



SHIPPING Network

The official magazine of the Institute of Chartered Shipbrokers

Promoting professionalism in the shipping industry worldwide

Issue 56 March 2019



Understanding 'untruths' | Debunking Amazon's ambition | Freight market necessity | Millennial misunderstanding



Maritime art competition – call for entries

The image above is by Scottish artist Claire MacLellan who studied at the Glasgow School of Art and works from a studio on the shores of Loch Lomond.

The painting in mixed media is one of a series Claire was inspired to create after receiving photographs from her son Harvey, a former Institute intern, during his trip to Rotterdam port organised by the High-Tide Foundation, a charitable organisation working with young people on Teeside UK.

The sea, coast, and ships have been a subject for artists for centuries – from the depiction of 11th century Norman ships within the Bayeux Tapestry, through 15th and 16th century naval battles celebrated by Dutch masters, the grand scenes of working canals and waterways by Canaletto, through to J M W Turner's lifelong obsession with the sea during the 19th century, and the mid-century work of a group of artists inspired by the coast working in Cornwall, UK, to name but a few.

Marine art continues to be a popular market with several artist societies. For those of us who are regular visitors to maritime museums or occasional meetings in illustrious boardrooms of shipping companies and maritime trade bodies, we may be used to seeing a certain type of oil painting. At head office we were struck by the refreshingly contemporary feel of Claire's work and it prompted an idea to launch a contemporary international shipping art competition, building on the success of our recent photography competitions. The competition is open to all members and registered students of

the Institute. All submissions must be original works and copyright free on any maritime subject.

By submitting an entry you give your express permission for the Institute to publish your work and your name.

Deadline for entries is April 1, 2019.

Winners will be published in the June 2019 *Shipping Network*.

The idea of this competition is to highlight and encourage creative works by our members and registered students. We hope this competition will lead to an art exhibition in conjunction with the Institute Annual Prize Giving ceremony.

Please email a photo of your entry to: membership@ics.org.uk

Please include your name and membership or student registration number.

Claire MacLellan

I am a contemporary Scottish Artist based beside Loch Lomond. I work with a variety of oil, pastel and acrylic exploring many subjects using all sizes of board and canvas. For all enquiries please contact me on the following:
Email: Claire.maclellan@icloud.com
Telephone: +44 (0) 7753204750

Importance of doing the right thing

The [Lord Jeffrey Moutevans](#) explains why increased pressures should not lead to lower standards



Lord Jeffrey Moutevans

Being installed as the 55th president of the Institute at the BAGM in October 2018 was a great honour and, at the same time, a humbling experience. On the one hand this is an exciting and important time for the Institute, while on the other, there was the awareness that I am following in the very big shoes of distinguished predecessors, including those of Dr Parakrama Dissanayake.

Dr Para, as he is known, had an outstanding two years in office. So the very first thing that I want to do is to congratulate him and thank him most warmly for his outstanding work on behalf of us all. And while on the subject of congratulations, I should like to add my own to all the students around the world who achieved such fine results in the recent examinations – fantastic!

As a career shipbroker who has spent 45 years with the firm that grew to become Clarksons Platou – starting in what was then called the Tanker department, prior to 37 years in what became the Gas Division – I am well aware of the value of membership of the Institute, as well as the importance of the study and the eventual examinations that prepare so many industry entrants for a fulfilling and rewarding career in this fascinating and key international industry. As a former Lord Mayor of London (2015-16), I am so proud that this organisation, which started from modest beginnings on the floor of the Baltic Exchange in London in 1911, has grown to become the leading body internationally for professional maritime qualifications in commercial shipping.

CHANGE MANAGEMENT

Change is all about us in maritime: environmental challenges and the proposed remedies to address them, protectionism, artificial intelligence, autonomous vessels, blockchain and distributed ledger technology, the ‘internet of things’ and fintech, to name just a few. And let’s not forget Brexit, which will surely have some sort of impact on us all. Faced with all these pressures, standards and ‘doing the right thing’ have never been of greater importance and I want to make this a personal priority for my presidency.

Young (and not so young) members sometimes complain of bad conduct among their competitors. An example might be a fake offer, purportedly coming from a charterer but in reality not authentic and designed only to commit tonnage. My response is to emphasise the importance of values and standards. These values are the foundation on which our firms’ – and our own – reputations are built. The continuing role of members as they in turn become more senior and act as mentors to those learning the business, is so important. And all this is part of a bigger picture, particularly in tankers, gas and other hazardous trades, where charterers rightly insist on the highest standards right



Shipping companies need to be ready to steer a new course

the way through their supply chain, not just from the owner, vessel and crew, port and terminal, but also from broker and ship agent. Standards are at the heart of all that we do at the Institute and will surely become still more important in this changing world. That’s why I intend to highlight this topic and to raise its importance still higher in the work and DNA of the Institute during my term of office.

COMING UP

Just five months into my presidency, I am already looking forward greatly to two very important forthcoming events. I mentioned above that the Institute dates from 1911. At the end of this year, we will start celebrations of the centenary of the granting of our Royal Charter. The tempo of life was, of course, somewhat slower in those days. The actual document is dated 1920, though our predecessors were advised of the grant of Charter at the end of the previous year! This is a very important anniversary for the Institute and will be appropriately marked in a number of ways.

The other key event that I look forward to is the transition of the Institute to charitable status. This is a very appropriate development for us, since we are essentially educators and possess not insignificant funds for bursaries. The transition will add additional importance to our governance procedures, since we will be subject to the rules and regulations of the UK Charity Commission. We will be required to appoint appropriately qualified Trustees and will also have a Patron. This will represent a considerable change in our structure and the next edition will include a special supplement for members outlining the plan.

In concluding, may I record what a very real privilege it is for me to serve as your president. I look forward immensely to my term of office and hope to meet as many officers and members as possible during this time. **SN**



Information overload

The trouble with vanity publishing and instantaneity of social media is that it's all too easy for 'facts' to be disseminated, believed and then re-circulated to other gullible groups. If they sound plausible, or equally if they sound preposterous, they will be repeated and passed on without any fact checking.

The reason for our blind belief of today's mis-informed statements is different depending on the generation. Those of us who have grown up recognising the staunch values of independent news reporting have become somewhat lazy in accepting that what we read or are told by experts will be based on robust research and diligent fact-checking. Those of us who have grown up with information at our fingertips on smartphones have no real point of reference for questioning the validity of

information. Both approaches are dangerous in an information-heavy world, where only a small percentage of what's out there is actually rooted in fact.

In this issue of *Shipping Network* we look at some scare-mongering statements that have worked their way through shipping channels enough times that they have become largely accepted as fact. Millennials, Amazon, fake news, freight rates, 3D printing, emissions, autonomy ... even condemnation of woolly hats for seafarers, the alarmists have put out doomsayer predictions on them all. Please enjoy our informed analysis of these 'myths' in these pages – our findings might be the only words you read that you should trust today. [SN](#)
 Carly Fields, FICS
 Editor

Importance of doing the right thing

The Lord Jeffrey Mountevans explains why increased pressures should not lead to lower standards

Don't believe everything you read

The demise of a maritime media stalwart reflects the challenges that journalism now faces

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Felicity Landon investigates whether the growth of e-commerce giants will spell the end of shipping

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Shipping Strategy's Mark Williams explains why the free freight market is more than necessary

Have faith in the power of youth

Are the incoming generations up for the demands of shipping?
 Felicity Landon reports

Small act of kindness that still carries relevance

The Mission's Andrew Wright explains why it's the little things that continue to make a difference

Printing the way into trade profitability

WSP's Johan-Paul Verschuure investigates the impact of locally produced goods on shipping

Navigating the rocky road to 2050

IMO's GHG reduction target for 2050 is achievable but only if industry steps up its pace of compliance

A change of pace, not a career step-change

Automation looks set to make its presence felt on seafaring careers.
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“Shipping is the lifeline of growth and trade across the globe and through a career in shipping you will be a part of that vital lifeline in one way or another. That’s exciting.”



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Key contacts

Editor of Shipping Network: Carly Fields FICS

Institute of Chartered Shipbrokers
30 Park Street, London, SE1 9EQ, UK

Telephone: + 44 (0) 20 7357 9722
 Fax: + 44 (0) 20 7357 6348
 Email enquiries: membership@ics.org.uk
 For advertising enquiries
 please contact the Editor on: editor@ics.org.uk

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Don't believe everything you read

The demise of a maritime media stalwart reflects the challenges that journalism now faces

Statement: 'Fake news will infiltrate shipping journalism'



Kate Jones

For many maritime journalists, the annual Seahorse Club Christmas Party and Journalist Awards is a much-anticipated date for the diary. Organised by networking organisation The Seahorse Club, the event serves as an opportunity to recognise the best journalism, and journalists, in the nautical world.

Maritime magazine and household name *Fairplay* was a

Topic: Information

Key words: Reliability, Validation, Verification

Background info: The shipping industry needs to sidestep the mis-information trend barrelling through the media business

decorated publication at the 2018 awards, held in the December of that year. The publication and its journalists won three awards, including a Lifetime Achievement Award for the title as a whole.

The night was, of course, a time for celebration. However, for those at *Fairplay*, the gongs may have been bittersweet. Exactly a week before – two months after the publication announced that both its print magazine and website would end publication in the fourth quarter of 2018 – staff sent the final print issue of the 135-year-old title to the press.

In an article announcing its closure, the magazine laid the blame on a very-competitive market and the challenges of print as a medium.

"Despite investment and concerted efforts to build an online community and maritime events, we have been unable to generate growing circulation, subscription and event revenues," said Stuart Strachan, senior vice president for Maritime & Trade at IHS Markit, the information provider owner of *Fairplay*. "Not unlike many print-based brands, we haven't gained sufficient traction with these efforts."

Fairplay went on to explain in the article that the print magazine and website would close following a reorganisation of IHS Markit's maritime media unit, with the restructured business unit to be organised around sister magazines *Safety at Sea* and *Dredging and Port Construction*. The final print issue of *Fairplay*, with founder Thomas Hope Robinson on the cover, published on December 6.

"As the day arrives for our collective voice to be silenced, we have to have faith that others in the maritime trade press will continue to ensure that shipping is questioned and challenged about its present and future intentions and endeavours – fairly,



News audiences need to be more savvy when it comes to assessing the validity of their shipping information

with balance, perspective and honesty," *Fairplay* executive editor Nicola Good wrote inside.

But in an era which has seen the journalism industry hit by cuts and questions raised about media authenticity and ethics, will those other shipping journalism outlets left behind be able to live up to those expectations?

TODAY'S MEDIA CLIMATE

Professor Richard Sambrook, director of the Centre for Journalism at Cardiff University's School of Journalism, Media and Culture, explains to *Shipping Network* that the media is currently in a very volatile position.

"The old business models based on advertising are failing and new ones have not yet established themselves," he says. "Traditional media has been intermediated by the big technology companies like Facebook and Google, who have taken both revenue and public attention away and who are not interested in the traditional public purposes of news.

"At the same time, technology has brought down the barriers to public communication, so anyone can post video, comment, audio and anything else to an audience. This has further undermined trust in traditional media."

According to Professor Sambrook, the biggest issue impacting the journalism sector right now concerns how to find a new sustainable business model; without it, "news as we know it will fail". He also notes that media firms are attempting to diversify but finding it difficult and that advertising "continues to fail and is being creamed off by the big tech platforms".

"Journalism has been utterly disrupted – in some ways for good, in some ways very negatively – by the digital revolution,"

Unpacking the untruths

According to the United Nations Educational, Scientific and Cultural Organization (UNESCO), different factors are greatly changing the communications landscape, raising questions on journalism's impact, credibility and quality. Concurrently, orchestrated campaigns are spreading "untruths" which are often unwittingly shared on social media.

UNESCO splits these "untruths" into three categories:

- Disinformation – false information intentionally created to harm an individual, organisation, social group or nation;
- Misinformation – false information not created with the intent to cause harm; and
- Mal-information – information based on reality and used to harm an individual, organisation, social group or nation.

In a video exploring its *Journalism, Fake News & Disinformation: Handbook for Journalism Education and Training*, industry specialists emphasise the importance of the correct terminology.

"'Fake news' is today so much more than a label for false and misleading information, disguised and disseminated as news," Cheryl Ireton and Ms Posetti argue in the handbook introduction. "It has become an emotional, weaponised term used to undermine and discredit journalism."

The handbook has seven modules, with the first looking at truth, trust and journalism and the second exploring formats of misinformation, disinformation and mal-information. The third module examines news sector's transformation, looking at digital technology,



UNESCO's news information handbook explains news "untruths"

social platforms and the spread of disinformation and misinformation.

The fourth module is centred on combatting misinformation and disinformation through Media and Information Literacy, and Module 5 serves as a fact-checking 101. Meanwhile, Module 6 looks at social media verification and assessing visual content and sources. The final handbook module explores combatting online abuse concerning when journalists, and their sources, are targeted. Seven principles encapsulate the handbook's focus: fairness, independence, accuracy, accountability, transparency, humanity and confidentiality.

The handbook can be found at <https://unesdoc.unesco.org/ark:/48223/pf0000265552>. **SN**

adds Julie Posetti, who leads the Journalism Innovation Project at the Reuters Institute for the Study of Journalism at the University of Oxford. In a video, she says: "We've seen the business models collapse, which has resulted in many newsrooms being de-staffed, lots of mass sackings [and] reduced capability and capacity to do great journalism in many newsrooms."

"Independent journalism is the mission, but when you don't have the resources and you don't have as many subeditors and factcheckers as perhaps you used to have, you've effectively reduced capacity to do the kind of journalism that serves open society. It's not to say it's not being done: it's gotten harder to do because of the complications of resources."

REVENUES AND RETURNS

Professor Sambrook believes journalism industry cuts "have been a combination of falling revenues compounded by shareholders continuing to demand double-digit returns". In his opinion, hollowing out of editorial resources and staff in newsrooms, meaning less original or deep journalism can be carried out, has particularly impacted investigative journalism, regional and local journalism and specialisms. That doesn't

sound like good news for maritime publications, which are by nature specialist publications. However, there are other worrying consequences of newsrooms being stripped of resources and staff.

Ms Posetti, discussing the concept of technology as the energiser of misinformation, disinformation and mal-information – what some might term "fake news", notes that the reduction of capacity to undertake journalism that serves open society is one of the things to consider. The other is social media: everyone can be a publisher, information can be shared fast and it is shared peer to peer, where the information chain's individuals do not necessarily boast the skills to verify information. Jane Singer, a journalism professor at City, University of London, believes that both journalists and audiences must be more aware of what is trustworthy and what isn't, as well as of how to recognise the difference and undertake some basic forms of verification.

"There's more bad information circulating," she says to *Shipping Network*. "There's also more good information circulating, but we all have to be a little bit more discerning about how to identify which is which."

Ms Posetti refers to a United Nations Educational,

"Journalism has been utterly disrupted – in some ways for good, in some ways very negatively – by the digital revolution"

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● **LONDON TO BRIGHTON CYCLE**

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● **LONDON SANTA RUN**

8TH DECEMBER 2019

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Scientific and Cultural Organization (UNESCO) handbook, published last year, entitled *Journalism, Fake News & Disinformation: Handbook for Journalism Education and Training*. However, she advises against using the term “fake news” and encourages use of “more-nuanced and deliberate terms” like “misinformation”, “disinformation” and “mal-information”. “Fake news”, she claims, is an oxymoron, and the phrase “has been used as a weapon against professional journalism and credible information as a way of distracting from critical [negative] content”.

MAINTAINING MARITIME PROFITABILITY

These big-scale journalism industry developments have relevance to maritime journalism, which has not been immune to the wider media industry’s challenges of maintaining profitability. Limited resources reduce the ability to publish original, high-quality journalism. If the maritime media is hit by cuts, its output will clearly suffer.

However, there is light at the end of the tunnel: the current state of journalism does not necessarily spell the end for maritime media. Professor Singer believes that many opportunities exist for niche publications “to do fairly well”, arguing that many opportunities revolve around forming “a cohesive audience that’s loyal and feels connected both to [them] and to the other people who individuals can reach through [them]”. The professor cites the UK’s *The Guardian* as a media outlet that has attempted to generate a sense of community, belonging and connection to the medium, as well as a feeling of “this is a media outlet that reflects me in some way”.

“I think for niche publications, that should be very doable, I would think,” she says, later noting: “You’ve got an audience that cares about what you’re covering and knows about what you’re covering, and knows other people who are also connected to that topic in a variety of different ways that are potentially quite useful to each other and also to you.”

Professor Sambrook believes that that traditional 700-word news articles or features or 30-minute TV reports are today of lesser interest to the public.

“Niche publications need to find their specialist audience, find out where and when they like to consume information and provide it to them in as convenient a form as possible,” he says. “They need to differentiate their information and make it as original and therefore as valuable as possible – they can then charge a premium for it.”

SUBSCRIPTION OPTIONS

Subscriptions, in the professor’s eyes, can be profitable for a niche audience. However, it may not be the most ethical option. A major risk of the current volatility in media is increased “information inequality”, whereby those able to afford subscriptions can be better informed than ever and those depending on free sources and social media gossip will be far less well informed than previously. He sees this gap widening substantially over the next few years, with unpredictable social and political effects.



Richard Sambrook,
Professor of
Journalism, Cardiff
University

Yes, shipping journalism’s remaining players now have to contend with many challenges. A whole separate issue is the fact that the International Maritime Organization (IMO), maritime’s highest body and the source of a great deal of a maritime journalist’s work, currently bars media from quoting named speakers without prior consent at IMO meetings, with restrictions also in place on filming during IMO Committees and subsidiary bodies. According to Natasha Brown, the IMO’s media and communications officer, these were guidelines drawn up and agreed by the IMO Council in 2004. An open-ended working group on council reform has been established. Media access is among the issues put forward for discussion in the

submissions to the 121st session of the Council in November last year. It would be up to the IMO Council members to make decisions regarding any changes to the guidelines on media access.

REFLECTING ON THE END

But what ultimately killed *Fairplay*? New York-based maritime consultant and writer Barry Parker believes that the title failed to change with the times.

“*Fairplay* [under IHS] made comical attempts to get things out on social media, a model that does not readily apply to the shipping industry,” he says. “In their case, there was some tension with *The Journal of Commerce* (*JOC*) – aimed at liner shipping and a broad base of North American logisticians and cargo interests rather than the *Fairplay* targets which you might call London-centric shipowner types. With *JOC* based in the States [closer to the parent company], *JOC* won out, including in getting resources for a proper digital approach.”

When *Fairplay* was bought by what was then IHS in 2008, IHS was at that time “all about data”, according to Mr Parker, who notes that the data component of *Fairplay* came along later in the title’s history – it had built a “data powerhouse” by the mid-2000s – and that the magazine did not do events. Around 2010, he continues, “the whole complexion of media was changing”. There were more online sources, and everybody with an opinion was able to post it.

