's delivery books of 61 VLCCs plus 20 suezmax vessels and 42 aframaxes/ LR2s. **sn**

Keeping dry

Dry bulk markets through the first half of 2018 have proven to be relatively robust and by the summer the Baltic Dry Index climbed to 1,666 basis points – a firm level for the time of year.

Brokers report that the stronger markets are primarily capesize-led but that the North Atlantic panamax market is also adding support.

With US Gulf trades to China largely suspended due to the heightening trade dispute between the two countries, vessels are busy in South America where the bean export programme is heading for a 12-month series this year to service Asian clients.

In addition, according to Allied Shipbroking, the slower net fleet growth through the first six months of the year versus the same period in 2017, has added upside pressure to the markets. In the report a broker notes that the tighter supply conditions on the dry side are due to, "poor newbuilding market performance two years prior," and that new ordering activity in the first six months of 2018 has already proven higher than in the first half of 2017.

The pace of newbuilding activity in Asia is, however, adding to the availability of vessels in the region and potentially some softness to markets East, where brokers are struggling to fix vessels out of the area. Discounts are being reported on Aussie-India routes, "just to get the vessels back out", said one broker in Sydney. "It's good for the Australia shippers but for the panamax market there isn't much moving out and the minerals are pretty volatile."

On the period side, the market remains pretty active and at reasonably firm levels. Even so, brokers say that charterers are reluctant to take vessels beyond the 2020 threshold period where plenty of uncertainty pervades due to the IMO's low sulphur limits. **SN**



"Tanker demand has actually expanded so far in 2018, but the growth in the total tanker fleet – albeit relatively modest – has outpaced vessel utilisation levels this year"

Iron oresome facts

Weird and wonderful facts about one of the shipping industry's stable commodities. This month we take a closer look at iron ore.

Iron ores are rocks and minerals from which metallic iron can be economically extracted. The ores are usually rich in iron oxides and vary in colour from dark grey, bright yellow, or deep purple to rusty red. The iron itself is usually found in the form of **magnetite**, **hematite**, **goethite**, **limonite**, or **siderite**.



As far back as **3200 BC** mankind has been working with iron in various capacities. However, it wasn't until around **1200 BC** in ancient Mesopotamia that iron production became widespread.





Australia, Brazil and China are responsible for the bulk of the iron ore produced per year, accounting for roughly **70%**, while Australia accounted for **37%** itself.

Sources: www.ironorefacts.com, www.softschools.com, www.focus-economics.com, www.statista.com



Steel is **100% recyclable**, which means it can be reprocessed into material of the same quality again and again. Recycling produces significant savings in energy and raw materials. Each recycled tonne of scrap steel saves more than **1,400 kilogrammes** of iron ore, **740 kilogrammes** of coking coal and **120 kilogrammes** of limestone.



98% of the entire world's iron ore is made into steel to create machinery, nails, bolts, engines, ships, cars, tools, and pipes, to name just a few items.

Australia is the largest iron ore

exporter with some of the major markets being Korea, Japan, and China.



In 2016, world reserves of iron ore amounted to

172.5 billion tonnes.

Over the last 40 years, iron ore prices have been decided **behind closed doors** in negotiations between a small number of miners and steelmakers.



Mining iron ore is a **high** volume, low margin

business because the value of iron is considerably lower than other base metals. As a result, iron ore production is largely concentrated in the hands of a few major extractors, with Australia being the largest.



Since 2006, there has been **\$117 billion** paid in taxes and royalties by iron ore and minerals miners.



Worldwide production of iron ore averages around **2 billion** tons of raw ore annually.

Ready for a new academic year

As last year's students receive their marks, the next cohort start their learning journey



As I write this, it's that time of year again when a new academic year opens and students eagerly await results letters landing on their doormats. It marks the culmination of months of effort from organisers, volunteer members, examiners and assessors, and of course our students themselves for which we are enormously grateful. The contribution of members and branches in donating time and facilities helps maintain the Institute's qualification programme as among the most affordable out there, accessible the world over.

Membership of our professional body conveys trust. For those working in commercial shipping who need reliable counterparts for complex transactions with high values at risk, MICS is a shorthand for two important concepts: firstly, that members are competent and know what they are doing as they have passed rigorously assessed professional qualifying exams, and secondly, that they can be relied on to practice business with integrity.

Public confidence in suitably robust examination processes is equally vital and this work is overseen by the Board of Examiners (BoE) who meet several times a year and authorise results prior to final publication. There are a number of opportunities for people involved in the process to record and report concerns, which could range from a minor non-conformance in documentation to allegations of malpractice or misconduct. All reports are reviewed and investigated if required under the supervision of the BoE. Please continue to contact the head office with any concerns – you remain our first line of defence in the guardianship of standards.

EXAM CENTRES

The May exams continue to carry the option for students to request a specially arranged local exam centre. There are no additional charges for these students and this demonstrates the

"Head Office is continuing its drive to launch further quality teaching centres globally, renew and upgrade teaching and learning materials, and improve the range of support and resources available to self-study students and the education officers within its branch network." Institute's commitment that wherever a student is located they should have access to the Institute's affordable quality education system.