“Fuelled by ex-journos who were now PR flacks, the vendors – who had been advert purchasers in print magazines – could now reach their audiences directly through the online media,” he says.

According to Mr Parker, in most instances of old-time shipping media being bought by larger outfits, the print publication has subsequently folded.

“News is delivered digitally, some with pay models, some with advertiser models,” he says. “Sometimes the news comes in from Reuters or Bloomberg rather than proprietary reporters.”

The consultant notes that “the publishing business is not what it was pre-Internet”. The statement could arguably be applied to maritime journalism as a whole, for it seems an apt way of summing up the issues that maritime journalism organisations must surmount if they are to remain profitable in today’s times. **SN**

Breaking the bottle on MV Amazon's bow

Felicity Landon investigates whether the growth of e-commerce giants will spell the end of shipping

Statement: 'Amazon will end shipping as we know it'



Felicity Landon

There was something of a kerfuffle in early 2018 when Amazon, the largest online retailer in the world, launched a delivery service for businesses called 'Shipping with Amazon', putting it in direct competition with the likes of UPS and FedEx.

In the three years before then, Amazon had variously leased planes, bought extra trailers, gained approval from the Federal

Topic: E-commerce

Key words: Retail, Transportation, Competition

Background info: Online retail titans place significant stress on the existing shipping stream, but could they do the job better themselves?

Maritime Commission in the US to act as an ocean transportation intermediary, and even started co-ordinating its own shipments from Chinese suppliers to warehouses in the US.

Is shipping as we know it doomed? Will we see 20,000 teu container ships with the Amazon smile emblazoned on the side? The consensus appears to be no – at least, not right now. But clearly, Amazon's activities are making people sit up and take notice.

Last year, Soren Skou, chief executive of AP Moller Maersk, said: "Amazon is a threat if we don't do a good job for them. If we don't do our job well, then there's no doubt that big, strong companies like Amazon will look into whether they can do better themselves." Maersk's digitisation is a vital part of the response, he said.

CONSTANT ADVANCEMENT

Jan Hoffmann, chief of the trade logistics branch at UNCTAD's technology and logistics division, says: "Oil majors went through a period when they had their own ships. If you are a big enough shipper like Amazon, why not maybe have your own ships or operate your own NVOCC [non-vessel operating common carrier]? Why not have your own big container ships?"

"With Amazon, at some point in time I think it could come, just as with other commodities, where the shippers are so big that they have their own ships. Whether Amazon would want their own ships or perhaps prefer to charter is a separate question."

However, he says, there is a tendency to compare the 'future scenario' when Amazon might do this, with the 'present time' arrangements of the container shipping industry.

"The industry itself is also always advancing – the Maersk/IBM blockchain joint venture is a good example. Think of taxis



competing with Uber – now you have more online taxi portals."

Mr Hoffmann also asks, what would be the advantages to Amazon running its own ships?

"The advantage of the current alliances is better capacity utilisation. If you want to do your own thing, you are more vulnerable to volatility and demand. What would Amazon gain from it? They are such a strong shipper, they can negotiate so strongly in any case. But maybe the whole suggestion of 'doing their own thing' is part of the negotiating strategy!"

Carleen Lyden-Walker, chief evolution officer at Shipping Insight, says: "Let's first acknowledge that Amazon are logistics experts. Their global framework for delivery is second to none. Everything is real time and that is what society is demanding. Amazon will use our services if they are up to their standards – because why would they reinvent the wheel?"

"On the other hand, if we don't provide that level of service and efficiency and cost-effectiveness, then they are just going to do it themselves."

MOVING AHEAD

We are, says Ms Lyden-Walker, at a pivotal time in our industry. "At industry conferences, we talk to ourselves and we pat ourselves on the back for being a great industry – and we are; currently we are the most cost-effective and environmentally benign mode of transportation. But that doesn't mean there are not opportunities for improvement. Digitalisation, automation and blockchain are going to drive change in the industry and in the way we do business; these three things alone will increase our efficiency, and provide the kind of services that Amazon and Alibaba require."

Does she think these organisations might charter vessels?

"I see there is a real opportunity for them to go into this themselves – unless we can demonstrate that we can provide the service they require."

As for freight forwarding, again it's all to do with providing the efficiency that they expect.

Shipping overall would do well to look to Amazon/Alibaba and how they run their operations, she adds.

"A worry I have about our industry is people say shipping is never going to change, or is slow to change. Ignore change at your peril. I have real concern that our industry needs to accelerate this change in order to remain competitive in the market place – which is moving along at lightning speed. Shipping isn't going to disappear but it will morph into something. Do we want to be an agent of that change or do we want to have this change imposed upon us?"

John Foord, past president of the Federation of National Associations of Ship Brokers and Agents (FONASBA), points out that Amazon is in itself largely based on providing logistics services to third parties – advertising suppliers' goods on its website, holding the goods in warehouses and distributing them around the world.

"However, to me, the idea of them actually running their own liner service from the Far East to the US or Europe belittles what is involved. The idea that Amazon could do what MSC or Maersk are doing with years of experience – building and running vessels, training crew, and so on – as if it was as simple as buying a truck and driving down the road, is very far-fetched."

BELITTLING EXISTING PROCESSES

The idea that Amazon could take over all aspects of the door-to-door supply chain, with all the people and tasks involved in the process, ignores the important services that all those in the supply chain actually provide, says Mr Foord.

"Putting all of that through one organisation isn't going to make it simple. If it was all so easy, there wouldn't be shipping lines, freight forwarders, warehouse keepers, truckers, and so on, because it would all be the same organisation."

Mr Foord says it is possibly more likely that, as Amazon's market share grows, it might enter into slot-sharing deals with the big carriers.

Jonathan Williams, general manager of FONASBA, suggests that Amazon could take an interest in one of the lines – "but whether the lines would be up for that or not, I don't know. There would be all sorts of issues with regard to competition, slot chartering arrangements between lines, and commercial challenges."

Amazon has already snatched bits out of the supply chain with its delivery services – and that may well continue, he says. "But Amazon isn't going to emerge as the next Maersk or MSC. I think the sea freight side of it is where it is and Amazon are not going to sink vast amounts of money into something like that – it wouldn't be worth their while."

He would not be surprised to see Amazon building up its logistics processes and perhaps tying up with one of the major logistics firms, or even buying one outright. "That is where, if anything, they will make their move – because they have the systems and new technologies in place."

He is sure that Amazon will continue to expand and will continue to bring ideas and new technologies into the logistics chain – "and I think to an extent, other companies will have to follow them."

REVERSE LOGISTICS CHALLENGE

But there is one element of the Amazon story, often glossed over, that needs focus – the problem of returns, or 'reverse logistics'. The traditional return rate for items bought in real shops is said to be around 8%. For online purchases, the rate is between 15% and 30%, depending on the category.

As Mr Williams puts it: "To deal with the huge increase in online shopping, we are going to see not only more vans going one way – but others going the other way, because of the tendency to buy three sizes and two colours and send nearly all of them back. Is the whole thing going to strangle itself?"

Optoro, the tech company that works with retailers and manufacturers to manage and resell returned and excess merchandise, says that fashion clothes can lose 40-50% of their value over an eight to 16-week span after being returned, while consumer electronics can lose 4-8% in value for each month the item is not resold.

Clearly, getting returns processed fast is critical to limit losses. As Virginia Cram-Martos, chief executive of Triangularity Trade and a specialist in logistics and ecommerce, says that requires a lot of warehousing space. "Efficient facilities, processes and IT are needed for handling returns – that is the big challenge. Goods start to lose their value rapidly."

As for the wider question, she says that Amazon would only make a move on shipping if there was a real business case. "Are they going to get a better, faster or cheaper service doing it themselves? I am not so sure about that. If I were them, I would be looking to invest in more services for small and medium sized businesses. Logistics is a highly competitive market – it is good for Amazon to keep those involved on their toes, but I am not sure it is a good investment for Amazon to take on that business themselves." **SN**



Maersk sees Amazon as a threat only if the shipping line doesn't "do a good job for them"

Real risk of permanently closing the casino

Shipping Strategy's [Mark Williams](#) explains why the free freight market is more than necessary

Statement: 'Freights rates will become a thing of the past'



Mark Williams

There is a theory which says that the rise of automated shipping will do away with freight markets in shipping. Ships will become blocks in a value chain, their movements optimised to support the movement of cargo with no upside for the ship owner. In other words, the freight market casino is going to be closed, demolished, and replaced by a server farm.

Topic: Freight

Key words: Rates, Transparency, Automation

Background info: The evolution of AI does not mean that it's a perfect replacement for well established trading patterns

Clearly this is bad news for the old fashioned, high rolling, cigar chomping ship owner of lore, operating on gut feel and validated by shipbrokers eager to develop a transaction. But is it really going to happen? Can the algorithms smooth out all the day-by-day oversupply of ships to match tonnage exactly to demand at all hours, on all days, in all seasons?

To find out, we need to think about all the moving parts in the freight market and to estimate which human decisions can be replaced by an algorithm, and when.

SHIPPING: SIMPLES!

As we all know, shipping is a simple business of moving goods by sea from point A to point B in exchange for money. Groups of ships are loosely organised into trading fleets. Individual ships and fleets compete to carry cargoes at a rate which both the cargo owner and the ship operator can accept.

Established trading patterns give rise to regularly reported freight rates for particular routes. For instance, the trade in crude oil on very large crude carriers (VLCCs) between the Middle East and the Far East is the most important trade route for VLCCs. Shipbrokers monitor the upcoming availability of VLCCs over the next month split into three decades (ten day segments) and match the ships to known forthcoming cargoes.

The freight rate is an emergent quantity of the numeric balance of known upcoming supply and demand. That freight rate is reported by all the different brokers engaged in the trade and most of them will report very similar, if not exactly the same rate, each day. They all have access to the almost the same information with the same latency. The market is transparent.

The market generally knows how much oil is going to be shipped. It varies little around an average with a bit of growth most



What will happen if shipping is locked out of freight markets?

years. Why then is it so hard to match demand with supply? It must be hard, because the historical time series of these freight rates demonstrate variation. They move up and down to different levels at different speeds (amplitudes and wavelengths).

BITESIZE INFORMATION

The moving parts in the freight market can be described by a method known as time series decomposition. In any time series, such as the one explained here showing freight rates for VLCCs sailing from the Middle East to China, there are several elements. These include cycles, seasons, trends, and randomness. From a mathematical perspective, the path to an optimised freight market, in which supply and demand are always evenly matched, involves minimising the randomness.

One way to achieve a closer match than is currently possible is thought to come from the Internet of Things. In this scenario, every VLCC in the world is connected to every other VLCC. Through a networked hive mind, they can learn about current traffic, port, weather and other influences on their utilisation and productivity. That information can be used to adjust the fleet's positioning, routing, speed, bunker port calls, spare parts inventory, maintenance scheduling, anticipated crewing requirements, and so on. Thus each ship in the fleet can optimise its time spent on laden, earning days, while minimising downtime, demurrage, ballast and idle days.

There are certain challenges to overcome in this scenario.

Firstly, the interconnectedness. The technology currently exists to achieve this. In automobiles, every Tesla car in the world is connected to every other Tesla and they all learn from each other all the time. But, crucially, they are all Tesla cars. Would VW, Toyota and Ford want to share live data with Tesla? Probably not, unless they were forced to by regulators.

It is possible I suppose that cargo owners – the charterers –

may decide that they want the tonnage suppliers to be integrated into their own communications networks, in the same way that charterers currently insist that tonnage providers join their inspection regimes. But at this point the independent ship owner may throw up their hands in despair and tell the charterer, “there goes my independence. You may as well own your own tonnage. I bear the capital risk of owning ships in order to turn a penny. Take that away from me and you make my balance of risks unsustainable.”

Secondly, the customer. Each Tesla is owned by a separate customer who uses the vehicle for their own purposes. I’m prepared to bet my own hair that no Tesla owner has a dozen cars, each driving autonomously around the neighbourhood waiting to be the next one to collect the owner from Point A and drive them to the tennis club, office or home. In the VLCC market, ships are owned by national oil companies, international oil companies, trading houses and independent ship owners. They can be operated by non-owning charter operators. Each of these entities takes its own investment and operational decisions, which is why we almost always have an oversupply of vessels for any given amount of demand.

VALUE OF OPENNESS

The difference between Teslas and VLCCs is that the freight market is an open system. To maximise utilisation through full integration is to close the system. In other words, to shut the casino. The charterers would revert to an older business model in which they control the ships that carry their own cargoes. The freight market would evaporate. That would tend to create a less efficient system in which each oil company has its own fleet, duplicating redundancies, duplicating ballast ratios, and creating inefficiencies that would run counter to the ideal of optimising utilisation.

You can see where this logic goes: in a socialist utopia with one global oil company optimising all operations along its value chain, the correct number of ships is always on standby. But this is not a market. It is the stuff of Star Trek. I don’t pretend to discuss the desirability of one system over the other, but if the AI guys really want to get rid of something as fundamentally human as a market, they will be first up against the wall when the revolution comes.

Assuming the continued existence of independent ship owners, can machine learning optimise the volatility out of freight markets as we understand them today? In other words, could AI change market fundamentals such that charterer’s risks are minimised? Let’s look again at our time series.

In shipping we are well acquainted with cycles. They tend to last on average around seven years. Nobody really knows why. Perhaps there is a connection to wider human business cycles or credit cycles (for instance the Hebrew Jubilee was a 49-year cycle, made of seven seven-year cycles, at the end of which any remaining debts were forgiven among other practices, before the cycle started again).

“In a socialist utopia with one global oil company optimising all operations along its value chain, the correct number of ships is always on standby. But this is not a market. It is the stuff of Star Trek”

We are also acquainted with seasonality. In dry cargo, we have grain seasons and coal seasons. In tankers, the freight markets peak each year in Q4 with arrival of winter in the Northern hemisphere. In container shipping, the lines talk about a peak season when demand for imports to the Atlantic OECD nations is higher than in the rest of the year.

We know too about short-term trends which can boost seasonal peaks or deepen seasonal troughs. Longer term demographic, economic or political trends can supercharge shipping cycles, such as the 2002-2008 cycle when China’s urbanisation and industrialisation drove freight markets to unprecedented and now legendary heights (did that really happen?).

KNOCKED OFF TRACK

Finally, we are also well acquainted with randomness. Weather events can affect shipping demand in the short term, blocking ports or entire coastlines for days at a time. Other natural events such as earthquakes, volcanoes or tsunamis can affect trade routes for years at a time. Non-natural disasters can affect entire global markets. When Fukushima nuclear power plant exploded, a long-term trend towards nuclear power was reversed almost world-wide, boosting demand for fuel oil, coal, and gas as well as supporting renewable energy policies. All those had effects on shipping.

Wars and conflicts, their endings and geopolitical adjustments can all affect shipping markets. Problems at chokepoints such as the Suez Canal, Panama Canal, Straits of Malacca or the English Channel, can throw expectations out of the window for indeterminate periods. Just think of the uncertainty that Brexit has generated in cross-European logistics chains.

Any AI trying to optimise vessel capacity utilisation would start with some market assumptions, just like humans do in a business plan. Then, in the short term, the AI would have to take real-time decisions just like humans do in order to react to short-term disruptions to its assumptions. Moore’s law suggests that machine intelligence is growing exponentially, but I think we are a little way away yet from being able to set up a competition between an artificial and a human intelligence to see which makes better business decisions more consistently in the face of constant random disruption to the general program.

Mind you, when the competition happens, I will be riveted to it and desperate to know the outcome. **SN** Mark Williams is managing director of Shipping Strategy, a UK-based company that combines data science with decades of commercial experience to empower decision making in shipping companies. Find out more at www.shippingstrategy.com.

Have faith in the power of youth

Are the incoming generations up for the demands of shipping? [Felicity Landon](#) reports

Statement: 'Shipping isn't for Millennials and Gen Z'



Felicity Landon

Millennials and Generation Zs get a bad press. They're labelled 'snowflakes', we're told they don't know the meaning of hard work and they are dismissed as materialistic and arrogant. Where did all that come from?

Topic: Employees
Key words: Generations; Work ethics; Technology
Background info: Younger employees may have less experience but that doesn't mean they are not up to the job

Definitions:
Millennials: born 1980-1995
Generation Z: born mid-1990s to mid-noughties

Millennial Myths and Realities, a recent report by the IPSOS MORI Research Institute, points out that there are risks to jumping on the bandwagon for the sake of catchy headlines.

The report set out to unpick some of the key claims and beliefs about Millennials and put them in perspective. Speaking to *Shipping Network*, IPSOS research manager Michael Clemence, co-author of the report, says: "It has always been the case that people have decried the younger generation. We hear 'Millennials say this or Generation Z say that' – but perhaps it isn't the case. When you hear all these things said, as researchers you want to go in and see if it is all true. It all sounds so simplistic."

IPSOS ran a global survey asking people to pick a series of adjectives to describe different generations. "Millennials had a

A generational divide

Shall we put it all in perspective? In a sermon dated 1274, Peter the Hermit said: "The world is passing through troublous times. The young people of today think of nothing but themselves. They have no reverence for parents or old age. They are impatient of all restraint. They talk as if they knew everything, and what passes for wisdom with us is foolishness with them."

But let's go back further. Socrates is reported to have said: "The children now love luxury; they have bad manners, contempt for authority; they show disrespect for elders and love chatter in place of exercise. Children are now tyrants, not the servants of their households. They no longer rise when elders enter the room. They contradict their parents, chatter before company, gobble up dainties at the table, cross their legs, and tyrannise their teachers." [SN](#)



You can't typify the older generation any more than the younger one

really bad reputation – tech savvy, selfish, materialistic, arrogant. Baby Boomers [born 1945-1965] were considered respectful, work-centred, community-minded and well-educated."

However, IPSOS accessed long-running, high-quality surveys in a number of developed countries, where the same questions were asked around previous generations, and this exploded many myths, says Mr Clemence. "A lot of it is lifecycle – different things are important to you when you are 20, compared to when you are 50," he said. "And actually, Millennials are not even that young any more – they are currently aged 39 down to 24. The mental image people have is someone slightly younger."

'REVERSE AGEISM'

The often harsh words and sweeping characterisation of Millennials and Gen Z could be considered 'reverse ageism', he said. "I think it is in the area of work where you find most ageism and more perceptions of stereotypes about young people. It is an area where we found a lot of things being said that were not true at all."

Is it true that Millennials are incorrigible job-hoppers with no loyalty to employers? In fact, post the 2008 crash, Millennials' job tenure became longer than previous generations, says Mr Clemence. Less job hopping actually meant incomes stayed lower – because traditionally, moving companies has been one of the best ways to get a salary increase.

What about working hours? "Analysing the service records of how many hours people work each week, the amount of time in the 1980s and now is pretty much the same – roughly 40 hours. And it is important to remember that longer hours doesn't mean more productivity – we also need to consider investment in technology and working practices."

The rise of short-term contract working isn't necessarily because younger generations choose to work that way. "Surveys show that everyone is looking for and valuing the same things from their employer, regardless of age."

He concludes: "You can't typify the older generation any more than the younger one. Of course younger people are more involved in social media and more tech savvy but it isn't a ledge where you can say everyone over 30 is useless and everyone under 30 is great. And probably a lot has to do with being young rather than being Millennial. The bottom line is that everything is a lot more complicated. Millennials are not necessarily as unique as people suggest – they just happen to be young people at a time of great change."

CHALLENGING MISCONCEPTIONS

The report is far ranging, but to quote just a few findings: There's no evidence that Millennials have shorter attention spans; Millennials are not more likely to be depressed, despite greater awareness around mental health issues; and there is little evidence of simplistic 'snowflake' tendencies, where they are just looking to take offence.

And this one: "Millennial workers are not lazier, less loyal or particularly demanding: employers have no easy excuse – just look after your staff."

How does that statement sit with the shipping, transport and logistics industry?

Carleen Lyden Walker, chief evolution officer at Shipping Insight, has more than 40 years' experience in the commercial maritime industry.

"Millennials and Gen Zs are not afraid of hard work – but they are searching for a balance that we haven't experienced in our generation," she says. "They are going to require the industry to provide work opportunities on their terms."

While these generations strive for a work/live balance, at the same time they have better tools available to achieve that, she says. "They have ways to conduct business in more efficient ways than we had. Having said that, it is still going to be a challenge to convince someone to go to sea when they are likely to be away from home for three to six months at a time. It is up to industry to change in order to meet their needs."

Trade and logistics specialist Virginia Cram-Martos, chief executive of Triangularity and a former director at the UN Centre for Trade Facilitation, says: "Maybe the shipping and logistics industry needs to look a little bit more at what young people are looking for in their jobs and working environment. For example, the logistics industry isn't great at hiring and promoting women. There is a large piece of the workforce out there it could tap into if it was to change its workforce culture – young women could make a real contribution in the future, if they thought they would be treated well."

FINDING POSITIVES

While there might be some concerns about how people learn and how they are integrated into the workforce, "you can equally dwell on the real positives, around what they will bring to the table", says Raal Harris, managing director of maritime training provider KVH Videotel.

As well as obvious digital literacy, he says: "Millennials have a strong team ethic. Their education has been more

Melting of the 'snowflakes'

Yes, there are a few 'snowflakes' out there – but equally, there are plenty of young people who are prepared to work hard, says John Foord, past president of the Federation of National Associations of Ship Brokers and Agents (FONASBA).

"At FONASBA, we have been running the Young Ship Agent or Ship Broker of the Year award on a global basis for several years. This is open to anyone under 40. We get some wonderful presentations. There are a lot of good people out there and plenty of young people prepared to knuckle down and get on with the job.

"Of course, the way business is done now is very different to what it used to be – now you can run a business from the kitchen. Shipping, however, is still a people business – you can never get rid of that entirely, and that is probably more important." **SN**

focused on team and project work and there is a whole connectiveness about them with social media and the sharing of personal information and ideas – which is something we can really utilise in shipping.

"They have problem solving skills and the ability to think creatively and they are good at multitasking. They may say they don't just want to turn to work and clock on – they want to have purpose and make a contribution, and be fully engaged. Why not harness that?"

These generations are often results focused and want to be set clear goals, he says. Flexible working to fit around people's lifestyles can be achieved, although he concedes that is not so easy for seafarers. He also highlights the fact that the younger generations are much more globally focused and accepting of different cultures, something that is valuable bearing in mind mixed-nationality crews serving together.

Of one thing, he's clear: "Doing things the way they have always been done simply isn't going to wash."

Karen Waltham, managing director of HR Consulting at Spinnaker Global, agrees. "If Millennials want sociability and flexibility and they value their health. If they have a company addressing what they want, they will not job hop. Companies do have to think about what the Millennials and Gen Zs want, and keep addressing what they are offering." A key difference, she says, is in career progression. Where in the past companies took responsibility for their staff's careers, "now, individuals very firmly understand that they take care of their career for themselves. This generation are actually of the mindset that they have full responsibility." **SN**



"Maybe the shipping and logistics industry needs to look a little bit more at what young people are looking for in their jobs and working environment," Virginia Cram-Martos, Triangularity



Small act of kindness that still carries relevance

The Mission's [Andrew Wright](#) explains why it's the little things that continue to make a difference



Andrew Wright

Here at The Mission to Seafarers woolly hats are big business. Boxes of them, sometimes scarves and gloves as well, arrive on a daily basis. These are repackaged and despatched around many of our ports to be passed on to seafarers, at no charge of course.

A few years back, I was at a conference when suddenly I found The Mission to Seafarers coming under firing for sharing woolly hats with seafarers. In a presentation, a slide appeared with a quote about woolly hats from our website. The speaker suggested that the sharing of woolly hats with seafarers risked patronising professional crewmen and women. Seafarers, the presenter claimed, are overwhelmingly well looked after and are in possession of the equipment they need to cope with all weathers and climates. Surely the giving of woolly hats by a charity implied a criticism of an industry that has very much got its house in order. Hats may have once been an historical necessity, but that time is past. "Fake news!", I might have been tempted to shout across the

room, but that was at a time when that phrase had not yet come into regular usage.

I do not know how widespread that speaker's view is, but I had not been conscious of it as an issue. I am acutely aware of the risk that historic organisations like The Mission to Seafarers (we are 163 this year) can easily be perceived as old-fashioned or quaint, rooted in an era now past. Armies of supporters across the world knitting hats on their own or in groups and sending them out to be passed on to seafarers, could easily be misunderstood. A wonderful gesture perhaps, but one no longer relevant to the modern maritime world.

My experience tells me something very different indeed. Seafarers still love woolly hats. They continue to take them in very large numbers. They bring so many different colours and designs on board ship. They are appreciated as very concrete symbols of the care and thanks of unknown but valued individuals across the world – and sometimes they come with little notes of thanks. And

yes, seafarers still appreciate the practical warmth of hats on cold nights (or days).

And there is something else. In a world of sea-blindness where so few recognise our dependence on seafarers, or have any idea of the sacrifices they make, those who knit woolly hats bear witness to those who do. They are a small way in which people can express their thanks – and they are one simple way of connecting seafarers with the wider world.

WOOLLYHATGATE

'Myth-busting' is a challenge as a topic for the first *Shipping Network* article of 2019, and I make no apology for starting with woolly hats. The suggestion at that conference that the provision of woolly hats might amount to something of an insult (one wag described the incident as "woollyhatgate") is one myth I would like to challenge. It is a tradition that might be old but remains something rather special, wonderful and deeply personal – and still absolutely appropriate. Certainly, the sharing of woolly hats in no way suggests any criticism of ship owners or operators. The Mission has been consistent in its tributes to so much progress made in the well-being and care of seafarers. Indeed, we are proud to hope that we have played some part in that progress.

Perhaps "woollyhatgate" is suggestive of a wider issue. Is there occasionally the risk of a view that The Mission to Seafarers – and organisations like it – are no longer required? A feature of our recent experience, sometimes in ports where we have been present for a long time but especially in new ports where we are seeking to develop our work, has been difficulty of access. Of course, increased security is a key factor in this. More importantly, there is sometimes a failure to see where maritime welfare fits in.

We often do not appear on the check lists held by those responsible for access. One reason for this that has been suggested to me is that, in some ports, key posts that once might have been held by former seafarers, are now filled by those who have not had careers at sea. Such people understandably do not always recognise the vital importance of maritime welfare support.

The ISPS Code and the MLC are important tools and can be very helpful. However, we are increasingly finding that the amount of resource and time required to establish ship visiting in a new place, or to support the establishment of a seafarer centre, can be very extensive indeed – and sometimes with uncertain outcomes.

It is very important that the industry works with us to combat any myth that such work is no longer relevant or required. I appeal to all working within shipping to support us and our colleague organisations in collaborating with our vital work. We hope you will advocate for us whenever and wherever you can. We cannot work without such partnerships, partnerships that are as important to the future as they have been in the past.

IMPORTANCE OF RELEVANCE

For our part, we at The Mission to Seafarers are determined to ensure that we remain relevant and cutting edge in our support of seafarers. We are deeply conscious of how quickly things are changing in the industry. We know how easy it is for our models of working, including our Centre facilities, to remain stuck in a time that is past. Modernisation is at the core of our agenda.

I start this year as I finished the last one, full of optimism. At The Mission to Seafarers I have seen exciting new models of seafarer centre emerging – most recently in Hong Kong, Dar Es Salaam and Port Talbot. I have seen new models of port support

Knitting together

The Mission to Seafarers will be celebrating Woolly Hat Day on October 11, 2019, where we invite corporates and friends to knit and wear a Woolly Hat to raise money for our work. If you'd like more information visit www.missiontoseafarers.org/knitting.

and ship visiting. I have seen brand new work opening, such as in Panama and Buenos Aires. And I have seen some fabulous new projects either already happening or close to realisation.

Despite so much improvement be in no doubt that there continues to be a deep level of need among the seafaring community – hardly surprising for a group of people so far from home for so long. We are geared up to respond and absolutely committed to doing so. Yes, these are exciting times. We may, like our gifts of woolly hats, have deep roots in a historic past. We may be working in a fast-changing industry. Like all charities, we may well recognise that a day will come when our support will no longer be needed. However, if there is indeed a narrative that our sort of work is no longer required, our experience tells us it is a myth that needs busting!

Finally, I return to a challenge that faces so many of us in large parts of the world. I often talk about my work with seafarers to friends and neighbours who may not be familiar with what I do. When I do so their faces are often blank, or they share a picture which is so far from reality. So many of our fellow citizens really do have no idea that there is such a vast human story on which their lives and well-being depend – a story of courage, service, skill and self-sacrifice. They have no idea of the breadth of names and faces and stories which are so intimately connected with their daily lives and yet completely unknown. Some really do seem to believe that their clothes, food, electronic goods, building materials and so much besides arrive by some other miraculous means – or at least they have never paused to think about it. Sea-blindness is one of the great myths that face us – and we owe it to our seafarers to do all we can to work together in busting that one! Perhaps those woolly hats can help. **SN**



“Woolly hats ... are a small way in which people can express their thanks – and they are one simple way of connecting seafarers with the wider world”

Printing the way into trade profitability

WSP's [Johan-Paul Verschuure](#) investigates the impact of locally produced goods on shipping

Statement: '3D printing will decimate container shipping'



Johan-Paul Verschuure

Attention is increasingly focusing on the potential impact that 3D printing will have on supply chains, in parallel with the rapid pace of the technology development. The applications are still small and few but growing at a fast pace. However, as with the adoption of other technologies in the recent past, it is likely that adoption will take place even faster than people are expecting.

Topic: Trade

Key words: Production, Container trade, Manufacturing

Background info: Just because goods can be printed locally does not mean that they all will be

Although container shipping will notice changing production patterns and supply chains through lower expected growth, we believe that the impact will be small enough and spread over enough time that the industry will be well able to deal with this.

Here, we look at what the volumes of goods are that can actually be printed in the future, what role transportation costs play in the supply chain and how future production and shipping will look like as a consequence of the new technology.



Credit: Clausenohorn

Simple products can be easily created by 3D printing

3D printers have opened up the possibility of making products in small volumes, at a relatively affordable rate. Prototypes, personalised products, or with those with very specific requirements, can all be produced relatively cheaply. In some cases, easy production of these products was not even possible at all without 3D printers. Customers can even design their own products rather than relying on brands with mass production runs.

Since the automated production process of 3D printing limits the amount of necessary labour, the advantages offered by countries with low labour cost will disappear. Additionally, the geographical split between production and customer will disappear when printers are located closer to the customers and more dispersed across the world. Shipping goods over long distances will not be needed anymore, saving costs and time. Some suggest that container shipping, which has facilitated these global supply chains by offering cheap and efficient transport of goods, could be decimated. But how seriously should we take these worries?

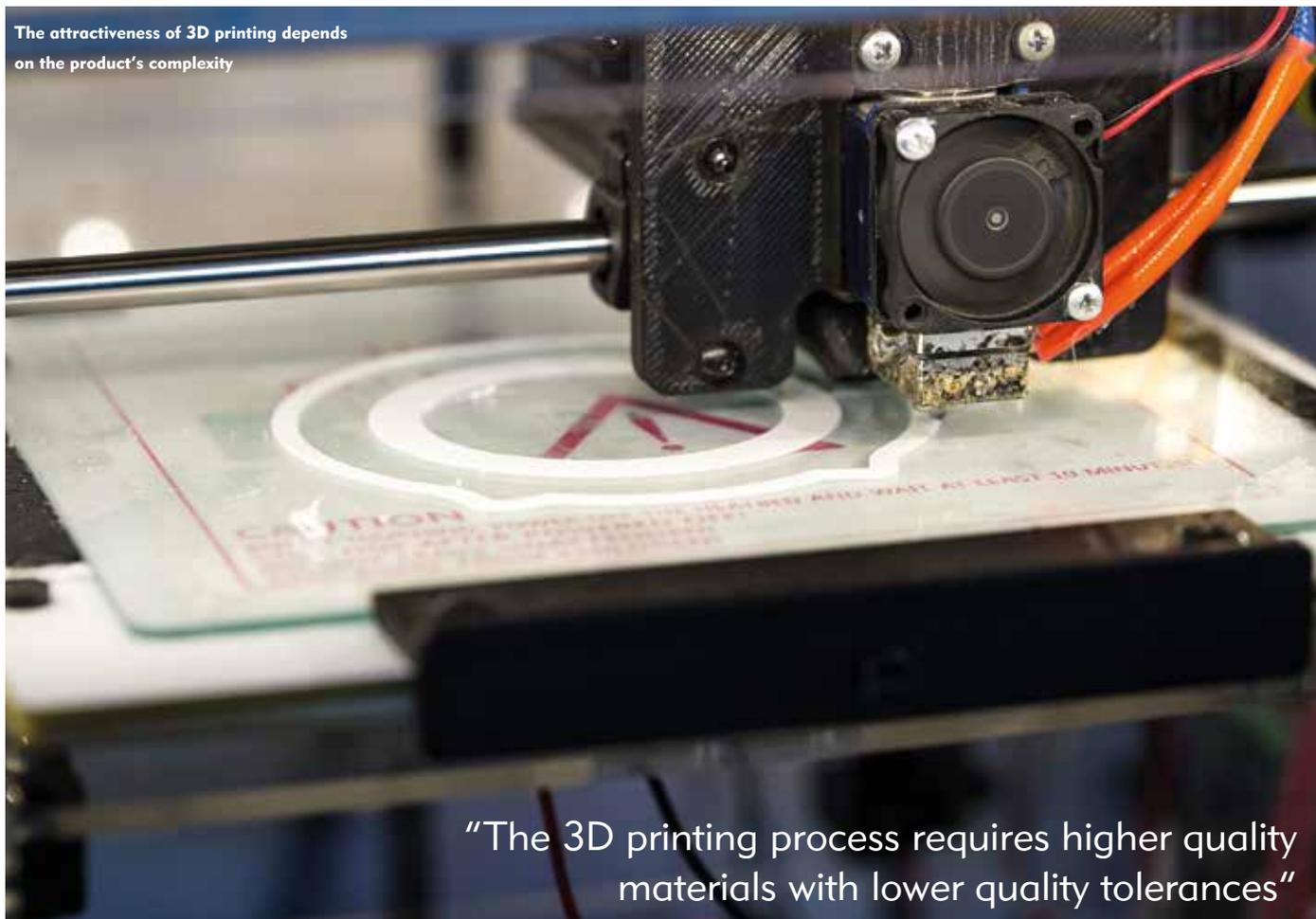
PRINTABLE GOODS VOLUMES

Containers are used to transport a wide range of goods, from food products, base materials, and components to simple final products and complex assembled ones. The applicability of 3D printing varies greatly across each category and hence the level of impact on shipping.

The transport of food products and base materials in containers is not expected to change. When considering the current custom records for trade between China and the EU-28, for example, we estimate that 38% of container trade (in volume) with China will not be affected as a consequence. Another roughly 5% of the container trade are products which are part of the production process. These goods are also unlikely to be heavily impacted. 3D printing would therefore (potentially) only be applicable on 57% of the goods shipped between China and the EU.

The attractiveness of 3D printing to produce products partly depends on the product's complexity. Those with complex assembly lines will still require labour input or automated assembly lines. Looking at the trades with China some 10% of the containerised trade is considered to be products with complex assembly, such as high-tech or machinery. These products benefit and often depend on low cost assembly lines and will therefore be less affected by the future production process of their components. The importance of the assembly lines themselves, also suggest that components will be produced in the same location even if a 3D printer could make them in a location nearer to the end customer. For example, if the body of a mobile phone benefits from production in Asia, some of its parts, accessories and components will also be printed in that same location. In summary, 3D printing could be an alternative production method for just under half of the currently shipped containerised goods between China and the EU.

The attractiveness of 3D printing depends on the product's complexity



Credit: iPicture

“The 3D printing process requires higher quality materials with lower quality tolerances”

The container trade with China has a large share of relatively simple products which could also be printable in coming years. When, for example, considering trade between Korea and the EU a different profile emerges, with a larger share of complex assembled products. Additionally, intra-Europe trades have a lower share of simple products. This means that the volume of containers potentially being at risk is less than 50% on these trades. In contrast, trades with less developed regions may contain more products which are well-suited to being printed locally. Whether these trades will indeed be replaced by local production will depend on the availability of 3D printers in these developing markets.

SHIPPING COSTS VS PRODUCTION COSTS

Global supply chains minimise the production costs of goods. Container shipping has been the key enabler of this. Identifying the role of 3D printing in changing this depends entirely on the new supply chain costs. Trying to understand the impact on shipping therefore requires a good understanding of the costs of shipping as part of the total production costs.

On a per container per kilometre basis, shipping is typically more than 10 times cheaper than trucking. Total transportation costs are only a very small fraction of costs of the good to the end customer. When a forty-foot (feu) container with shoe boxes is shipped from China to Europe this typically costs up to around \$4,000/40 ft container in total. One single container can hold some 20,000 shoeboxes so the long distance transportation

to a European port is roughly 20 cents per pair of shoes. This means that with a production costs of around \$10-\$20, transportation accounts for only 1%-2% of the shoe's production – and much less of the retail price.

Shipping will have a different lead time for producing the goods than 3D printing. Typically shipping goods from China to Europe takes some 21 days extra versus local production. If the same shoes are being considered, the working capital costs for those 21 days extra would amount to 1% of the costs of those goods.