In May 2018 the Institute organised in total of 95 exam centres including specially requested locations organised for the first time in Geraldton and Mackay in Australia, Invercargill and Tauranga in New Zealand and Vigo in northern Spain.

In total, 36 students earned a distinction in their subject: 13 in Shipping Business, three in Legal Principles in Shipping, one in Ship Sale & Purchase, two in Port Agency, two in Offshore Support Industry, two in Economics of Sea Transport, three in Shipping Law, one in Marine Insurance and nine in Shipping Finance.

Our international prize-giving event will once again be held in Trinity House, London on October 18, celebrating the exceptional achievements of around thirty students from around the world, in addition to any regional, branch-led awards and prize events.

OVERALL PASS RATE

For all the students worldwide over all subjects the average pass rate was 57.91% showing further progress on 'Target60', a strategic objective of the Education and Training Committee. Pass rates continue to reflect mode of study, with students who follow a structured programme with a teaching centre, follow a TutorShip distance learning or attend a PREP generally gaining higher marks. Head Office is continuing its drive to launch further quality teaching centres globally, renew and upgrade teaching and learning materials, and improve the range of support and resources available to self-study students and the education officers within its branch network.

There are no short-cuts to putting in the hard yards of study, practice, revision and exam prep as many will have found out with their results. The Institute's three-hour closed-book examinations, with a hand-written essay format and questions that not only test knowledge but how to apply learning in given professional situations, are said to be hard. I prefer to describe them as reassuringly difficult, so the resulting qualification and MICS keeps its hard-won reputation.

There is no shame in failing and some of the Institute's most illustrious Fellows have had a few under their belts, before knuckling down to do re-sits and finally clear the PQE. These include some of our key committee members too so stay tuned to our YouTube channel as we will be sharing some personal stories soon under the banner "Failed first time round...". Determination is probably a good quality to possess as a shipbroker after all. SN

At the time of writing, results and distinctions still await final authorisation from the Board of Examiners.



Total numbers registered for Foundation Diploma, Advanced Diploma and Professional Qualifying Examinations:



Total number of papers actually sat for FD, AD and PQE:



Subject Popularity by number of students:



Ship Sale & Purchase:	126
Liner Trades:	78
Logistics and Multi-modal Transport:	66
Shipping Finance:	47
Port and Terminal Management:	42
Shipping Law:	37
Marine Insurance:	27
Offshore Support Industry:	25

Total students registered

were taken worldwide by

which results in an

average of

for the May 2018 session was

(28 students were registered for a combination of a FD/AD and PQE).

In May 2018 a total of 782 exams

papers per student.

students,

www.shippingbooks.com

A comprehensive series of peer reviewed books on modern shipping business published by the Institute of Chartered Shipbrokers to support the industry with authoritative and high quality reference material.

Up to date information has been sourced from leading shipping research providers to illustrate graphs, charts and tables. Trade routes and ship drawings have been commissioned from talented designers to ensure the highest level of accuracy and complement the engaging reading experience.

Students, Members and Fellows of the Institute should continue to order books via their online account at www.shipbrokers.org

NSTITUTE OF

Shipbrokers



CHARTERED GLOBAL BOOK DRIVE

For 2018 the Book Drive collection will be for our

East Africa Branch

The Institute is launching a new global initiative to strengthen the ties of our network and support those centres needing resources.

Please donate any kind of maritime books - including Institute course books, maritime atlases and legal books.

Please contact us at: enquiries@ics.org.uk


Elected to Membership

We congratulate and welcome the following who were recently elected to membership:

NEWLY ELECTED MEMBERS	
Bilyana Hristova	Bulgaria
Shujun Li	Canada
Alexandros Foufas	Greece
Dimitris Papanastasiou - Ballis	Greece
Thomais Dova	Greece
Zina Boutierou	Greece
Praneet Dabral	India
Vineet Rangwani	India
Amelia Mitchell	Ireland
Lucas Mwambi Katema	Kenya
Matuku Mbithuka	Kenya
Thomas Mboya Opiyo	Kenya
Orestis Bakas	Norway
Neeraj Chandran	Singapore
Panagiota Alevizou U	nited Kingdom

PROMOTED TO FELLOWSHIP

Norman Lopez	Australia
Angelos Apostolopoulos	Greece
Dimitris Messinezis	Greece
Nikolaos K <mark>arimalis</mark>	Greece
Paraskevas Kousounadis	Greece
Rigas Alexandros Kousis	Greece
Abhinav Makkar	Hong Kong
Li Geng, Josh	Hong Kong
Ravi Shukla	Hong Kong
Capt. Gurtejpal Singh Somal	India

Katy Aldrick	Kenya
Simon Cachia	Malta
Azim Cariem	Namibia
Sudipta Paul	Netherlands
Sujith Nair	Qatar
Catherine Moodie	South Africa
Christer Nilsson	Sweden
Julius I Nguhulla	Tanzania
Chris Baker	United Kingdom
Christopher M Beckett	United Kingdom
Gavin McCabe	United Kingdom
John Williams	United Kingdom
Jon Berry	United Kingdom
Nicholas Allen	United Kingdom
Richard Brooks	United Kingdom
Stuart Hunter	United Kingdom
Victoria Mott	United Kingdom

RE-ELECTED TO MEMBERSHIP

Naresh Deendayal Khandelwa	Bahamas
Oketch Cornel Awinda	Kenya
Durand Naidoo	South Africa
Charles Willis	United Arab Emirates
Sandeep Rajani	United Arab Emirates
Pervez Hafeez	United States of America

ELECTED TO LIFE MEMBERSHIP

Robert Dick

Australia



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Sailors' Society is in 47 global ports and 23 countries transforming the lives of the world's 1.5 million seafarers and their families through welfare support, education and relief of poverty and distress.