In summary, the costs of shipping the shoes from Asia to Europe are around 2% of the eventual cost price. For some lower value goods that take up more space in the container or shipping to more remote locations this may go up to around 5%-10% in extreme cases. This means that before 3D printing is considered for mass production, the production costs of 3D printing near to the customer have to come down to being close to that of conventional methods.

Where 3D printing becomes the cheapest method to produce goods, Asian producers will also shift to the same printers. If for shoes the transportation costs are in the order of magnitude of 2% of the cost price, factors such as the costs of land, corporate tax regimes, permitting and legislation and even labour costs can offset this 2%. This will keep the current global supply chains in place for most goods. Economies of scale with facilities with more efficient 3D printers or newer technologies may also easily compensate for the small portion of the final product costs that



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global container shipping makes up of the total costs of the goods. Expertise and cost efficiency are likely to remain key drivers to production location for the majority of goods.

RAW MATERIALS

Although base materials are likely to be bulk products, containerised transport of these base materials is a very likely option. Bulk shipping is only economically efficient for a large volume of homogenous bulk product shipped between only few locations, for example, coal and iron ore from a mine to a powerplant or factory. For all other goods going to many locations the container has facilitated cheap and efficient shipping globally. Therefore, currently, significant volumes of bulk and base materials are shipped in containers to wherever they are needed.

The goods which we are assuming will shift their location of production will consist of a wide variety of products with a wide variety of the base materials. The base materials will likely be mainly plastics and fibres with tailor-made characteristics for the various products. With more and dispersed production locations there will be a greater number of commodity flows to different locations. In the future, the reduction in bulk terminals and the rise in container terminals will mean that for quite a few base materials container shipping will become the most cost effective mode of transport.

On top of that the 3D printing process requires higher quality materials with lower quality tolerances. As bulk transportation has implications for the quality of the base materials, containerised transport will also be safer to get the base materials to the printers. How large this flow of containerised base materials will be will depend on the location of the facilities producing the base materials, which in turn will depend on technology and the sources of minerals.

TRANSFORMATION OF PRODUCTION INDUSTRY

For some products, much shorter lead times and/or the cheaper production of small volumes will lead to a shift in production location. This is the case for around 30% of the printable products. This means that around an estimated 15% of the current container trade has the potential to shift supply chains nearer to point of sale.

Despite the advantages of low-cost assembly, a clear trend is identified in which products need to be more tailor-made and personalised. 3D printing will play an important role here – for example, in personalising a car. This can already be done to some extent, but this is surely set to increase. However, from a cost efficiency point of view the largest part of the car will be standardised and then personalised parts will be fitted locally. However, again this will hold for only a limited part of total components used.

Overall this means that the impact on shipping is estimated to be limited to some 20% of all containerised goods transported currently. This



Sea transportation costs for shoes work out at just 1%-2%

will require significant development to make this a reality. It assumes significant improvement of the 3D printing technology itself in order to be applied to mass production. Supply chains will need to be reconfigured and will need to deal with various smaller implementation issues such as dealing with quality checks and logistics for smaller volumes. But also developing factories to produce 20% of the goods in a different location will require significant planning and development.

If we (cautiously) assume that this 20% will take 20 years to deliver, and – at the same time – there continues to be an underlying (unadjusted) annual container trade growth of around 4.2%, this will see the growth rate fall to around 3.1%. Although this is a significant reduction in growth, this would not decimate the business. Containerised transport of the raw materials required will offset part of this decline even. The industry will slowly adjust to this new situation and outlook. If, however, the timing is much more rapid, then the impact could be larger. Something which can be monitored closely by the industry.

In summary, will 3D printing have an impact on container trade? Most surely. 3D printers will cause a major disruption in current production processes and customer demands. However, will it decimate container shipping in the next two decades? Very unlikely. It will however cause some slower growth which the industry will need to prepare for. The global supply chain will continue to minimise the total costs of production and container shipping will continue to facilitate this. And let's not forget that an increasing global demand for 3D printers will create a brand new cargo type for container ships. **SN**

Johan-Paul Verschuure is technical director, maritime, at WSP, based in the UK. Find out more about consultancy WSP at www.wsp.com.

Navigating the rocky road to 2050

IMO's GHG reduction target for 2050 is achievable but only if industry steps up its pace of compliance

Statement: 'IMO will fall short of its 2050 emissions target'



Kate Jones

It was the big shipping development in 2018 that everyone seemed to be talking about. In April, the International Maritime Organization's (IMO) Marine Environment Protection Committee adopted an initial strategy envisaging decreasing total annual greenhouse gas (GHG) emissions by at least 50% by 2050, compared with 2008, while concurrently pursuing efforts towards phasing them out completely.

● **Topic: Greenhouse gases**

I **Key words: Environment, Protection, Abatement**

Background info: While there are strategies in place to drastically reduce emissions from shipping, progress to date has been slow

Described as "historic", the strategy, the first-ever GHG-reduction plan agreed by the global shipping sector, argued that GHG emissions from international shipping should peak as soon as possible and included a specific reference to "a pathway of carbon dioxide (CO₂) emissions reduction consistent with the Paris Agreement temperature goals". Next year, the 30-year countdown will begin for shipping to try and bring its GHG emissions down to the level the IMO has set.

Charles Haine, technical director for maritime at consultant WSP based in the UK, is optimistic that the target will be achieved. "Political will and wider intersecting policies, and the policing of GHG emissions – including through new satellite-tracking of pollutants – is not far away," he argues. "By 2030, retailers' supply chains and purchasing power of the public will likely demand massively-different carbon performance."

According to Mr Haine, the average life expectancy of merchant ships is 22.5 years – therefore, theoretically, the majority of the fleet as it stands today will have been replaced by lower GHG-emission designed vessels. However, a lot of ships will need to be retrofitted in order to adhere to air quality and sub-targets, he says, adding that shipowners view this as expensive. He also notes that the goal constitutes "a huge challenge for the industry", with the IMO's own research outlining that under a business-as-usual scenario, GHG emissions are expected to go up in the range of 50% to 250% by that date due to long-term growth.

AIMING FOR ZERO

John Maggs, president of the Clean Shipping Coalition and senior policy advisor for Seas at Risk, is just as forthright: the 2050 target "can and must be achieved", he says.



Credit: Fachdozent

Pollution goals constitute "a huge challenge for the industry"

"The Special Report on Global Warming of 1.5 °C (SR15) [which was published by the Intergovernmental Panel on Climate Change in October last year] makes it clear that 'at least 50%' must actually mean zero by 2050 if we are to avoid a rise in temperature greater than 1.5 degrees, and the awful impact that would have on low-lying small island nations and some of the most vulnerable the world over," he warns.

"I'm confident it is possible because in the short-term, there are options like speed-reduction that can deliver deep cuts in emissions quickly, and the alternative fuels and propulsion methods that can deliver zero emissions in the longer-term already exist. That's not to downplay the task of scaling up and rolling out alternative technologies, it's just to note that the successful achievement of the target is not reliant on some speculative and untested new development."

So what could stop the target from being realised? According to Mr Haine, the sector could find it difficult to reach it if there is a net vessel gain or if too few new ships coming into play to replace the current ones. Furthermore, Mr Haine says that if governments bring in obligations to include embodied carbon (i.e. in the energy and materials deployed in shipbuilding) and the overall fleet gets bigger, the target will also probably not be met.

"Major transitions of the past have often been driven by markets," says Mr Maggs. "This one will, to a significant extent, have to be driven by regulation, so there is always a risk that governments will not be ambitious enough in their target-setting and rulemaking. In 2019, we need a proper, ambitious follow-up at the IMO to the target agreed there in 2018."

To achieve the goal, shipping needs to slow down and begin the move to alternative fuels and propulsion methods, says Mr Maggs. In his view, the only emissions reductions observed so

far have been market-driven and mostly due to slower speeds. However, the danger, he says, is that “in the absence of regulation, ship speeds will start to creep back up as markets improve”.

“There are already signs this is happening, and this risks taking the industry and emissions in exactly the wrong direction,” he warns.

Mr Maggs says it is good that industry and the IMO accept the requirement for ambitious action. However, now, they must “walk the talk”. Clear and unambiguous IMO action making deep emissions cuts in the short-term is what will help shipping reach the IMO aim.

AMBITIOUS AIMS

If the IMO’s 2050 emissions target is ambitious, then shipping giant Maersk’s are equally impressive. In December last year, while the 2018 United Nations Climate Change Conference was taking place, the world’s biggest containership and supply vessel operator revealed its goal of reaching carbon neutrality by the same time as the IMO goal. Maersk’s clout in the shipping industry means that its ambition could have a significant impact on shipping’s emissions reduction. According to Pacific Standard, with the company accounting for nearly 20% of the container shipping market, its endeavours could help put a dent, quickly, in the sector’s total emissions count.

According to Maersk’s head of sustainability strategy and chief advisor for Climate Change, John Kornerup Bang, the company has chosen to set the goal to help it drive innovation and respond to objectives by some of its bigger customers.

“Both targets will require zero-carbon vessels to enter the fleet in the early 2030s and point to the need for a strong research and development (R&D) and innovation effort through the 2020s,” he says.

Regarding the IMO aim, Mr Kornerup Bang – who describes decarbonisation as “the number one sustainability issue in the world” – claims that Maersk will “do all in [its] power to make it happen”.

“To keep global warming well below 2°, all sectors need to decarbonise around 2050,” he says. “In the shipping industry, it will not be possible to achieve this goal if we don’t start developing new technology now, given the 20- to 25-year lifetime of a vessel.”

For Maersk, this is a necessity, and the reason why it has set a new CO₂ target.

IN COMBINATION

As to what shipping needs to do to meet the IMO goal, Mr Kornerup Bang says: “The magnitude of the shift we face to ensure that we decarbonise shipping by 2050 warrants a combination of many tools. R&D, energy-efficiency measures and retrofitting are but some of the solutions to be applied.

“When that is said, the key to get all the way to the 2050 target is to innovate and stimulate the uptake of the carbon-neutral fuels, once developed. This is a task that shipowners cannot do alone and which will require collaboration and efforts by a range of actors,

such as legislators, technology-providers, shipbuilders and financing institutions, to mention a few.”

Mr Haine’s response to this question is that if low or zero-carbon technologies are to be launched at scale in the near future, shipowners, designers and those seeking to place their goods onboard must invest in research and support innovative concepts now.

“Brand new technologies can take many years to reach wide uptake or become affordable,” he notes. “Those across the supply chain need to ‘collaborate’ to commence pilot projects.”

“For existing vessels, even the combination of a large number of separate technical solutions – for instance, alternative fuels, air lubrication systems, efficient propeller design and automation (which can manage slow-speeding) – to save fuel may not be enough to halve emissions.

“Next-generation vessels need to be designed and built using the full array of technical advances in battery storage, hydrogen and even embracing wind to stand a chance of meeting the target. Ships need compatible infrastructure on the shoreside and, in the future, robust IT systems to connect between systems, hence the need for collaboration. The cost will be huge, so financial assistance will be part of the solution. There is no one solution, but the commercial cargo world could be transformed by 2050. It will no doubt feature electric and remote-controlled ships.” **SN**

“To achieve the goal, shipping needs to slow down and begin the move to alternative fuels and propulsion methods”

Seen from space, ship trails in the clouds demonstrate the scale of the challenge



Melding of different approaches

Some forward-thinking operators are testing technical emission-reducing solutions and others are retrofitting. However, integrating low-emission features is not the norm, says WSP’s Charles Haine.

Several port authorities are incentivising cleaner and greener ships by reducing port dues, mandating slow speeding and adopting smarter logistics systems to make the timing of calls more efficient. Mr Haine anticipates that these measures, and others not tried yet, will make a small improvement. He adds that knowledge could also be garnered from the passenger ferry and offshore maintenance sub-sectors, where investment in hybrid engines is advancing.

Mr Haine also notes that the IMO is committed to reviewing its goal, with critical information released late in 2018, particularly in SR15, highly likely to result in the 50% aim “being insufficient for the world to avoid catastrophic climate change”. A more stringent goal, he claims, could be even harder to reach. Still, if needs must, it will have to be achieved if the planet is to be prevented from sustaining damage on a wide scale. **SN**

A change of pace, not a career step-change

Automation looks set to make its presence felt on seafaring careers. [Kate Jones](#) investigates

Statement: 'Autonomy will remove the need for seafarers'



Kate Jones

If there's one word that the shipping industry is talking about at the moment, it's automation. According to Maroosha Muzaffar, writing for online magazine *Ozy*, "from Norway to China, autonomous ships are emerging as the future of commercial maritime trade". Maritime nations are increasingly turning to autonomous and remote-controlled vessels as commercial shipping's future. Such is the clout that automation already

Topic: Autonomy

Key words: Evolution, Ships, Crew

Background info: Ships' crews will need to expand their horizons to best deal with the changes that automation and autonomy will deliver

has in commercial shipping, it formed part of the latest session of the International Maritime Organization's (IMO) Maritime Safety Committee (MSC), with the session – the MSC's 100th – continuing the process of assessing IMO instruments to see how they may apply to vessels with varying degrees of autonomy.

Of course, automation does not just apply to the vessels themselves – systems as well as ships can fall under its scope – but what is certain is that people are questioning the impact the new technology will have on the seafaring population. Will seafarers see their places of work fall into the hands of remote-control

technologies, under what might currently seem like some form of science fiction-esque scenario, or will the reality be something quite different?

In *Seafarers and digital disruption* – a study prepared by HSBA Hamburg School of Business Administration for the International Chamber of Shipping that looked at the impact of autonomous ships on work at sea, seafarers' role and the shipping sector – digital change for seafarers will not be a zero/one alternative.

"Current trends and developments indicate towards a gradual shift," the document argues. "Additional automation will not be disruptive but a further development on a continuum as experienced for decades."

OLD TREND

Natalie Shaw, the International Chamber of Shipping's director of employment affairs, notes that remote operations and automation "have been introduced on many levels on ships since the 1950s".

"This has reduced the number of crew, but the change was gradual," she argues, before going on to say: "Digitalisation will ... add another layer of such change, but the necessary change in the international legal framework alone will make this transition smoother. It is another gradual shift from one generation of seafarers to the next."

Already, a hybrid approach to ship operations is emerging, with ship operation partly, and ultimately entirely, being undertaken from artificial intelligence and remote locations. According to Ms Shaw, experienced seafarers will constitute a vital source for the development of this.

"'Traditional' seafarers will be in the best position to take on these new roles," she says.

In January 2019, the International Transport Workers' Federation (ITF) and the World Maritime University (WMU) launched *Transport 2040: Automation, Technology, Employment – The Future of Work*, which looked at how the world transport sector will change due to automation and advanced technologies. It claims that introducing highly-automated vessels will lead to lower demand for seafarer globally by 2040, when measured against a baseline projection based on current technology. Compared with the present, demand will keep increasing, and the absolute seafarer figure is not anticipated to reduce by 2040. However, the growth rate is anticipated to attenuate thanks to the introduction of autonomous vessels.

DEMAND DOWN

According to simulations, introducing highly-automated vessels will lower the growth rate for seafarer demand, leading to a possible decrease of 22% in world demand for this category compared with the projected demand baseline (conventional vessels). Similar impacts are observed for officers and ratings. When accounting for

Automation offers opportunities

The International Chamber of Shipping study notes that automation could further boost safety for crew (and passengers) and safeguard the environment, saying that "it can be assumed that less crew on board will put fewer lives at risk".

Similar opportunities are offered in the ITF-WMU report, which argues that aside from long-term economic perks, automation is triggered by efficiency, safety and demography. The report also found that the pace of introduction and diffusion of technologies will depend on differences in nations' development stage and their comparative advantages.

Automation could also have a very positive seafarer welfare impact, physically and mentally, by replacing repetitive, routine tasks by automated processes. This could significantly lower human involvement in dangerous operations.

"Seafarers can then concentrate on more advanced tasks," explains the International Chamber of Shipping's Natalie Shaw. "Automation will also potentially take away some of the stress and burden from the seafarers." [SN](#)



the growth in the volume of seaborne trade projected for 2040, the simulations show that its impacts don't compensate for the overall decrease in labour demand. Trade is expected to hamper automation's effect on seafarer demand by 36%. One figure from the report depicts automation potential for different job profiles in transport. Ship captains, ship officers and ship engineers are all included in the category of "Least automation potential", though ship ratings, cargo agents and maintenance and repair workers are not.

Yet, the report comes to the conclusion that introducing automation in global transport will be "evolutionary, rather than revolutionary" and that "despite high levels of automation, qualified human resources with the right skillsets will still be needed in the foreseeable future". Additionally, it claims that despite the growth rate decline for the period under analysis, all its simulations indicate growth in seafarer demand from 2020 to 2040.

"In absolute numbers, the number of seafarers required by 2040 is expected to be significantly higher than its current level," it says. "In some scenarios, the figure is almost double the approximately 1.6m seafarers working today.

"However, what technology is expected to do is to slow down the increase in the number of seafarers needed to carry out global trade."

NOT A REPLACEMENT

Exploring autonomous vessels in a case study, the publication argues that autonomous ships will not replace conventional cargo ships, and autonomous ships are expected to be developed as part of a local transport system, meaning they will generate new nautical routes as an alternative to other transport modes. As the conventional fleet's current digitalisation proceeds apace, seafarers' tasks will become more digital, especially in operations monitoring and system management, and will be in less operational work. Education and training will need adapting to give seafarers the new skills required.

The International Chamber of Shipping's Ms Shaw believes that in the future, the seafarer's role may need redefining to embrace autonomy and remote operations, and seafarers will no longer need their feet on a vessel to be seen as a crew member.

"Controlling parts of the ship, or the entire ship, from remote places may need a re-definition of roles and responsibilities," she says.

Thus, for seafarers, it looks like evolution rather than revolution. The ITF-WMU report says that the future seafarer will benefit by combining maritime skills with digital skills in three general areas: data fluency and ability to interpret and analyse large data amounts; digital operation of equipment like ships, cranes and winches; and software engineering of fundamental programmes and systems.

According to the HSBA Hamburg School of Business Administration study, the future will offer "valuable time to adapt training patterns and re-train experienced seafarers with digital competencies". The publication claims that a Boston Consulting Group study "hints that the seagoing talent pool will be crucial for a successful digitalised shipping company" – just one component will be the pure technical transformation with automation as one ingredient, while the other component will be profound change-management through communication.

The International Chamber of Shipping study predicts a demand hike for more highly-educated seafarers – though there may be lower demand for less-qualified ones, and these seafarers may need to re-train to avoid growing difficulty in keeping their jobs. Despite this, the paper concludes that digital transformation will be a seamless rather than disruptive process and that the foreseeable future will see no shortage of jobs for seafarers.

So it looks like automation won't render seafarers obsolete. However, it is clear that adaption will be required for this brave new technological world if seafarers want to retain their jobs within it. **SN**

Rolls-Royce and VTT Technical Research Centre of Finland created a futuristic bridge concept for remote-operated cargo vessels



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Getting caught out on subjects

ITIC's [Andrew Jamieson](#) explains why a 'subject to review' clause may not prevent a binding agreement



**Andrew
Jamieson**

Operators working on the basis that there is no legally binding agreement if a fixture is 'subject review' of a pro-forma could be in for a nasty surprise. In some circumstances, the subject may not provide a way of exiting the arrangement, and brokers and principals could find themselves bound to a contract they do not want.

In *Toptip Holding Pte Ltd v Mercuria Energy Trading Pte Ltd [2017]*, the Singapore Court of Appeal ruled that a binding charter party had been formed despite the owner's use of the words 'sub review' of charterer's pro-forma. Although this was a decision of the Singapore courts, the court reviewed English legal authorities and the judgment is relevant to brokers worldwide.

The negotiations were conducted between two Singapore-based companies through a single broker. Mercuria, acting as disponent owners, were sent an enquiry by the brokers which contained the main terms and concluded that the fixture was otherwise subject to the attached pro-forma with logical amendments. The owners replied, "Mercuria would like to offer firm basis following terms..."

The message provided the freight and demurrage rates and followed the terms set out in the enquiry. The last clause was changed to read "otherwise sub review of charterers pro-forma CP with logical amendment". In reply, the charterers noted, "We confirm to accept your bid" and the broker sent on a message, "We confirm the acceptance of your offer. Thanks for your business!"

The broker asked the owners for a working copy of the charter party in Word format. The owners replied that they didn't have one and were waiting for charterers' pro-forma charter party for review. The owners then proposed using a different charter party which had been entered into by the same parties a few months earlier. The broker then proceeded to prepare and circulate a draft based on that charter party.

The new charter party required the owners to nominate a vessel, which they duly did. There was then a problem getting the receivers to accept the proposed vessel. The owners worked to get this issue resolved and, although they appeared to be committed to the business, then sent the brokers a message stating, "Owners cannot accept charterer's charter party after review, so subject failed on charter party review..."

Toptip eventually chartered the same vessel from another disponent owner at a higher rate. Mercuria had chartered the vessel to that party at a higher rate than they were getting from Toptip, and Toptip brought an action for breach of contract.

NO BINDING CONTRACT

The High Court in Singapore ruled that there was no binding contract and that the owners were able to walk away. The



Relying on subjects can sour a deal

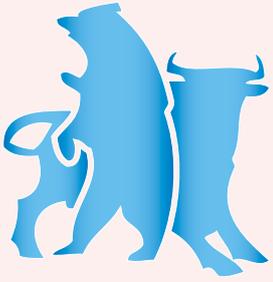
charterers appealed and were successful, it being found that there had been a binding agreement.

The central issue in this case was whether the subject to review clause in Mercuria's offer meant that there was no contract until the owners agreed to the pro-forma charter party wording.

The Singapore Court of Appeal held that words such as 'subject review' could mean that there was no agreement but that on the facts of this case the parties had intended there to be a binding agreement. The subject to review clause used meant that Mercuria agreed that Toptip's pro-forma clauses were acceptable, so long as they were amended in a logical fashion to be consistent with the main terms that the parties had agreed. The owners could satisfy themselves that the pro-forma had been suitably amended to reflect the main terms, but they could not go through the charter party form deciding to accept or reject the clauses.

The court went on to comment that there was no reason to believe that the owners would find any of the terms of the draft charter party prepared by the broker to be objectionable as they were based on a charter party form which they themselves had put forward.

Each case will depend on its own facts, but a clear lesson here is that principals and brokers should be aware that simply inserting a subject to review clause may not prevent them from having a binding agreement. The clause will not always act as an automatic escape route if they realise that, for one reason or another, they do not wish to perform the fixture. **SN**
Andrew Jamieson is claims director at the International Transport Intermediaries Club (ITIC).



Party like it's 2019? Forget it!

This year might be found lacking in jubilation, reports [Kate Jones](#)



There are concerns on the high amount of compliant bunker fuel needed to satisfy demand come 2020



Kate Jones

When American singer Prince talked of partying “like it’s nineteen ninety-nine”, he likely didn’t realise there was good reason for celebration at that time in shipping. In 1999 bunker costs were around \$100 per metric ton and the Baltic Dry Index averaged 1,338 – boom times indeed. But now, 20 years on, the party atmosphere is noticeable by its absence.

In international shipping association BIMCO’s Reflections 2019, an analysis of the critical issues faced by shipping both now and in the coming years, Peter Sand, the organisation’s chief shipping analyst, said that according to the International Monetary Fund (IMF) we should look towards developing and emerging nations to discover economic growth to spur shipping demand in the next half-decade. Growth of advanced economies is on a downward trend, and has been since the mid-noughties, according to the IMF.

“Such a development affects every shipping sector across the globe—in different ways, naturally,” Mr Sand said. “Dry bulk demand is supported by such a trend, whereas container shipping will see demand growth rates come under further pressure. Oil tankers may find it somewhat bittersweet, as demand generated in the East may be dented by a contraction in the West.

“In the corridors, we find the ghost of the trade war impacting the entire shipping industry and so much more. Will 2019 see an unravelling of it? Of that, we are unsure. But it takes time to get things right once they have gone so wrong.”

Mr Sand notes that the US–China trade war constitutes just

one of the many geopolitical roadblocks in the way. In a similar vein, credit rating agency Fitch Ratings recently said that the world shipping sector outlook remains negative, reflecting the demand-side risks of protectionism and slower economic growth. According to the agency, an escalation of protectionist measures that would damage global trade and GDP growth constitutes the principal shipping threat.

“Free global trade is vital for shipping development—about 80% of world trade in goods is carried by ships,” it argued.

According to Fitch Ratings, other factors placing pressure on shippers are greater fuel costs and sulphur regulation. Sulphur is a big issue for 2019: the challenge for this year, BIMCO’s deputy secretary general and chief operating officer, Lars Robert Pedersen said in Reflections 2019, is getting vessels prepared to adhere to the International Maritime Organisation’s 2020 0.50% sulphur limit in fuel.

“More stringent fuel regulations ... regarding sulphur content could significantly increase operating costs and capex-requirements in all shipping segments,” Fitch Ratings said. “This may negatively affect financials unless shippers pass these costs to customers. However, the product tanker market may benefit from these regulations as seaborne trade of low-sulphur fuel is likely to increase as a result.”

“Studies by the IMO and BIMCO have estimated that uptake of exhaust gas scrubbers will be limited,” said Mr Pedersen. “The amount of compliant fuel that needs to be available worldwide to satisfy the demand remains high.”

Boxed up



James Frew, director of consultancy at Maritime Strategies International (MSI), says his organisation is “relatively cautious about 2019” when it comes to the outlook for container shipping.

“I think obviously, you have the effect of trade war still, which has not gone away,” he notes. “You’ve also got a delivery schedule—so new capacity being added to the fleet—that is fairly hefty.”

Regarding the International Maritime Organisation’s 2020 sulphur limit, MSI doesn’t anticipate it causing a great level of container sector disruption. Not enough vessels will be taken out of service to install scrubbers to move this year’s supply–demand balance. With the charter rate market, MSI expects this year to more or less match last year on an annual average basis.

“Obviously, we’re starting from a weaker point, but we do expect markets to pick up a little bit over Q3–Q4,” says Mr Frew.

MSI is slightly more optimistic on the freight side. It feels liner companies displayed “some pretty good discipline” over 2018, offering slightly more confidence about a freight markets upside.

“A little bit longer term, certainly over the past year or so, liner companies have shown pretty good restraint in terms of new vessel orders,” the director says. “So ok, you’ve got a fairly hefty delivery schedule in 2019, but looking through into 2021, 2022, there’s not much capacity yet locked in, so ... providing that restraint continues, actually, I think the medium-term for the containership industry looks quite bright.” **SN**

But in its outlook, Fitch Ratings offered a silver lining. The organisation said that partly offsetting an unfavourable environment are emerging signals of better capacity management from shipping companies—pivotal for freight rates that support consistent profitability, as well as for a sustainable balance. The agency anticipates better fundamentals in container and dry bulk but notes that capacity-growth will weigh on tankers.

According to Angelina Valavina, Fitch Ratings’ lead analyst on the transportation and shipping industries, for Fitch Ratings to consider a change in its outlook, it must have witnessed improvement in the sector fundamentals on a sustainable basis, and for that to occur, it believes that shipping firms will need to show a consistent record of committed capacity management.

“In this case, the supply and demand fundamentals should improve,” she said. “However, currently, the supply growth is quite volatile, and it also, in our view, implies opportunistic behaviour of market participants, which is kind of dependent on the market conditions. When market conditions improve, shipping companies invest more in the vessel, and then when there is oversupply, obviously it puts pressure on the market dynamics.”

Clearly shipping, 20 years on from the date of the song of the same name, is failing to live up to the party of Prince’s 1999. **SN**

Fitch Ratings said in a December 2018 release that the world shipping sector outlook remains negative

Keeping dry



Structural changes exist in the dry bulk market, meaning that trade growth will be much slower over the medium-term than what the world has been used to since the early noughties. That’s the message from Will Fray, director of product development at Maritime Strategies International (MSI).

According to a chart from the company, back in 2000 to 2005, average annual dry bulk trade growth was between 5% and 6%. For 2015 to 2020, this figure is down to between 3% and 4%—and for 2020 to 2025, it’s expected to be between 0% and 1%.

At the time of writing, MSI expected bulk trade outlook growth for 2019 to be around 3% year over the year. However, it is reviewing its forecast, with this likely set to be revised down in light of weaker Chinese signals and the dam burst in Brazil.

“There’s no doubt that sentiment has dropped off recently in dry bulk, and there’s growing concern about, particularly, trade growth in 2019,” says Mr Fray. “I think we share some of those concerns—certainly, when we see China’s iron ore imports towards the back end of last year, they were much weaker than thought.” **SN**

Tanker talk



For the second quarter of this year, Braemar ACM Shipbroking’s Henry Curra, global head of research at the organisation, anticipates it will be weaker, driven by intense refinery maintenance that will include refurbishment for new compliant marine fuels in 2020. However, later in Q4, his company is anticipating a rebound, with a substantial hike in very large crude carrier (VLCC) rates compared with the same time in 2018.

Still, Mr Curra is cautious on the idea of ordering VLCC newbuildings. He says that “newbuilding prices are well off the floor” in that two years ago, shipyards were offering \$90m for a dual-fuel VLCC, whereas now, a single-fuel VLCC newbuilding is in the region of \$93m. This renders ordering VLCCs less attractive. In Mr Curra’s eyes, there is also little prompt delivery premium, as displayed by the last few months’ flat secondhand prices.

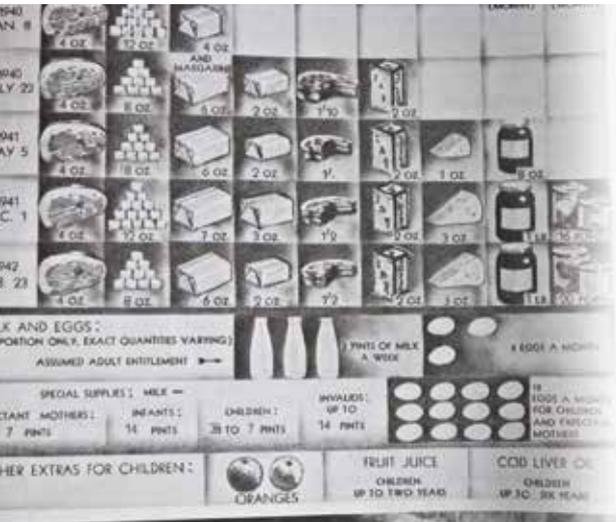
Looking further ahead, Mr Curra says that a tanker demand spike in 2020 should be expected. The driver of this is a refinery runs uplift in preparation for the International Maritime Organisation’s 2020 sulphur limit.

“Oil demand stays relatively similar, but the amount of crude [oil] that needs to run through the refineries to meet the new products’ demand, particularly in the bunker market, means that there will be an uplift in that year [2020] and probably that year alone,” he says. end of last year, they were much weaker than thought.” **SN**

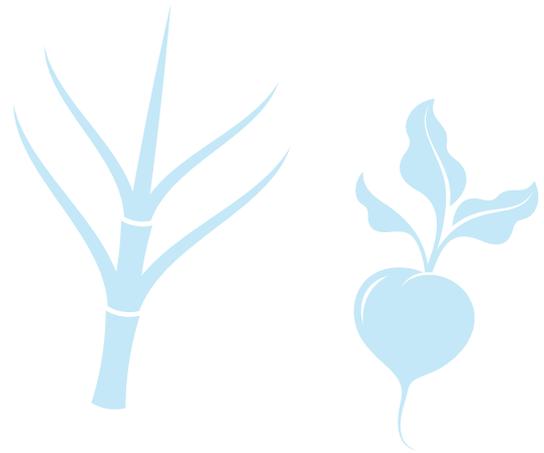
A spoonful of sugar...

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

The word "sugar" originates from the Sanskrit word **sharkara**, which means "material in a granule form." In Arabic, it is **sakkar**; Turkish is **sheker**; Italian is **zucchero**; and Yoruba speakers in Nigeria call it **suga**



During World War II, only **120g** sugar was allowed to be bought per person per week as part of their rations in the UK



Two different types of plants provide the world with most of its sugar: **sugar cane** and **sugar beet**. Sugar cane is grown in tropical and subtropical regions. Sugar beet is grown in temperate climates, such as parts of Europe, Japan, and the United States



33 kilograms

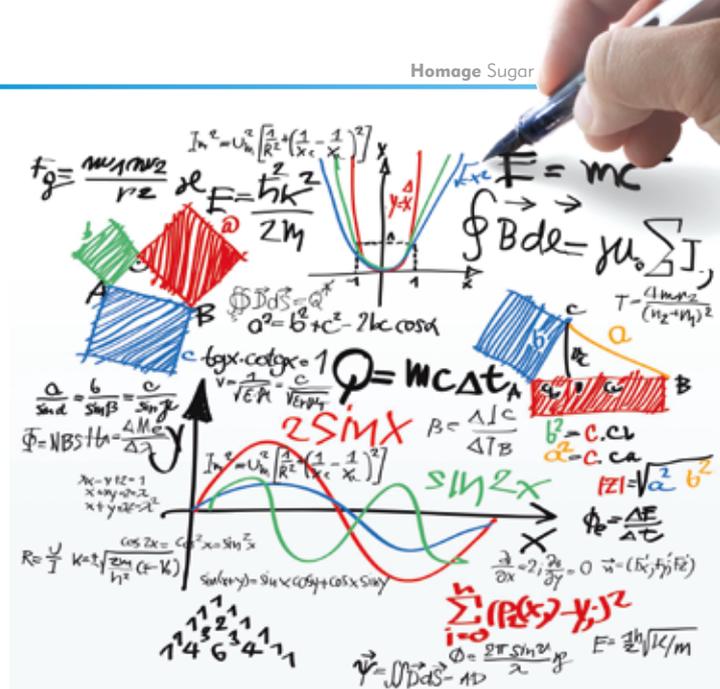
Average person consumes 24 kilograms of sugar each year. This number is larger in developed industrialised countries, at around 33 kilograms

In 16th century London, a teaspoon of sugar cost the equivalent of **five dollars** today





Christopher Columbus introduced sugar cane seeds to the New World, specifically to Hispaniola, on his second voyage in **1493**



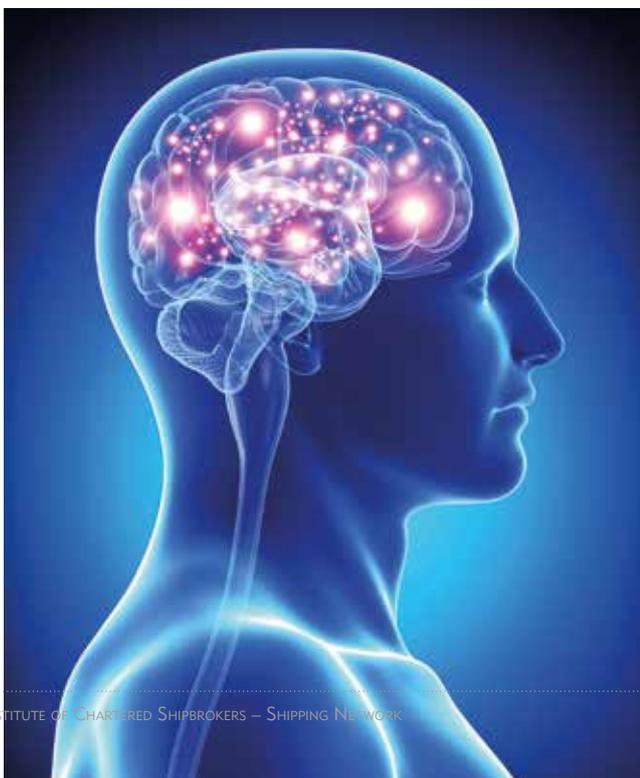
The **sugar trade** is one of the most **complex** in the world and involves price controls, quotas, subsidies, and preferential arrangements



Sugar is one of the world's **oldest** ingredients. The people of **New Guinea** were most likely the first to domesticate sugar cane around **8000 B.C.**



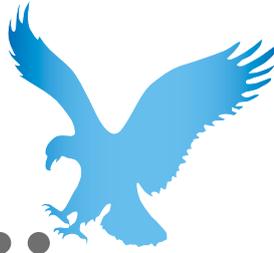
Brazil is the world's largest producer of sugar cane



Lemons contain more sugar than **strawberries**

According to brain scans, sugar is as addictive as **cocaine**

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



Can I amend the Claim Form if the wrong party is named?



To commence formal proceedings in the English Courts, a Claim Form has to be issued. The parties named on the Claim Form must be accurate. In a 2017 case (*Rosgosstrakh Limited v Yapi Kredi Finansal Kiralama AO and another* [2017] EWHC 3377 (Comm)) a Claim Form was issued and the time limit for issuing a Claim Form was reached before the, as it turned out, incorrect name of the Claimant could be addressed. The Court was asked to consider whether, in the circumstances, the Claimant's name could be amended.