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From counselling and emotional assistance, to educational grants for serving and intending seafarers, to community building projects, Sailors' Society's work is wide-ranging and life-changing.

There are so many ways you can get involved with Sailors' Society's amazing work around the world, from taking part in a fundraising event, to spreading the word about what we do.

To join us on our journey, contact Jenny at jboland@sailors-society.org or on +44 (0)2380 515 950 to find out what you can do today.

Charity registered in England and Wales no: 237778

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First female chair for North East Branch

THE Institute's North East of England Branch elected its first female chair at its annual meeting at the Riverside Stadium in Middlesbrough in the UK in June.

Former chair Richard Booth, who will now take the role of vice chair, handed over the chain of office to Nikki Sayer at the meeting, with the new chair in turn presenting Mr Booth with an engraved medal to commemorate his two years' tenure.

Brian Livingstone was appointed Branch secretary, Stephen Browell was named treasurer and Harry Harrington took the Education role, while Geoff Fletcher and Kevin Shakesheff were named trustees.

Those elected to the Branch's General Committee of Management were Craig Rowley, Gavin McCabe, Gillian Clark, Richard Willis, Paul Hutchinson, Michael Povey, Jon Berry, Matthew Todd, Alan Appleyard and Paul Wardell.

Drinks and a buffet followed reports and approval of accounts. $\ensuremath{\mathsf{sn}}$



Nikki Sayer presents Richard Booth with his commemorative medal

China ITC holds Shipping Salon

THE Institute's China International Teaching Centre held an Institute Shipping Salon on June 2 in co-operation with Shanghai Maritime University's Shanghai Advanced Institute of International Shipping.

The Salon focused on commercial management and shipping pools, delivered by Michael Sun, China's executive chairman of the Institute of Marine Engineering, Science and Technology and founder and managing director of Altaships.

Mr Sun has over 15 years of extensive practical and managerial experience in the commercial shipping transaction and marine asset management sector – which covers the full lifecycle of vessels as well as multinational businesses.

He talked about the background of shipping pools and how they operate at the Shipping Salon, as well as providing insight on why to choose a shipping pool and how to respond to the risk. **SN**



Altaships' Michael Sun delivered the seminar

Hundreds turn out for Branch dinner

THE Institute's North East of England Branch held its annual Newcastle Shipping Dinner in May at Newcastle Civic Centre in the UK. The event saw more than 230 people attend – a record attendance since the amalgamation of two Institute branches from North East England.

Speeches were given by then-Branch chairman Richard Booth and the Institute's international chairman Theo Coliandris, with those at the gathering then entertained by after dinner speaker Kevin Jones.

A charity raffle, well supported by companies who attended the event, raised $\pounds1,995$ for the Branch's education fund and the Tyneside branch of the Ocean Youth Trust.

Richard Booth also presented Kerry Smith with a Rose Bowl at the dinner for outstanding achievement in her studies. **SN**

Supporting apprentices in Ireland

THE Ireland Branch of the Institute is involved in a consortium of businesses and professional bodies supporting a new Logistics Associate Apprenticeship in the country.

It is the first non-craft apprenticeship to be offered by Dublin Institute of Technology (DIT). It aims to address the current skills and labour shortage in the growing freight distribution and logistics industry in Ireland. The content of the apprenticeship was approved for development by the Minister for Education Richard Bruton in December 2017. By 2020, the Irish Government plans to have 72 apprenticeship programmes in operation.

The Ireland Branch will support the apprenticeship "by mapping positions and people into positions that fit in with available apprenticeships". **SN**



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Lecturer pioneers book-gifting initiative

NSTITUTE member and lecturer Simon Ward has pioneered a charity initiative aimed at promoting the education of shipping professionals in the developing world.

A party was held in Piraeus for The Daystar Bookdrop Project, where those in shipping donated unwanted or surplus books to be sent to developing world Institute branches.

Mr Ward, director of Ursa Shipbrokers, got the idea for the venture through a trip teaching young shipping professionals in Mombasa in Kenya earlier this year, from which he realised that the resources most required by – and most helpful to – aspiring shipping professionals were books.

In order to gain entrance to the party, supported by the Institute's Greece Branch, attendees had to bring a book – in English and business shipping, economics or legal-related, with atlases especially welcomed – as a donation.

Over 200 people attended the event – including Institute members, students and friends – and more than 400 books were collected, which will be shipped as donations from individuals and businesses.

Before the evening, more than 100 books had already been sent to Mombasa.

Commenting on the book-gifting venture, the Institute's Greece Branch said that it is for the benefit of the entire shipping industry as there will be better-educated professionals in all parts of the world. s_N



More than 400 books were collected during the event

Posidonia success for Greece Branch

THE Institute's Greece Branch participated as an exhibitor at Posidonia this year.

According to the Branch, its exhibition stand was "a meeting point for Greek Institute members and students from all over the world", with "a significant number of people" visiting the stand to be informed about the Institute's professional maritime programmes and qualification, as well as the benefits of Institute membership and all planned networking events.

During Posidonia, the Greece Branch also welcomed the UK's shipping minister, Nusrat Ghani, and the Ambassador of the UK to Greece, Kate Smith, to its premises.

Natalia Margioli, managing director of the Branch and the Hellenic Management Centre, welcomed the British delegation, who met with Branch members and lecturers for the Institute's Professional Qualification Examinations and the Master of Laws programme in International Shipping Law from the UK's Queen Mary University of London (which is accredited by the Institute).

Ms Ghani shared her vision for maritime Britain, which was followed by a frank and friendly exchange regarding the issues facing both British and Greek maritime businesses.

Nicholas Tsavliris, chairman of the Greece Branch, shared his opinions and experience concerning the Greek shipping industry's relationship with the UK, while other members contributed thoughts about how this could be strengthened further.

Both the British and Greek delegations agreed that professional education with an in-depth knowledge of English law is essential for a career in the maritime sector, especially for those considering working at sea.

The Branch said its presence at Posidonia "was a great success and contributed significantly in promoting the Institute across the maritime industry", also noting that it is looking forward to Posidonia 2020. **SN**



The Branch's stand was a 'meeting point' for members and students



UK Maritime Minister, Nusrat Ghani MP and Natalia Margioli FICS, managing director Institute Greece Branch, share thoughts



Could your company support our work around the world?

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Hong Kong Branch offers ship finance update

THE Institute's Hong Kong Branch held a lecture in June to give an update on the current ship finance market at the Indian Recreation Club in Hong Kong's Sookunpoo Valley.

Attendees at the event – sponsored by ADAMAR International Ship Supply, Desan Shipyard and Qingdao Headway Technology – comprised different sections of the shipping industry, including ship management companies, ship brokerage firms and Hong Kong Polytechnic University.

The speaker was Nils Kristian Kovdal, head of Standard Chartered Bank's ship finance activities in Greater China and North Asia, who delivered a comprehensive lecture covering updated information, analysis and ideas about the ship finance market from the past to the near future. Mr Kovdal's talk included discussion of the effect of the financial crisis on shipping, challenges for small companies regarding sourcing debt finance and how new regulation is likely to affect shipping finance.

The evening also included a question and answer session, during which Mr Kovdal gave advice to students with ambitions to go into ship finance sectors.

Two certificates were presented at the event: one to Wan Yim Yu of Anglo-Eastern as a re-elected Institute member, and the other to Yu Shen in appreciation of her assistance in organising a seminar about ballast water management systems.

The event, which also featured belly dancing from professional belly dancer Nozomi, concluded with networking. **sn**

Students benefit from PREP weekend

S TUDENTS sitting Institute exams had the opportunity to top up their knowledge at the Institute's South Africa Branch's Exam PREP weekend in March.

Held at Meander Manor guest house in Shaka's Rock in South Africa's KwaZulu-Natal province, the weekend attracted 17 students and 10 tutors covering nine subjects.

During the event, Rob Gardner and Tony Norton gave talks on inland corridors and proposed new legislation to regulate parastatals and large monopolistic companies in the maritime industry respectively. There were also team events and the opportunity to receive one-to-one support from tutors.

One student who attended the study weekend said that they were able to understand and absorb information much better, while another commented that the lectures at the event "were very insightful and were well worth it".

The Branch said that although renovations are in the pipeline, it is hoping to use Meander Manor again next year. **SN**

Last mile connectivity discussed

THE Institute's East India Branch held a seminar in January concerning last mile connectivity issues for Chennai's export/ import trade logistics.

Held in co-operation with the Confederation of Indian Industry – Southern Region, the event, which took place at Taj Coromandel hotel in Chennai, was well attended by Institute members and other local trade and industry delegates.

Those in attendance included Julie Lithgow, Institute director and one of the speakers at the event, and V Ganeshyam, East India Branch chairman.

The seminar's main goal was to explain and discuss improvement to the logistics infrastructure in and around Chennai and its hinterland, as well as to understand export/import trade challenges in last mile connectivity and port facilities and to generate solutions for them. **SN**



Logistics infrastructure was explored at the seminar

Intern programme off to a good start

ENYA Ships Agents Association (KSAA) has partnered with the Institute's East Africa Branch to promote and encourage the Institute's internship programme.

Following guidelines from the Institute, KSAA sent a request to all members to take part and has reported that the response has been very positive with several members showing an interest. For the guided internship programme, the Institute shortlists candidates for agents and then provides avenues for feedback on the quality of students to assist with improvements going forward.