The facts of the matter were that an insurer paid out to their assured on the basis of a loss on September 1, 2010. Later,

however, the insurer found that there were grounds to avoid paying out under the policy and sought to recover the money paid out. There were attempts to resolve the matter, but these were unsuccessful. Accordingly, with the six-year limitation time limit approaching, the insurers, 'Rosgosstrakh Limited', issued a Claim Form in August 2016. This identified the Claimants as 'Rosgosstrakh Limited', and so contained a spelling mistake. In addition, it later emerged that at the time the Claim Form was issued Rosgosstrakh Limited had been subsumed, from December 2015, into 'PSJC Rosgosstrakh' which then changed its name, in April 2016, to 'Rosgosstrakh Insurance Company (Public Joint Stock Company)'.

The Claimant's solicitors were made aware of these changes only during September 2016. This was before the time limit for issuing a Claim Form was reached, although no steps were taken at that stage to correct the name on the Claim Form. An application was made after the time limit to change the Claimant's name in the Claim Form to Rosgosstrakh Insurance Company (Public Joint Stock Company).

In seeking to amend a name in such circumstances the change should usually be allowed if the mistake was a misnomer, such as a typographical error, or where the name or the party was incorrect, but not their identity. In this case it was accepted that the change would be for a different legal entity, and so the issue was whether it was appropriate to substitute the name of the Claimant, or add another party. (It was too late for a new Claim Form to be issued in the correct name.)

The Court held that the Claimant's solicitors intended the Claim Form to record that the Claimants were the insurer under the policy. That is, the entity who at the time the Claim Form was issued was the insurer. It made no sense for the Claim Form to be issued in the name it was, when that entity no longer existed. The Claimant's solicitors were unaware at the time of issuing the Claim Form that the entity of the Claimant's had changed, as set out above. As the issuer of the policy had been subsumed into another entity (and the original no longer existed) then the Claimant had been misnamed. The Court took the stance that the identity of the entity making the claim could be established by description, and where the person completing the Claim Form was unaware that the name of the entity had changed, the Claimant was identifiable.

The Court allowed the name to be substituted in the Claim Form.

Even though this was allowed in this case the caution should be to ensure that the correct parties are named in the first place. **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.





When arresting a vessel in England to obtain security for a claim, is a counter-undertaking required?



The English Court of Appeal has recently confirmed the long-held position of the right to arrest a vessel within the Admiralty jurisdiction of the English High Court to obtain security for a claim. The decision upheld the Admiralty's Court's first instance decision.

The case concerned a claim against the owners of a vessel by the mortgagee bank. The bank claimed that the shipowners had breached their loan-to-value limits, based on a valuation the bank obtained from shipbrokers. The shipowners disputed the valuation and provided the bank with higher valuations that they obtained from other shipbrokers. On the basis of the valuation they obtained, the bank asked the shipowners to restore the position under the loan-to-value limits. Failing this taking place, the bank notified the shipowners of an alleged event of default. The bank issued an in rem Claim Form and applied for and obtained a warrant of arrest against the vessel.

The vessel was arrested. The shipowners denied there was an event of default. The shipowners also argued that the bank did not exercise its powers in good faith or in pursuit of legitimate commercial aims. As they argued they would lose hire and profit, the shipowners sought an order to release the vessel from arrest unless the bank provided a cross-undertaking in damages, in the form usually given in the context of freezing orders. The bank argued that releasing the vessel (without the provision of security) or providing such an undertaking would be contrary to the practice of the Court.

The High Court decided that the shipowners claim was:

1. counter to the principle that a claimant in rem may arrest as of right,
2. inconsistent with the Court's long-standing practice that such a cross-undertaking as sought by the shipowners was not required, and
3. contrary to legal authority.

The purpose of an arrest of a vessel is to enforce an Admiralty action in rem. Such an arrest founds the jurisdiction with the Admiralty Court to hear the claim – whatever the country of registration of the vessel – and provides the mechanism to enforce the claim, if the claim is properly established.

The issue of a warrant of arrest is of right and not discretionary. There is no duty of full disclosure to achieve such a warrant. If, however, an arresting party acts in bad faith, or with such gross negligence as implies malice, he can be liable for damages caused by a wrongful arrest.

The Court of Appeal confirmed that:

1. arrest is of right if the property (usually a vessel) is within the scope of an action in rem, and no



judicial discretion is involved. Of course, the procedural rules to achieve the arrest must be complied with. No cross-undertaking for damages from the arresting party is required,

2. no damages may be claimed for wrongful arrest. The exception is if there is malice or gross negligence of or by the arresting party,
3. the normal course for releasing an arrested vessel will be when the shipowner provides security for the underlying claim or, in cases of abuse of process, security for the quantum of the claim, interest and costs.

The Court of Appeal did add that a Judge might have the power to order a vessel be released from arrest without the shipowners providing adequate security, a Court "would (have to) think long and hard before departing from the usual practice".

A claimant with a valid claim *in rem* may usually, as has been the case for some time, arrest a vessel to found jurisdiction and obtain security for his claim. **SN** *While every care has been taken to ensure the accuracy of this information at the time of publication, the information is intended as guidance only. It should not be considered as legal advice. The articles were written by Guy Main, senior manager (partner equivalent) at HFW, a sector focused law firm specialising in shipping, aviation, commodities, construction, energy and insurance. Guy is in the shipping department in HFW's London office. He is also a Fellow of the Institute and, before joining HFW, he spent 18 years as a shipbroker. Research was carried out by Paul Miller.*

On target with 'Target 60' initiative

Matt Gilbert dives into the statistics from the November examination sitting



Matt Gilbert

By the time you read this edition of *Shipping Network*, results letters will have landed on the doormats of the Institute students who sat examinations in November 2018.

However, in order to meet the print deadline, the following figures are provisional and may be subject to minor adjustment by the last few remaining assessors' papers and of course final authorisation by the Board of Examiners.

A total of 1,423 exam papers were registered to be sat with an attendance rate above 83% broadly in line with November 2017, where we typically see higher attendance rates than in the May examinations.

The really encouraging news is that overall pass rates have improved to over 60% – a testament first and foremost to the hard work of the students, though supported by the dedication of tutors, mentors, examiners, members and fellows.

Recently the Institute's Education and Training Committee (ETC) took on a project 'Target 60' following an initiative that begun with the Middle East branch. The project involves multiple work streams aimed at reinforcing the support structures for tutors, education officers and advisors, students and all those with an influence in the examination system.

ETC is passionate about helping students to achieve. Although it is too early to claim credit that this has been the decisive factor – the influencing factors are likely to be diverse and complex – it is nonetheless encouraging that results are

trending in a positive direction. It must be stressed however that the usual rigorous standards of examination, marking and assessment have been maintained and will never be diluted.

Thirty student papers from November have been awarded distinctions for achieving a mark of 80 or above – a very high bar indeed – and depending on May 2019 results we may be welcoming some of these students to our international prizegiving ceremony in the autumn.

STUDY YOUR WAY

There are now more study options available to students that at any time since the Institute was founded. Students taking the International TutorShip distance learning programme have had their study programme further enhanced by a series of live online tutorials on key examination topics relevant to subjects across the Institute syllabus. More branches are offering revision sessions. Australia/New Zealand were supported to deliver a live online revision programme using the GoToTraining platform and other branch/teaching centre observers have joined sessions with a view to developing their offering to students. New Recognised Partners have been established in Korea, the US and Malta with more in the pipeline and the head office has re-started evening classes with the launch of the London School of Shipping: www.ics.org.uk/about-us/international-network/london-school-of-shiping.

Looking forward to May examinations, registration is open for Spring PREP at Warwick University, April 11-14. PREP continues to deliver fantastic results in terms of pass data, distinctions and prize-winners, in addition to the enjoyable learning experience, social events and networking (www.ics.org.uk/exams/spring-prep-2019).

A new Fast-track programme, offered across all subjects, has been launched specifically for those students considering enrolling now and sitting exams in May 2019. Fast-track is a combination of TutorShip and Spring PREP, providing students with the confidence that if they follow its structured pathway it provides an excellent opportunity to succeed in the exams from a late start (www.ics.org.uk/learning/fast-track-study-option).

Whether or not you are celebrating passing this time, we look forward to supporting you on the next leg of your journey into re-takes, further examinations, or election to membership. Well done for putting in the hard yards of study and investing in your future.

A final thank you to all our examination centres, officers and volunteers, without whom the Institute's programme of high-quality, affordable qualifications, accessible world-wide, would not be possible. **SN**



FOUNDATION DIPLOMA			ADVANCED DIPLOMA		
Location	Name	Foundation Diploma in:	Location	Name	Advanced Diploma in:
Accra	Veronica Bento	Dry Cargo Chartering	Aberdeen	Andrew Lynas	Offshore Support Industry
Chennai	Pavansayee Srinivasan	Ship Operations and Management	Athens	Konstantinos Fragkopoulou	Dry Cargo Chartering
Hull	Tom Boothby	Port Agency	Athens	Maria Nikolaou	Dry Cargo Chartering
London	Tom Clayton	Dry Cargo Chartering	Athens	Panos Petrolekas	Dry Cargo Chartering
London	Frederick Courtney	Shipping Law	Athens	Antonios Spanakis	Shipping Finance with distinction
Mauritius - Reduit	Ayesha Sohun	Ship Operations and Management	Cape Town	Cherrillee Meyer	Liner Trades
Mombasa	Victoria Gowe	Port Agency	Colombo	J.M.Buddhika Jayaweera	Liner Trades with distinction
Mombasa	Abdalla Said	Port Agency	Dubai	Olanrewaju Ojo	Offshore Support Industry
Montreal	Marta Ruivo	Dry Cargo Chartering	Gothenburg	Erik Arvidsson	Port Agency
Montreal	Erika Tyroler	Dry Cargo Chartering	Johannesburg	Sumaya Simpson	Ship Operations and Management
Singapore	Maria Shultseva	Dry Cargo Chartering	Karachi	Hasan Khan	Ship Operations and Management
			Limassol	Nikola Giorgalli	Port Agency
			Liverpool	Abbie McGuffie	Port and Terminal Management
			London	Nicholas Cox	Dry Cargo Chartering with distinction
			London	Koralage Malighaspe	Ship Operations and Management
			London	Raajeev Kumar Singh	Shipping Law with distinction
			Mombasa	Hamida Chidagaya	Port Agency
			Mombasa	Stephen Chivila	Port Agency
			Singapore	Ethan Lim	Economics of Sea Transportation
			Singapore	Earlene Ng	Dry Cargo Chartering
			Vancouver	Stav Kimhi	Ship Operations and Management
			Vancouver	Michael Stoker	Dry Cargo Chartering

“Overall pass rates have improved to over 60% – a testament first and foremost to the hard work of the students, though supported by the dedication of tutors, mentors, examiners, members and fellows”

PROFESSIONAL QUALIFYING EXAMINATIONS COMPLETED					
Location	Name	Location	Name	Location	Name
Aberdeen	Christopher Fowler		Suraj Padhy		Sayyid Mtsumi
Accra	Prisca Chendjou		Hariharan Venkatakrishnan	Montreal	Louis-Pierre Trottier
	Christabel Ewedji	Colombo	Sandalatha Herath	Mumbai	Roshin Abraham
	Daniel Kwakye		Mudiyanselage		Sachin Balpande
	Maxwell Mamonkose	Copenhagen	Thomas Mortensen		Mohit Chawla
Amman	Mohammad Said Barakat	Dubai	Christine Abeysundara		Aishani Purkayastha
Athens	Froso Alvanou		Senthil Palanivel		Ajitpal Singh
	Evangelos Darousos		Eduardo Rangel Varela	Nantes	Vsevolod Pomelov
	Dionysios Diamantopoulos		Ronak Shaikh	Newcastle upon Tyne	Chiagoziem Ndubisi
	Iliana Drapanioti		Anshul Yadav	Odessa	Artur Dudnik
	Kyriaki Gioni	Hamburg	André Schwendner		Natalia Peioglo
	Maria Isari	Hong Kong	Charles Dixey		Oleksiy Petrenko
	Anna Konstantinou	Karachi	Mustafa Shaikh		Igor Subachov
	Evanthia Kopanou	Limassol	George Onisiforou	Port Harcourt	Oluwafemi Aweda
	Laura Lungu		Socrates Pilavakis	Rotterdam	Husnu Erenli
	George Nicodemou		Stelios Stylianou	Shanghai	Mingqin Luo
	Konstantina Nikolaou		Vladimir Tchoub	Singapore	Raja Gnana Desikan
	Dimitris Papanastasiou		Georgios Tsikkos		Jonathan Heng
	Dimitrios Parrisiadis		Rafaella Yiangou		Xiaohui Huang
	Vasiliki Petrou	London	Harry Aristidoglou		Amaan Khan
	Ornela Piriu		Bruce Fairweather		Afzal Machingal
	Pinelopi - Georgia Plessa		James Hamilton		Morgan Rossiter
	Ioanna Sarafi		Robert Millatt		Karine Serrado De Almeida
	Katerina Stefani		Andrea Pavlou	Taoyuan City	Chia Shiang Wu
	Dimitrios Tampouras		Nicholas Pugh	Teulada	Carlos Gallego
	Dionysios Tsilioris		Marius Toft	Vancouver	Anna Louise Szczerkowska
	Aikaterini Tsimizili	Madrid	Carlos Gomez	Varna	Georgi Georgiev
	Aikaterini Zachariou	Melbourne	James Atkinson	Zurich	Vasiliki Nikoglou
Chennai	Teena Joey	Mombasa	Mohammed Hussein		
	Shyam Nair		Najash Mdashiru		

Lifelong buzz of a career in shipping

Institute fellow [Punit Oza](#) gives direction to new entrants dipping their toes in shipping's waters



Punit Oza

Last year, I was honoured to be invited to give a welcome address to the young graduates entering the Singapore Maritime Industry at an Industry Welcome reception hosted by the Singapore Maritime Foundation. Due to paucity of time, I could not express everything that I wanted to, so I'm sharing my thoughts with our own Institute students in these pages.

Let me try and put my own personal perspective on this industry and guide you through it, a preview or a trailer of things you can expect to see as you grow in the industry. The actual workings of the industry and the ways things are done may change in terms of processes, but the essence of the industry remains the same.

First, remember, it is all about you, me and everyone around

us. There is no one who is not touched by this industry in a direct or indirect way. The rice you eat is most likely shipped from Thailand to Singapore in containers on a ship. In the house you live in, the cement has been probably being shipped from Japan and the sand from either Vietnam or Philippines. The car that you drive has possibly been transported in a ro-ro ship from around the world.

Shipping is vital in everything we see. As much as 90% of world trade is moved by sea. As of 2017, there were over 52,000 merchant ships and as container trade makes up 75% of the seaborne trade, there were 17m containers shipped worldwide. Shipping is the lifeline of growth and trade across the globe and through a career in shipping you will be a part of that vital lifeline in one way or another. That's exciting.



The merchant fleet boasts over 52,000 ships

That's a positive. However, I do feel unhappy that the industry usually get publicity only when something negative such as a collision, sinking or oil spill happens. In total, 99.96% of world seaborne trade goes on smoothly, safely and efficiently. No one highlights that. Maybe each of our students could pledge to highlight the positive aspects of the industry as they grow in this industry – making their own small but vital personal contribution.

PEOPLE POWER

Second, it is all about people. Business relationships form the core of any success story in all industries but in shipping, relationships go to a completely different level. Networking is essential and has an immediate impact with off-market deals and customised solutions being created through these relationships. Also remember, people and your relationship with them remains the same while the roles change and that is the beauty of the industry. In my own case, I started off with a pure ship owner and thereafter I have worked with a ship broker, ship operator, a pure charterer and commercial managers as well. The social interaction is also a great way to share knowledge and experiences and ensure that you learn not just from your own mistakes but also from others' mistakes. This is invaluable.

Third, it is all about service. We must always remember that ships cannot enjoy their value on their own – they need cargo to be carried around and therefore we are essentially service providers. If you can understand and service the requirements of the customers and make their life easier, you will surely succeed. It is very easy to forget this fact especially in a firm and rising market. To service the customer, transparency and simplicity are essential. Make it simple and share as much as you possibly can – believe me, it pays off in the long run.

Fourth, it is all about trust. If you have ever interacted with friends in other industries such as banking or trade, they will tell you that their employers will never do a sale or deal without getting sufficient security for any possible default and going through a thorough credit-check before negotiating a deal. But our industry involves a lot of trust – we are happy to sign a contract with a charterer if other "industry players" have done business with them and can confirm over a phone call that they are happy to deal with them again. We are happy to ballast for 10 days and spend close to \$100,000 to present a 20-million-dollar ship to load cargo on basis of a contract which is not yet signed by both parties and without getting any advance freight! We are happy to trust the Letter of Indemnity from that charterer and deliver cargo worth millions of dollars to a party requested by the charterers.

It is all about trust – a true manifestation of the Institute's motto 'Our Word Our Bond' – something which has survived through ages for this industry. So, what does this mean for you? This means that your personal reputation is as important as the company's

Forging industry links

The Singapore Maritime Foundation (SMF) was established in 2004 to "forge dialogue and co-operation between private and public maritime stakeholders". It works with stakeholders across the entire spectrum of the industry offering them a voice to collectively raise awareness of the Singapore maritime industry. BW Group's Andreas Sohmen-Pao is the current chairman of the Singapore Maritime Foundation.

reputation. People are not just dealing with a company but also an individual and if they cannot trust the individual, they will seldom conclude a deal. Keep that in mind as bad reputation follows you around but thankfully so does a good reputation. Invest in yourself and be careful of how you conduct yourself.