In addition, the Institute has offered benefits to KSAA members who employ Institute-offered interns, including publication of the company's profile in Tradewinds and in *Shipping Network* magazine, as well as a chance to win the 'Internship Employer Award' at the East Africa Branch's annual dinner. **SN**

Grammenos made Honorary Fellow

COSTAS Grammenos has been awarded the Institute's Honorary Fellow status for his contribution as an academic to the development of the shipping and shipping finance spheres, as well as his Institute interaction spanning over three decades.

Professor Grammenos, who is founder and head of what is now known as The Costas Grammenos Centre for Shipping, Trade and Finance (STF) – at City, University of London's Cass Business School – was presented with his Honorary Fellow certificate by a team from the management committee of the Institute's London & South East Branch.

During his meeting with the group, Professor Grammenos elaborated on his relationship with the Branch and the Institute's head office, which began in the mid-1980s.

Over the years, the CBE recipient has maintained contact, at a social and an academic level, with various Institute presidents and chairmen.

Institute representatives have made presentations and spoken as guest lecturers at Cass Business School, while Master of Science students at the STF have been encouraged to sit the Institute exams and become Members after graduating from university and gaining the necessary work experience.

This mutual relationship has been sustained over the years, and the Institute grants up to three exemptions to STF students in order to complete the Professional Qualifying Examinations (depending on the transcript and the elective shipping courses studied at Cass Business School).



The STF professor proudly displays his Institute certificate

The strong ties between the Institute and City, University of London are further demonstrated by the fact that Institute examiner Philip Wood was a lecturer at STF for nearly 30 years.

According to a spokesperson for the Branch, Professor Grammenos will continue encouraging his students to study for Institute qualification and intends to invite more Institute committee members to the future events he plans to arrange in connection with the shipping industry.

London & South East hosts first Southampton event

THE Institute's London & South East Branch in the UK hosted its first event in Southampton in April.

The "pub night", supported by maritime recruiter Faststream Recruitment Group, saw Fellows, Members, future members and interested guests gather at the city's Oasis Bar.

Those in attendance at the open meeting included students from Southampton's Solent University and staff from the Institute's Head Office, who talked to future members about the different opportunities the Institute offers.

"It had been a long wait for Institute members and companies based on the South Coast, but this wait had created the impulse for a large group of maritime-related personnel to gather in Southampton and catch up with both old and new faces," a spokesperson for the Branch said.

Institute enjoys Bosphorus2018

THE Institute's Turkey Development Branch hosted a table at the Bosphorus2018 International Shipbrokers Dinner, held in Turkey's Istanbul at the end of June.

The table was sponsored by Senemar Shipping and Trading's Serhan Ozcan, a member of the Branch's leadership committee.

In all, 2,100 people attended the dinner, the fourth of its kind, which was organised by Turkish shipbrokers' organisation Gemi Brokerleri Dernegi.

"Guests had the chance of making new, and keeping old, contacts with colleagues and partners from all over the world," a Branch spokesperson commented.

"The event was also a perfect ground to promote the Institute to industry professionals and potential students."

BIMCO's president designate and deputy secretary general, Sadan Kaptanoglu and Søren Larsen respectively, were both special guests.



Over 2,000 people attended the dinner

Loss of an education inspiration

Institute mourns the death of former Germany Branch chairman

THE Institute's Germany Branch expressed its shock and sadness at the death of Karl "Kalle" Franz, when he passed away on June 8.

The former Branch chairman and board member began his shipping career as a trainee in 1979, working for UNICHARTER Schiffahrtsgesellschaft in Hamburg before moving on to K. H. Thomas (Shipping) in Cardiff, UK.

He made further career moves to Hamburg shipowner ORION Schiffahrtsgesellschaft Reith & Co, where he worked as chartering broker, director and deputy head of the owning department; to HBC



Karl Franz

Hamburg Bulk Carriers, where as a director he was responsible for chartering, claims handling and mentoring the staff of chartering and operations; and to Oskar Wehr as director of operations and dry bulk.

In 2017, he moved to FastNet Chartering & Services in Hamburg to work as senior manager for operations.

Throughout his career, Karl passionately passed on the great knowledge of shipping he had gained over many years to the younger generation. Education was said to be second only in importance to shipping in his professional life. His achievements in the field of education and training in Hamburg and internationally are great and varied.

Practising what he preached, Karl furthered his own education by completing his 'Verkehrsfachwirt (Shipping)', equivalent to a degree qualification, in 1992. Then, in 1993 he passed the Institute exams and became a member of the Institute, followed by promotion to fellowship in 1998.

Training and further education for junior staff was of great

importance to him too, which led to his involvement in the Institute. He was a founding member of the Institute's Germany Branch in 1996 and sat as vice chair on the first board from 1996-1999, moving up to the roles of chair and then president of the Germany Branch from 2000 to 2017.

At an international level, Karl supported the Institute as international vice chairman (2007-2009), international chairman (2009-2011) and immediate past chairman (2011-2013). Since 2015 Karl had been chairman of the Membership Committee.

He also taught students taking part in the Institute's PREP courses offered by the Hamburg School of Shipping and Transportation. In addition to his commitment to the Institute, Karl had also served for more than two decades as an examiner at the Chamber of Commerce Hamburg for exams taken by apprentices training to become certified shipbrokers, or schifffahrtskaufmann.

A spokesperson for the Branch said that it was "founded, grew and prospered based on his commitment, his ideas, his knowledge and his determination".

"The Institute became a truly international organisation ... due to the impulses given and initiatives started by Karl Ludwig Franz.

"The Institute's Germany Branch board is very grateful for his tireless efforts, for sharing his knowledge with us, for his wit, for his sense of humour. We are at a loss trying to imagine how the gap, which his passing is tearing, could be filled. All of us will miss him sorely."

Karl is survived by his wife and three children. $\ensuremath{\text{sn}}$

Institute says goodbye to former shipbroker

NSTITUTE Fellow Frank Anthony "Tony" Dawes has died at the age of 83.

Mr Dawes, who passed away on July 4, began his shipbroking career in 1955 following two years in the Royal Air Force in the UK.

He became a Baltic Exchange member in 1957 before gaining Institute Fellowship in 1960.

In 1966, he was invited to join Clarksons' expanding sale and purchase division, and in 1976 he resigned his executive directorship to establish his own sale and purchase broking company, opening an office in Seoul in 1979 to promote the sale of second-hand ships to South Korean owners and export South Korean newbuilds.

The shipping veteran decided to pursue a hobby for antiques at the end of 1988 and became a successful vintage watch dealer.

Mr Dawes is survived by his wife of over 60 years, Lorraine; two sons; and five grandchildren. ${\scriptstyle SN}$

Making a move south of the river

The Institute's Head Office has taken up residence by London Bridge, reports Matt Gilbert



n early July, the Institute's Head Office moved from its central London office location to the south side of the River Thames, near London Bridge. The office is now located on the first floor of 30 Park Street, London, SE1 9EQ and has easy access to the first-rate conference facilities for Institute meetings and

Matt Gilbert

events.

We now share high quality modern office space with a cluster of other important shipping organisations including the UK Chamber of Shipping, Maritime UK, the Merchant Navy Training Board, UK Major Ports Group, Ports Skills and Safety and the British Ports Association.

Our new neighbours have been very welcoming, despite obvious disturbances while we moved. Their offices were closed for a fortnight while the whole space was reengineered by contractors to allow for the higher headcount in a large open plan space. The Chamber hosted a drinks and fish and chips evening in our first week. Since a few of our senior managers here sit on various industry boards, taskforces and working groups which invariably meet at our new address, another benefit has been a reduction in travel time for these meetings.

Office moves are always a complex logistics and IT challenge, involving careful planning. To move from our Gracechurch Street home, Head Office has also had to find solutions to the loss of significant basement storage and distribution facilities. Book despatch has now been outsourced to a third party specialist logistics provider and off-site storage facilities have been rented for archive materials.

The move itself was a huge team effort, packing and shifting crates and supervising the loading and unloading of several van trips.

Members, fellows and students are welcome to drop in to visit us, just as they were in Gracechurch Street, and they will still see familiar features, including our extensive library and the infamous ship models. SN



Launch of London evening classes

Long on the agenda of the Education and Training Committee and encouraged by the London shipbroking community, the Institute is aiming to launch evening classes in London for students preparing for their Professional Qualifying Examinations.

We aim to offer 12 subjects at the outset depending on demand, timetabled into four groups of three, so students may select up to a maximum of four subjects to study and prepare for examinations. Led by expert tutors, classes will take place on alternate Tuesday and Wednesday evenings over two semesters running up to the Spring exam sessions and the classes will take place at our fantastic new facilities at 30 Park Street, London.

Please see ics.org.uk for further information or call +44 (0)20 7357 9722 and speak to an advisor. s_N

A commitment to lifelong learning

One South African agent is reaping the rewards of qualified staff, finds Carly Fields



f you are planning to apply for a job at South African agent Alpha Shipping, you better be prepared to study. The interview panel routinely ask candidates if they are prepared to take the Institute's exams and those that say yes are looked on favourably for positions.

Carly Fields

The company now has over 60% of its staff studying Institute courses, something that former Alpha Shipping director and former international chair of the Institute Richard Brook-Hart admits he is "quite proud of". Staff in the company's office regularly sacrifice their lunch hour to study or to listen to lectures given by the company's senior staff.

Speaking to *Shipping Network*, Mr Brook-Hart says that the company has always pushed the Institute course since its founding in 2005 and all staff are strongly encouraged to sit the Understanding Shipping course, or the Foundation Diploma. "It's popular and basic and it enables us to put all staff through it, including the receptionist," he says.

Once Understanding Shipping has been completed, any employees that show potential are put through the Foundation Diploma, and then on to the Professional Qualifying Examinations. "There is a benefit to employees as they get the knowledge and an understanding of the ethics of the company; there is also a financial benefit as they get a salary increase on passing," says Mr Brook-Hart.