IMPORTANCE OF VALUES

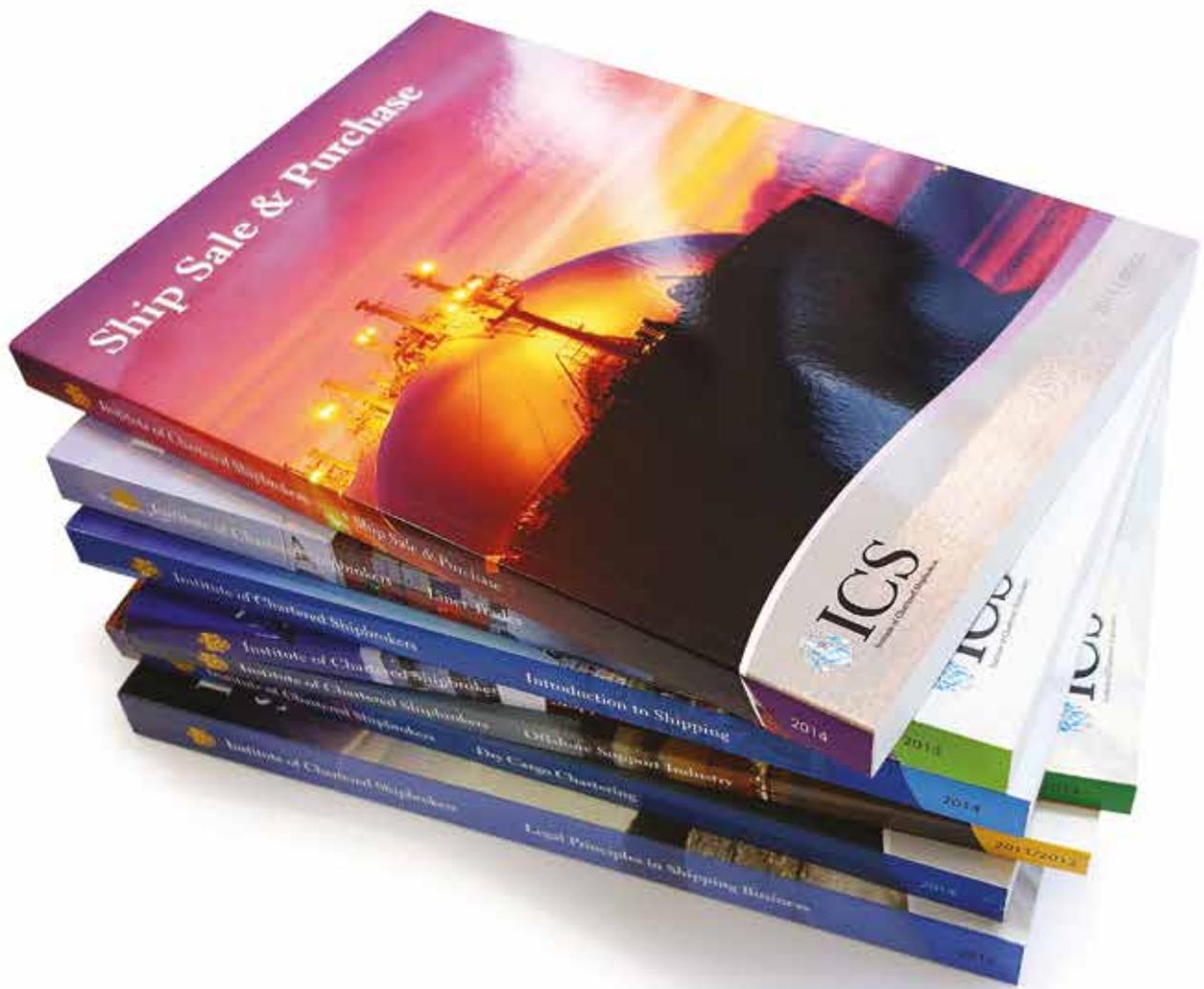
Fifth, it is all about values. You can develop your reputation by adhering and sticking to your core values. Honesty is truly the best policy. As an example, my current employer Klaveness has four core values – craftsmanship, integrity, curiosity and commitment. These values guide each employee on a corporate level. But on a personal level, my own values of honesty, compassion and hard work guide me. As you embark on this journey, values will be key, but they will also be door-openers to keep yourself updated, adapting to new environments and giving you a boost of self-confidence. Keep up your inquisitiveness and curiosity. Learning, in shipping, is truly a lifelong process.

You will hear a lot of buzzwords about digitisation and automation. Ultimately, they will fall into one of the categories which are the building blocks of the industry – solving customer pain points (digital applications); key value of curiosity (skills future and growth); or building trust among all the parties involved (blockchain).

Come into this industry with a huge amount of pride, joy and excitement. I came with all of that and to this day, I still feel each of these emotions as I fix one of my ships to carry an essential steel-making raw material, limestone in bulk from Oman to Indonesia with a counterparty in India, sitting in my office seat in Singapore. This is the final aspect of the industry – it is truly international in nature. You are privileged and lucky to be a part of this industry wherever you are based, but remember to set your sights globally as well. **SN**

Punit Oza is head of systems, processes and competence for dry bulk at Torvald Klaveness, having been at the company for 11 years. His Singapore-based role is focused on driving efficiency through standardisation, digitisation, automation and robotisation of processes, building competence, mentoring and training within Klaveness Dry Bulk. Punit has served on the Singapore Branch executive committee for seven years.

"Shipping is the lifeline of growth and trade across the globe and through a career in shipping you will be a part of that vital lifeline in one way or another. That's exciting."



Written by professionals for professionals

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

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

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

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

Members are entitled to a 50% discount on all of the Institute's publications.

To place an order, please complete a book order form and return it to us.
For book order forms and support, please visit: www.ics.org.uk/learning

**Members receive
a 50% discount
on all books**



**INSTITUTE OF
CHARTERED
SHIPBROKERS**

Prominent figures join Institute family

Singapore and Greece branches put forward candidates for Bye-law 50 membership

M3 MARINE Group owner and chief executive Capt Mike Meade has been awarded membership of the Institute under the Institute's Bye-Law 50, having been nominated for the position by the Singapore Branch.

Capt Meade was awarded membership under Bye-Law 50, which may be awarded to members of the international maritime community who have considerable influence in shipbroking and have demonstrated a commitment to the Institute by giving long term support or service and who are expected to continue to give such support.

In a letter supporting the nomination, Branch chairman Capt Subhangshu Dutt said that Capt Meade is one of the leading offshore brokers in Asia and has been a great Institute supporter, specifically contributing in the areas of education and management.

According to Capt Dutt, Capt Meade has trained more than a dozen brokers for Institute qualification and has been instrumental in securing venues for Branch talks – of which he has brokered many.

Additionally, his company supports a scholarship for the Branch's annual prizegiving event.

"The [Branch] Committee is of the view that [Capt Meade's] involvement in the Institute activities will move to the next level on being granted membership," Capt Dutt said,



Capt Mike Meade

adding that the nomination was unanimously backed by the committee.

GREECE BRANCH NOMINATION

Yiannis Floutakos has also been granted Institute membership under Bye-Law 50 after his application was endorsed by the Greece Branch.

The URSA Shipbrokers managing director saw his application supported "unanimously and eagerly" by the Institute segment due to an expectation that "his input will help promote all Institute principles and goals".

"Mr Floutakos is a prominent figure in the shipping sector and has shown great dedication to the industry and to the Institute, by supporting the local Branch," read a letter of endorsement from the Greece Branch.

He is a speaker at the Branch's Annual Forum, sponsors events and attends all networking events, as well as promoting the Institute's qualification, ethics and values to his company's employees by sponsoring their studies.

He is also a member of the Baltic Exchange and supports their activities in both Greece and London. He has actively participated in discussion groups on the reform of the Baltic's indices.

Currently, four Institute Members are employed by Mr Floutakos and his business partner Simon Ward is an Institute Fellow and Member of the Education and Training Committee. **SN**



Yiannis Floutakos

Record numbers for Open Day

The Institute's [Eleonora Modde](#) reports on the best Open Day to date for the Institute



Eleonora Modde

In January the Institute celebrated its best international Open Day so far with the greatest number of locations and the most visitors. The Institute thanks everyone involved in setting up, organising and hosting these increasingly popular Open Days, all of which were individual to the locations they were held in.

In Chennai, the Open Day took place at the branch office at lunchtime. East India Branch vice-chairman Ravee Titte FICS organised the event and delivered a presentation about the Institute, the courses on offer, the examination details and the membership benefits. Many students in attendance expressed their interest in studying with the Institute.

The Sri Lanka branch organised its Open Day in Colombo at the Ceylon Chamber of Commerce and noted a good turnout at what was a well-organised event.

In Copenhagen, the Danish Shipbrokers' Association – the International Teaching Centre in Denmark – was open for the event allowing people the opportunity to stop by and find out about the Institute. It was a great opportunity also for local members to gather and discuss future Institute initiatives in the region. A big thank you goes to Jesper Sebbelin FICS and Palle Klug FICS for giving up their time to keep the doors of the Institute open in Denmark.

In Dubai the Open Day was organised by the Middle East Branch in conjunction with a branch networking event at the Grand Excelsior Hotel. A total of 66 prospective students, including 23 students from the Institute of Management Technology and five students from S P Jain School of Global Management, attended the event.

Ravi Shankar FICS outlined to participants the various academic programmes of the Institute. He also explained the fee structure, exemptions, study methods, including the planned schedule of branch lectures, and the examinations.



Krishna Prasad FICS, Middle East Branch vice president, delivered a presentation on 'How to stay relevant in your career'. This was followed by a presentation on 'Cyber vulnerability in the supply chain and the blockchain challenge' by Pradeep Luthria. This format proved to be very successful with over 30 members and guests joining the networking session.

NEW FACES

The South Africa branch held its Open Day at the Royal Natal Yacht Club in Durban. The attendance was good with a mix of students and business people. It was very encouraging to see that most people attending were new to the Institute. Chairman Eddy Neilson FICS spoke about the various changes that the industry is facing, while vice-chair Catherine Moodie FICS gave a detailed description of the Understanding Shipping programme, as well as information on the Diplomas and PQE qualifications and courses available.

This time the branch invited one of the local PQE students to give a talk too: the idea proved to be a rewarding innovation as the audience related well to his experience of studying with the Institute while working. The question and answer session that followed was vibrant and informative.

In Hull the event was held in conjunction with the local branch meeting. Generously, Associated British Ports once again offered their boardroom for this occasion. The branch is ready to go the extra mile and support deserving students in the region offering sponsorship for the Spring PREP at the beginning of April in Warwick and an extra free revision session closer to the exams. If anyone in the Humber region is interested please contact the Institute at enquiries@ics.org.uk.

The Open Day hosted by the Turkey Development Branch was made possible thanks to the support of local members who gave their time on the day to welcome prospective students and answer queries regarding Institute qualifications.

In Karachi, the Pakistan Branch went the extra mile offering a number of points of contact in several locations around Karachi: Pakistan National Shipping Corporation, Karachi Port Trust and Port Qasim Authority.

Additionally, more than 100 participants attended an event at the Beach Luxury Hotel and about 40 joined the branch at Mims House, Lalazar. The Open Day gave the branch a great opportunity to introduce members to potential students. During the session guests had the chance to ask various questions and were informed and guided on how to proceed and register for Institute examinations as well as how to achieve Institute qualification and membership.

The Liverpool Branch took part in the Open Day that was held in the foyer of the James Parsons Building at John Moores

University. During the day a total of 31 students and local people called in to find out more about the Institute and its education programmes. They also wanted to discuss their future prospects in the industry.

The branch is very grateful to Dr Robin Pine and all the staff at the University for their help and support in hosting this event.

In London, the Open Day gathering at the Baltic Exchange Bar was quite lively. About 20 prospective students came along, the majority of which were from City University. Some current students also visited interested to know more about how to best proceed in their career with support from the Institute.

A big thank you goes to the branch members who gave up their time to support the event: Valerie Stringer FICS, Chris Hibbert FICS, Richard Scott FICS, Prof Nikos Nomikos FICS.

The Open Day event held in Manila was quite successful with a lot of interest in the Institute educational offer from MAGSAYSAY personnel. The group were able to join an ad-hoc presentation delivered via the Institute’s online platform.

OVERSEAS PRESENCE

The South Wales and West Branch organised a successful Open Day at the University of Plymouth with about 30 prospective students attending. The branch is very grateful for the great support offered by local members who participated in the Plymouth event: Carly Fields FICS, Ian Perrott FICS, Philip Rogers FICS and Richard Butler MICS.

All of the attendees were from the University and many were from overseas countries. The hope is that they will remember the Institute when they complete their degrees and join a branch local to them.

The presence of the members and fellows was essential in fielding questions from the students. Furthermore, their individual life experiences helped to demonstrate to students the benefits of joining the Institute.

The Greece Branch held its Open Day earlier on January 16 and welcomed a number of inquisitive attendees.

In Shanghai, a small group of prospective students joined local ITC staff for the Open Day event and they enjoyed the discussion around the Institute qualifications. Some have decided to study towards the May exam session, and have already selected one subject; the others will work to sit exams the next academic year.

Around five prospective students visited the Singapore Branch, where the branch chairman Captain Dutt FICS and his staff shared with the guests all details about the Institute education programme. The students were given all the details regarding study options, fee structure and the benefits of the Institute membership. **SN**

Please see our website to find out about future events, www.ics.org.uk.



Malta



Singapore



Manila



Liverpool



South Wales and West



Istanbul



Dubai



Colombo



Durban



Chennai

In pursuit of professional development

Joint Baltic and Institute lecture series keeps Members abreast of shipping affairs



Eleonora
Modde

The Institute of Chartered Shipbrokers promotes the continuous professional development of its members. With this in mind, the Baltic Exchange and the Institute continue to offer a series of lectures in Shanghai, Singapore, Athens and London, open to members and company members' staff.

In London the special guest on January 30 was Dr Martin Stopford, non-executive president of Clarksons Research and Director of MarEcon Ltd.

With his presentation on *Economic Cycles & Shipping*, Dr Stopford successfully bridged academic research and business life by presenting the many aspects of the freight market and analysis of historic and contemporary trends in rates and cargo flows. He also underlined the impact of the current situation on shipping companies and set out his argument for four key re-alignments in shipping that are in motion.

It was a great lecture enjoyed by a full house of over 70 participants who contributed to a lively open discussion during the Q&A session. The audience was a good mix of experienced professionals, Baltic and Institute members and students. The lecture was followed by a networking session over lunch.

ATHENS MASTERCLASS

The Institute's Greece Branch and the Baltic Exchange held their 3rd Masterclass in conjunction with the cutting of the traditional Vasilopita cake onboard *SS Hellas Liberty*.

The guest speaker, Simon Ward FICS, director at Ursa Shipbrokers, shared his ideas with the audience regarding freight market cycles and how trends in cargo flows have changed, the impact from the vessel supply side, as a result of the evolution of the shipowner and the ever-changing return on investment horizons for their investors.



London



Athens

Following the seminar, members of the Institute and Baltic along with local shipping practitioners, friends and colleagues enjoyed a cocktail reception for the cutting of the Vasilopita in a traditional Greek ceremony to welcome the New Year. The winner of the "lucky coin" won a flight ticket to Rome, kindly sponsored by Anyland Travel Agency S.A.

SHANGHAI SERIES

Around 35 shipping practitioners attended the third lecture in Shanghai. *The Shipping Cycles* was presented by Mark Young, chief executive of Asia Maritime Pacific.

He provided his expert insights on the 'Minsky moment' – a perfect description on the various stages of shipping investment; can we predict how the development of cycles; on whether the shipping cycles offer an opportunity or an unbeatable challenge; and what can we do to fight the downward cycle.

These lectures are part of a series designed to keep Institute members connected and updated on the maritime market. The Baltic Exchange is the world's only independent source of maritime market information for the trading and settlement of physical and derivative contracts. Its international community of over 600 members encompasses the majority of world shipping interests and commits to a code of business conduct overseen by the Baltic.

The Baltic Exchange and the Institute share common origins and work closely together under the common motto "Our Word, Our Bond". Their codes of practice provide confidence to the industry worldwide.

We look forward to seeing everyone at the next lecture on 'Financial Tools (Ship Finance & FFAs)' on March 27. **SN**

Change and challenge all about us

The theme of this edition of *Shipping Network* is myth-busting, writes Institute president The Lord Jeffrey Mountevans.

While change is all about us, it isn't always clear what will emerge as the 'new normal'. I recall in 2000 a group of leading charterers in the oil and dry sector as well as one broker (Clarksons) launched an online chartering platform. It was called Level Seas. This was at the time of the so-called 'dot.com bubble' and the world was somewhat carried away with the potential of online purchasing and also 'disintermediation' in the provision of services.

Much, very much, has happened since then with significant proportions of retail purchasing now undertaken online. What so far has not happened is that professional services, where individual details of any requirement can vary enormously, and where there are varying levels of expertise and how they are valued and perceived, have not seen anything like the same take-up. As a result, what might be termed conventional approaches (I am sure there is a more technical description) continue to flourish.

Level Seas wasn't a success and a quick Google search

didn't reveal any record of them. That is my myth-buster. However as I noted earlier above, change and challenge is all about us. Now, getting on 20 years into the 21st Century, the digital revolution is gathering pace and will have a profound effect on the maritime professional business services.

There are already renewed attempts to develop and market online chartering platforms. They may well have a role, particularly in some – shall we say – less complex areas of the market. However risk management, questions as to the quality of counterparties and their relative strengths, the experience and expertise of potential counterparties, the lack of standardisation between myriad requirements, guidance on the optimal timing to fix a ship or a requirement, and very many other variables, lead me to view chartering is an area where it will be very difficult for an electronic platform to replicate or replace the expertise of a really competent and qualified shipbroker, suitably supported by quality research and other relevant information.

I am not going to say that the idea behind Level Seas was mythological, but the time for its development was not ripe in 2000 and I question whether it is now. [SN](#)

Former president awarded MBE

A FORMER Institute president has been awarded an MBE in the New Year Honours for 2019 for services to the Marine Society and to the Sea Cadets.

Alan Marsh, who is a Fellow of the Institute, was named as a recipient of the accolade – full name Member of the Most Excellent Order of the British Empire – in the list of those receiving awards.

Mr Marsh led the Institute from 2011 to 2012.

The New Year Honours constitutes part of the British honours system. On January 1, new members of orders of chivalry, as well as recipients of other official honours, are named.

The MBE class is one of the five classes of appointment to the Most Excellent Order of the British Empire. [SN](#)



Mr Marsh was acknowledged in the British honours system

Anti-corruption seminar success in the Netherlands

THE Netherlands Development Branch team held a successful seminar in October, entitled "Breaking the Corruption Chain", at De Machinist in Rotterdam in the Netherlands.

A group of almost 30 shipping professionals gathered to hear about the corruption challenges facing both organisations and the maritime industry today.

Topics featured included who is liable and why, and what anti-corruption measures can be taken to help in these situations.

There was good group interaction from participants, stimulated by key speakers Cecilia Müller Torbrand from the Maritime Anti-Corruption Network and Brendan Hawley from Wilhelmsen Ships Service. [SN](#)



The presentation drew in a crowd

Time charter talks for Turkey Development Branch

THE Institute's Turkey Development Branch held a workshop on time charters in November with presentations on speed and consumption issues and late redelivery.

The speed and consumption presentation was delivered by James Bean and Chris Moxon, managing director of Standard UK and senior claims executive respectively at the Standard Club. The late redelivery presentation was given by Bénédicte Plé, Institute member and legal advisor at Willis Towers Watson Turkey.

The event was attended by local Institute members and guests from multinational companies, law offices and local non-governmental organisations, as well as Nikos Marmatsouris, chair of the Institute's international vetting committee and senior marketing manager at Gulf Agency Company.

The leadership committee of the Branch held its fourth meeting a few days later, on November 14.

Various points were discussed, including a Bulgaria visit for an Institute event, Branch social media, students, exams in May 2019 and a change of address. [SN](#)



The event was attended by Institute members and guests

NZ Chapter to host Luncheon Seminar

INSTITUTE members and guests were invited to attend a Luncheon Seminar hosted by the New Zealand Chapter of the Institute of Chartered Shipbrokers Australia/New Zealand in March.