Unfortunately, South Africa, as a third world country, generally has a lower level of education than the first world, he points out. To be competitive in the international shipping arena, Alpha Shipping recognised that it needed staff with sound commercial shipping knowledge. "By paying for our staff to undertake the Institute courses, we obtained three important benefits: firstly, the staff member was able to communicate knowledgeably with clients, principals, port officials and colleagues. Secondly, the company, in many cases, was creating opportunities for people who might otherwise never have had such a chance to further their education, and this became an essential element in our desire for social upliftment, and to give back to society. Thirdly, the staff learnt about the importance of ethics and transparency. There cannot be any downside to any of these benefits."

Mr Brook-Hart sees the cost to the company as negligible in comparison to the reward for both the business and the individual. "We see this as a huge return on investment," he says.

LEARNING CURVE

Gift Matekane, responsible for container sales at Alpha Shipping subsidiary Stella Shipping, has benefitted from the company's commitment to professional development. She views the Institute's Understanding Shipping course as particularly valuable, especially if employees are young and not sure what they want to study. "This course was an eye opener to me and encouraged me to want to be part of the shipping industry wholeheartedly," she says.



Richard Brook-Hart celebrates with four Understanding Shipping students

Ms Matekane explains that she came from humble workingclass beginnings. She was the first person in her extended family to be given such an opportunity for which, she says, she will always be grateful for.

"I was really excited at the opportunity and decided to grab it with both hands. I'm based in Johannesburg but when I passed my Understanding Shipping course I got the opportunity to fly for the first time to Durban to receive my certificate. I will never forget that day!"

Ms Matekane thanks her peers and mentors for the opportunities, especially Mr Brook-Hart who she describes as "the man who believed in me". She feels that it should be compulsory for employees of all shipping companies to attend an Understanding Shipping course when they join the industry, as not only do they learn about the company but also about what the company can offer to the outside world.

"This course is a must for anyone who needs a greater understanding of ship operations. It will be beneficial to shipping industry entrants, and as a refresher to those wanting to consolidate or update their knowledge."

Mr Brook-Hart believes that Alpha Shipping is unique in South Africa in its commitment to offer all staff members the opportunity to study for the Institute exams; he advises all businesses to invest in staff to give them the opportunity to develop and grow their knowledge. "The rewards on both sides may seem hard to quantify, but they are most definitely there. When it comes to shipping, the qualified staff member is able to talk with knowledge, conviction and self-belief, and this earns the respect of all they communicate with." **SN**

Calendar

Chennai, India is the location for a future Institute seminar

OCTOBER EVENTS

4 October

London & South East Branch AGM London

7 October

Middle East Branch Practical Aspects of Bill of Lading semin<mark>ar</mark>

NOVEMBER EVENTS

3-4 November Institute Autumn Prep London

4 November Middle East Branch Freight Forwarding: Present and Future seminar

DECEMBER EVENTS

2-3 December Controlling Council Colombo

46

14 October Middle East Branch

11 November

11 December

Greece Branch

Annual Forum

Athens

Middle East Branch

IMDG Code: Basics for

Ocean Transport seminar

Monthly networking & Expert talk on 'Iran sanctions – impact on shipping'

16 October Deadline to register for November examination session

London & South East

Student Revision Evening

15 October

Branch

London

15 November Canada Branch 5th Annual Dry Bulk & Commodities Conference Vancouver

18 November Middle East Branch Annual student awards and dinner

16 December Middle East Branch End of year dinner and presentation by Port of Duqm **18 October** Institute AGM & Prize Giving London

21 October Middle East Branch A guide to Delivery Order process seminar

19-29 November Institute November Examination Session

23 November North East of England Branch Annual Tees Dinner Middlesbrough

28 October

Middle East Branch Chartering Practice: Dry Bulk and Liquid Cargo seminar

28 November Joint Institute and Baltic Exchange lectures Athens, London, Shanghai, Singapore

INSTITUTE OF CHARTERED SHIPBROKERS – SHIPPING NETWORK



This year is, of course, a Posidonia year and it was a really big occasion this time around as it was also the 50th anniversary of this world-famous shipping event. Things kicked off for me in the week preceding the official opening on June 4. I find it's usually a good idea to get down there before the masses descend and everyone starts to feel jaded. I was able to spend some quality time with some old friends taking in a few boat trips and house parties.

Once the main event opened it became a rush to get to as many parties, events and conferences that could be squeezed in, with or without an invitation, which can be challenging. We were very much spoilt for choice but the star attraction had to be the sumptuous party thrown by Evangelos Marinakis complete with Vanessa Mae providing the 'musak'. Heavy nights were followed by a restful morning networking by the hotel pool, then back into the fray – it's a hard life, but someone has to do it!

I have to admit, though, that 40 years ago at my first Posidonia I think the whole thing exuded a bit more sophistication than nowadays. The parties all seemed more elegant. It just goes to show that throwing money at something sometimes cheapens it and reduces the oldfashioned style.

Back to the UK to squeeze in some broking and enjoy

some world-class tennis and football with Wimbledon and the World Cup kicking off. And while these were going on the President of the 'Free World' made an understated entry into the UK. Like him or hate him, you have to admit he's never boring.

On Bastille Day, July 14, I took the opportunity to host a gathering to watch the climax of both Wimbledon and the World Cup – and tie it with my broking work. Quite a few of my overseas friends were still in London and so the garden vibrated to gasps and cheers enhanced by English, Greek, French, Spanish and Italian accents with myriad children running around in the background. What a great day.

I take a good summer very seriously and try not to let work get in the way. Luckily it is quite easy to combine the two due to the fact that, like so many of us in shipping, a lot of my friends are owners and brokers. Yet another reason why it is so important to make friends early in our careers and maintain that friendship as much as possible. After all, the shipping community tends to be like a rather large family complete with its own prodigals and black sheep. I name no names.

All that apart, have you noticed something? Not one mention of Brexit. That has to be a sign that, at last, better things are going on in my life, and hopefully yours. Cheers! SN



CHILDREN WEIGH IN ON MARITIME JOBS

It's well known that children say the craziest things – but who knew that they would think a maritime shipbroker's role involves giving "ship tours" or "going and chilling out at the beach"?

These answers are just two of the more unusual responses in a series



Do you 'break boats' a child asks a shipbroker in the MPA video

of new videos from the Maritime and Port Authority of Singapore (MPA Singapore) and Maritime Singapore, in which people outside of the shipping industry are asked to define particular maritime-related roles.

The positions of maritime shipbroker, maritime lawyer and vessel traffic officer are put to a pair of young children, older children and young adults respectively in videos available on MPA Singapore's YouTube channel and entitled "Little Big Things".

In the maritime shipbroker video, one of the young children asked to define "shipbroker" suggests that someone with this role "breaks boats".

Meanwhile, in the maritime lawyer video, the older children asked to identify the job offer guesses including "a nice pirate", a "sea king", "Aquaman" and that of a pool float.

At the time of writing, the three "Little Big Things" videos on MPA Singapore's YouTube channel – which include explanations of the roles discussed – had collectively gained over 300,000 views.

The clips can be viewed at www.youtube.com/user/mpasmw/videos.

Take it from us – they're very entertaining. And if maritime lawyers can get an Aquaman aura, perhaps some shipbrokers should consider a change of careers. **SN**

SHIPPING'S LINK TO CO₂ SHORTAGE

For many, the FIFA World Cup serves as an opportunity to crack open a cold can of beer with friends.

However, this year's tournament may have seen football fans miss out on their canned and bottled beverages due to a carbon dioxide (CO₂) shortage in Europe.

CNN reported that a massive dearth of CO_2 – which puts the fizz into many canned and bottled drinks – was said to be threatening stocks of soda and beer.

The drought was reportedly an effect of ammonia production sector trouble, with an ammonia market specialist saying that with no notable rise in ammonia supplies arriving at the shipping centres of Antwerp and Rotterdam, the "CO₂ crisis" would likely worsen.

By the start of July, the UK's *Daily Mail* newspaper reported that England fans were pinning their hopes on a Norwegian barge carrying CO_2 – nicknamed *HMS Fizzy* – to help put fizz into their beer.

Certainly one of the more unusual paths to get shipping into the mainstream media. ${\scriptstyle {\rm SN}}$



Football fans may have been affected by the $\rm CO_2$ shortage

SHIPPING SPEAK



• "Our challenge for the years to come remains: to work in **collaboration** with all **stakeholders** to create better shipping for a better **future**"

International Maritime Organization Secretary-General Kitack Lim commemorates 70 years since the UN agency's formation

"If we tell Ourselves shipping is a CONSERVATIVE industry, it becomes a self-fulfilling prophecy" Diane Gilpin, founder and chief executive of the Smart Green Shipping Alliance, speaks at GST & Shipping2030 Europe

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.

Trainee Operations Support, Shipbroking, London

This opportunity suits a recent graduate or junior candidate with some exposure to the derivatives markets or trade support/operations within a commodity/financial brokerage. The role involves working closely with a senior operations manager with extensive futures operations experience, learning and developing into a futures operator supporting a team of front office brokerage staff.

https://jobs.spinnaker-global.com/go/HQ00012173

Trainee Shipbroker, Rotterdam

Our client is looking for a Trainee Ship Broker to join their team on the Tanker desk, to be based in the Netherlands. You need to be able to work well under pressure, work to time limits, and be able to maintain contacts with cargoowners and producers, ship-owners and operators, principals and agents. For this role you must be able to write and speak clearly in both Dutch and English.

https://jobs.spinnaker-global.com/go/HQ00012107

Handy/Supra Broker, London

If you have 5+ years' experience as a Dry Broker, we have a fantastic opportunity to work for a global competitive Brokerage, to be based in their office in London. You will be running the Handysize/Supramax desk, you will be servicing existing clients, as well as developing new markets and new business.

https://jobs.spinnaker-global.com/go/HQ00012127

Dry Broker, Dubai

A leading brokerage based in Dubai is looking to expand their Dry Desk. With a great reputation and a wellestablished, vast network of clients, they are looking for a presentable individual that can create an immediate positive impression and provide continued service to their customers. Candidates based within the UAE are highly preferred.

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https://jobs.spinnaker-global.com/go/HQ00012009

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