The combined meeting was organised with the New Zealand Branch of The Nautical Institute, with the guest speaker confirmed as Diane Edwards, general manager for people, systems and technology at Ports of Auckland. The

topic was the 20-year plan for the Port of Auckland, covering technology and the workplace and how it affects the shipping scene.

The event took place in the Maritime Room at the New Zealand Maritime Museum on Quay Street in Auckland.

The Chapter intends to have further combined seminars with The Nautical Institute later in the year. This was a follow-up to previous seminars on the subject of autonomous shipping. [SN](#)

Tees Branch dinner attracts 200 guests

THE Annual North East of England Branch Tees Dinner was held in November at the Riverside Stadium in Middlesbrough.

The Institute's Branch chair Nikki Sayer hosted almost 200 guests for an evening of musical entertainment and a meal, with speeches given by Ms Sayer and Institute chairman Theo Coliandris, as well as Simon Corbett, chief executive of OrangeBox Training Solutions.

A charity raffle, supported by prizes from local shipping companies, raised around £2,000 for the Branch's local education fund and the Teesside Branch of Sea Cadets, who welcomed guests upon arrival.

A drinks reception before the meal was sponsored by PD Ports. [SN](#)



Institute chair Theo Coliandris, vice chair Susan Oatway, Branch chair Nikki Sayer and Danny Carmichael (Humber Branch chairman)

MTI nets Lloyd's List accolade

THE Maritime Training Institute (MTI) has been named winner of the Training Award at the Lloyd's List South Asia, Middle East & Africa Awards 2018.

The Pakistani educational establishment, which was formed in 1998 and delivers Institute courses in the country, won the accolade at the event, which took place in November at Palazzo Versace Dubai in the UAE.

The awards judges, a panel including Informa/Lloyd's List chief correspondent Richard Clayton and Marcura group chief executive Jens Poulsen, said: "At a time of geopolitical uncertainty, the Maritime Training Institute has maintained a strong regional footprint and is working hard to develop maritime knowledge in Pakistan and beyond."

The Lloyd's List Awards series recognises the industry's successes, setting a benchmark for excellence while rewarding innovative ideas and boundary-pushing concepts. **SN**



Capt SMA Mahmoodi proudly accepts the award

International event explores shipping's future

CHALLENGES to shipping and the way ahead was the order of the day during an international seminar hosted by the East India Branch in December in Chennai, India.

Three-month preparation by the executive committee paid dividends and gave the audience the opportunity to witness a host of speakers from Hong Kong, Singapore, the UAE, Sri Lanka and India.

The targeted audience of 100-plus ranged from shipowners to Indian Maritime University students, representing a cross section of the shipping industry.

Topics at the seminar included the 2020 sulphur limit and automation.

A dinner also took place at the event.

"On our part, [the] East India Branch is

happy to have brought speakers and an audience, especially students, under one roof this season," a spokesperson for the Branch commented on the event. **SN**



Institute members pose with chief guest Justice N. Prakash

Greece forum a resounding success

THE Eugenides Foundation in Greece's Athens was the setting for the Greece Branch's 14th Annual Forum in December 11.

Entitled '2020: The year that will change shipping', the event pulled in attendance from over 500 shipping professionals from the Greek and international shipping markets.

The panel at the 14th Annual Forum discussed the impact of new marine pollution rules being enforced by the International Maritime Organization from January 1, 2020, specifically low-sulphur emissions.

Impressive interaction between the audience and panellists was observed during the discussion.

Fourteen distinction students and five international prize-winners from the Branch were also honoured during an awards ceremony at the event. **SN**



Attendees listen raptly to questions from the audience

Founding member loss for Ireland

THE Institute's Ireland Branch is sad to pass on the news of the death of former chairman Bill Lynch at the age of 89.

Mr Lynch, who passed away in January, was a founding member of the Branch in 1974 and was chairman of the organisation three times – most recently as 2012.

Born in 1929, Mr Lynch began his career in 1947 as a shipping agency clerk with state-owned shipping company Irish Shipping in Cork, Ireland, before relocating to the firm's head office in the Irish city of Dublin.

He spent 27 years with the organisation, undertaking many roles – including head of fleet management and chartering.

After leaving the firm, he went on to establish several other companies operating in port agency and the oil and gas sectors.

He remained active in the business until around four years ago before retiring, though he continued as a trustee of the Ireland Branch Education Fund and kept in close contact with the committee, as well as regularly attending annual dinners.

A former chairman of Dublin Port Company, Mr Lynch also served on several high-level Government of Ireland taskforces, including the board of the Irish Maritime Development Office.

He received the Sworn Shipbrokers Medal in 2016.

"He will be remembered by many people for his passion, enthusiasm and commitment to the Ireland Branch," a Branch spokesperson said. **SN**



Bill Lynch

New leader for Denmark Branch

THE Denmark Branch's new chair has been named as Eliza Nowicka.

Ms Nowicka, an Institute member, works for If P&C Insurance assisting in the industrial department in its marine cargo and liability line of business.

One of Ms Nowicka's aims is for the Institute to become more active in Denmark and the Nordic countries.

She would also like the Institute to be more recognised and believes that younger generations need to be reached and shown its worth.

"As a branch, we would like to have a closer co-operation with our members and students and let them know that the Institute is there for them," she said. "They can turn to us with their ideas and requests." **SN**

Institute elects new auditors

THE Institute held a Special General Meeting on January 22, 2019 via videoconference to consider a proposal to change auditors as requested at the AGM in October 2018.

Moore Stephens has been the Institute's auditor for the last 14 years and carried out this service in an excellent manner during that time. The Institute believes in good governance and therefore a fresh look at the financial statements for the financial year 2018/19 is warmly welcomed. The Institute thanks Moore Stephens for their work and support to the Institute over the years.

haysmacintyre were proposed as new auditors. haysmacintyre is a firm of chartered accountants and tax advisers based in central London, comprising of 33 partners and over 240 staff. They have one of the largest charities and not-for-profit teams

in the country and have the expertise, experience and resources to manage the Institute's

requirements. haysmacintyre is a co-founder and co-owner of MSI Global Alliance (MSI), an association comprising over 250 independent legal and accounting firms operating locally in countries around the world including Singapore and Dubai. Collectively its member firms have nearly 10,000 lawyers and accountants in over 100 countries.

The Special General Meeting unanimously agreed on the election of haysmacintyre as auditors for the Institute. **SN**



Intrinsic role in the Institute's evolution

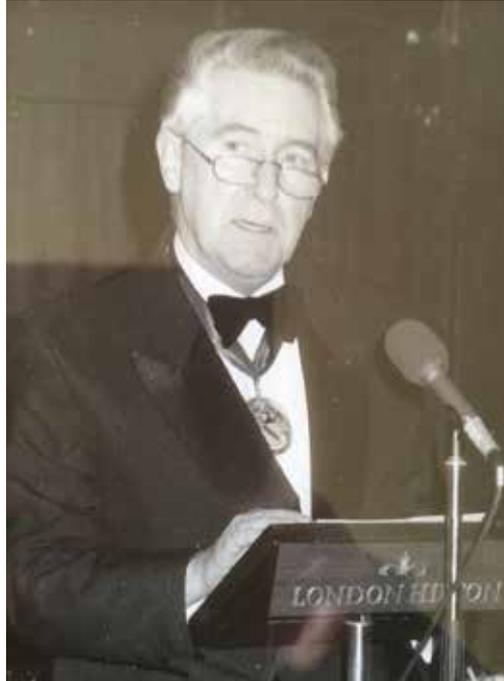
MODESTLY educated at the then Eastwood Secondary School near Glasgow, William (Bill) Angus Cameron joined the long-established Warden & Bell Shipbroking partnership as a trainee in 1952 and ultimately rose to the position of senior partner. Prior to this he was a well-known Lieutenant and later Captain of the successful 60th Glasgow Company of the Boys' Brigade.

For many years, Bill gave his time to the Glasgow Junior Chamber of Commerce where transport and shipping were his main interests. Here, he was enthusiastically involved in the adoption of many important initiatives which remain valid and maintained to this day. One of his great attributes was organisation, and there were few if any who had the ability to come up to his standards of detail and efficiency. Whether it be a national exhibition or a less extravagant Church display or jumble sale, all were given equal attention and detailed planning.

Apart from the passion he had for his family of five children and his wife Margaret, Bill's other passion was trout fishing. Many waking moments were spent making flies to catch that elusive fish, talking and fishing for trout, and generally doing whatever had to be done to ensure that the sport was well maintained, functioning and in good hands for future generations. He took the responsibility of management in a more formal way when he was elected as vice president of his local angling club. However, when a career change took him to the heart of the offshore oil industry in Aberdeen, Bill's angling aspirations came to an abrupt halt.

But, like a duck to water, he took in his stride the establishment of his firm as an important offshore oil broking service company in the oil capital of Europe in 1974. Although he shared his expertise between Glasgow, Aberdeen and London, Bill's final business resting place was Stonehaven, south of Aberdeen, where he established Cameron Marine Services, his own highly-respected shipbroking company from 1989 until his eventual retirement in 2008 at the age of 72.

Over his time with the Institute, the years from 1974 proved to be the most challenging and business-defining of his career. Having become a Member in 1959 and granted Fellowship some eight years later, Bill was presented with a



William (Bill) Angus Cameron

major challenge in the late 1970s when, as a member of the Council, he was given the responsibility for the modernisation and complete re-write of the Institute Bye-Laws. These needed to be presented to the Privy Council for Royal Assent.

A complete re-assessment of individual needs – which had been established since 1920 – had to be undertaken. For example, attitudes towards female members needed to be faced; a growing change from professional towards company, or corporate membership had to be addressed and a general antagonism overcome; and, most of all, the needs to educate not just the UK through London, but the whole shipping world in a fast-growing global economy, had to be embraced.

Bill was chosen to lead many of these initiatives to create a massive new beginning for the Institute. He became chairman of the responsible committee which ultimately took charge of re-writing the Royal Bye-Laws. Thanks to its success he was unanimously elected vice president and later president of the Institute. This was undeniably an historic moment for the Institute.

Bill also played an important role as an elected member of Aberdeen Harbour Board, appointed by the Secretary of State for Scotland, where he served from 1994 until 2002. He also served as a non-executive director of one of the leading stevedores and ships' agency companies in Aberdeen.

During all this, his charitable and civic interests saw him raise substantial funds in particular for cerebral palsy while at the same time his organisational abilities succeeded in fighting local government cuts, thus saving the valuable open-air, art deco, swimming pool asset in his home town of Stonehaven. This has proven to be a fitting survivor to the drive and initiative which he demonstrated and encouraged.

Throughout his life Bill also found time to be a member of The Scottish Shipping Benevolent Association and was president of this charity in 1981.

His final retirement years were spent in Callender with his wife Margaret, to whom he was totally devoted until her death in September 2012. Bill always saw his family as his most important legacy and was never happier than when in the company of his three sons, two daughters, eight grandchildren and two great-grandchildren. **SN**

Calendar

Dubai

APRIL EVENTS

2 April

Final deadline for registration for the May 2019 exams

4 April

Germany Branch
AGM and Annual Dinner
Hamburg

9-11 April

Singapore Branch
Sea Asia Conference
Singapore

11 April

Liverpool Branch
Annual Dinner
Liverpool

11-14 April

UK Spring Prep
Warwick University

15 April

London & South East
Branch
Student revision evening
London

28 April

Middle East Branch
Expert talk and
networking event
Dubai

MAY EVENTS

3 May

East Africa Branch
14th Annual Dinner and
Awards Presentation
Mombasa

12 May

North East of England
Tees Rowing Race and
Family Fun Day
Teeside

13-23 May

Institute May Exam
Session

17 May

North East of England
Branch
Annual Newcastle Dinner
Newcastle

31 May

South Wales and West
Branch
Annual Dinner
Cardiff

JUNE EVENTS

16 June

Middle East Branch
Expert Talk and
Networking Event
Dubai

28 June

Bulgaria Branch
Bulgarian Shipping
Summit First Dinner
Varna



The Secret Broker

In a celebratory mood?

I'm sitting next to Gate 46 in Hamburg Airport with a glass of beer, finally free of the lawyers who have been drafting side letters and munching biscuits in a marathon eight-hour ship-sale closing meeting. We had scheduled to finish in time for early aperitifs before lunch, but procedures, disputes and compromises dragged on until the last possible moment before registries closed, banks put up the shutters and flights departed.

This solitary glass is not quite the celebratory lunch I had planned, and in truth I am slurping my lager more in relief than in celebration. Knackered and breathless at the departure gate is not the time to celebrate, but when is it appropriate to celebrate a deal? The process of selling a ship can be a long one with a several key thresholds to pass where celebrations are appropriate. Hearing on the phone the words "OK, confirmed" creates a huge endorphin rush but it is generally unwise to celebrate or even pass on in writing until you see the confirmation yourself, be it an email, a text or scrawled on the back of a cocktail menu.

On our desk, congratulations are in order but there are no handshakes until the last subjects are lifted and nobody dare strike the ship's bell until the deposit is lodged. Generally it is also a bad idea to celebrate the night before the closing. Overseas in a fine hotel, with a grateful management unlikely to quibble too much on the expenses, the temptation to have a crack at the bottom end of the wine list and, thus emboldened, double dip with a second bottle can have disastrous effects the next morning. The last thing you need while trying to tally lube invoices or navigate a tricky letter of undertaking is to find the figures dancing in front of your eyes and the countersigned Letter of Undertaking sticking to your sweating hands.

QUESTION OF TIMING

The obvious moment to celebrate is when the protocols have been signed and both parties have shaken hands, both certain in the knowledge that they have the better of it. But timing is always an issue – both in the sense of the moment of delivery and the distance from the date of the Memorandum of Agreement. Closing meetings for some principals can invoke a queasiness unrelated to eve-of-closing celebrations. I once had a closing, in a particularly volatile market, where one of the principals appeared pointedly wearing a black tie in mourning, and not even the table at the Savoy which I had reserved for lunch was going to induce him to take the long view.

Occasionally, particularly when the closing meeting is in Europe and the vessel is in Asia, the earliest of starts produces a result before 10am. Even the most liver-hardened broker might struggle to get the party started at this hour and people feel obliged to schedule meetings or reschedule flights and the celebratory moment is lost. More common is a the long delayed and drawn out hand-over. With a junior colleague we managed to conclude a deal at an eye-watering number and hold on to it as the market plunged vertically. The delighted seller promised the best food and wine that Copenhagen, and probably therefore the world, could provide and the chef's table had been booked for noon. Our flight was at 1800hrs. Noon came and went, as did one, two and three. We sat down at 1630hrs, ate six courses in 25 minutes, swilled down with some of the finest wine known to humanity and just made the flight.

So when do I celebrate this most recent deal? As revenge is best served cold, so gratitude is best served piping hot. Perhaps dinner this weekend with my wife, with the client's name on the receipt. **SN**



the stern

SEA SHANTY CELEBRATES IMO MILESTONES

Delegates at the 100th session of the International Maritime Organization's (IMO) Maritime Safety Committee (MSC 100) were treated to a song dedicated to the IMO for the anniversary, as well as for the 70th anniversary of the IMO.

The ditty, entitled 'For a Better Future', was presented by Shanghai Maritime University (SMU) as part of celebrations for the Maritime Safety Committee achievement, according to a MTCC-Asia.

Lyrics include the lines "We'd ship across every ocean/And navigate every ambition" and "Shipping towards our glorious missions/Maritime nature is inscribed in us all".

SMU and the International Maritime Lecturers Association collaborated to create the track around the theme of World Maritime Day 2018. The words and music were composed by Yan Zhang and Jingye Shen respectively.

A CD memorial frame of 'For a Better Future' was presented to IMO secretary-general Kitack Lim by Jin Yongxing, SMU and MTCC-Asia chairman, at the Global Forum on Green Shipping: In Celebration of IMO 70th Anniversary in

July last year, during which the song was performed by the Shanghai Maritime University Student Chorus.

A video featuring the song can be found at https://www.youtube.com/watch?v=3w_cuO5Na-g.

Perhaps shipping needs its own hits chart? **SN**



SMU sang the ditty for the IMO audience

WILL YOU BE THE CHOSEN ONE?

This year looks set to be a very digital one for one shipping company.

Startup Loginno, which claims to offer a unique solution to convert normal containers into smart Internet of Things (IoT) containers, has revealed that it is leading a venture to digitalise a shipping firm's complete container fleet in 2019—and shipping companies can apply to be the lucky organisation.

According to the project, called *The Contopia Factor (TCF)*, IoT information from shipping containers can be used to better manage a container fleet, and data-mining from boxes can be commercialised and sold to the logistics chain.

Speaking of the firm whose fleet will be digitalised, TCF said: "The selected shipping company will be able to extract real-time data, unlocking countless logistics benefits and propelling marine logistics into the Contopia age."

Shipping companies operating one or more lines and a container fleet of 150,000 shipping containers maximum that is either owned or leased are eligible to apply, and TCF is open for proposals until mid-March.

Scheme partners include Lloyd's Register.

For more information, visit <http://loginno.com/thecontopiafactor/>. **SN**

AND FINALLY...

It seems that cats like shipping too—a moggy in the UK had to be tempted out of a 40ft shipping container with food after getting stuck inside for three days in January.

Aslan, a kitty from the Midlands in England, was rescued by firefighters after being discovered in a unit full of chairs and tables at a factory site near his home.

His owners had tried to get him out after noticing that his brother, Arlo, kept going to sit by the container.

Aslan, thought to have snuck inside when the door was open, was found at the far end of the unit but had to be bribed out from where he was with the food.

He sounds like a smart kitty to us. **SN**

SHIPPING SPEAK

“We can say with confidence that founder Thomas Hope Robinson's legacy will continue to live on”
Portcare International managing director Peter Owen pays tribute to now-defunct maritime magazine Fairplay

“Brexit is something to be taken very seriously”

Maritime London chief executive Jos Standerwick discusses the UK's departure from the EU in an episode of new maritime industry podcast The Shipping Exchange



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.

Junior Operator, Singapore

A global dry owner/operator is looking to invest time into developing someone that demonstrates a passion for shipping and in particular operations by training them internally within their operations team. The ideal candidate will be someone with a maritime educational background coupled with relevant work experience ideally within operations or finance.

<https://bit.ly/2BhCJDa>

Manager Financial Trading – Shipping, Singapore

Do you have a solid understanding of FFA? Join a global mining company in Singapore. Our client is looking for candidates with a minimum of 5 years of experience as a financial trader in bulk freight or bulk commodities. Knowledge and experience in financial trading is essential, as well as a sound knowledge of standard charter party terms, VAR and financial modelling.

<https://bit.ly/2DeN8j1>

Tanker Vessel Operator, London

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