



Welcome

Welcome to the Seacurus Monthly Bulletin – once again we hope to explore in detail the issues affecting some key industry areas, namely crew welfare and security.

The past month has seen a host of Maritime Labour Convention (MLC, 2006) related deficiencies and so port State detentions have begun to bite into the industry. We explore whether there really is a commitment to industry change, or will it take too long to really take effect.

Given the recent rash of shipping bankruptcies, and red financial reports, we look at the cyclical nature of shipping through the eyes of Harvard Business School Academics. They suggest that in tough financial times, some shipping companies would benefit from going back to financial basics.

We also examine the financial alarm bells that should start sounding when companies are struggling. The ITF has been speaking out on how crews can better prepare themselves for trouble.

Switching our focus from seafarer abandonment and welfare issues, we once again look at the problems of piracy. Not just the fact that Somali attacks have started once more, but the issue of under reporting. It has been stated that up to sixty percent of vessels attacked in the Gulf of Guinea do not report them to the authorities. Why, we ask, is reporting so toxic?

We also look at the recent kidnaps for ransom off Nigeria, and ponder whether this is a growth of a new trend, or simply the return of an old one. Either way, it seems that owners are right to be concerned. While off Somalia and in Asia there has been a number of recent attacks – and we examine the security issues facing the industry in these areas.

We hope you find our latest report of interest.



Captain Thomas Brown
Managing Director –
Seacurus Limited

Content

Abandonment Scenarios: Maritime Labour Convention (MLC, 2006) related deficiencies have begun to bite. We explore the commitment to industry change.

Business 101: In tough financial times, it seems some shipping companies would benefit from going back to financial basics.

Alarm Bells and Apps: Seafarer welfare organisations have come up with new ideas to help crews – but to what end?

Defining Problems: It has been reported that up to sixty percent of vessels attacked in the Gulf of Guinea do not report them to the authorities. Why is reporting so toxic?

Ransom Resurgence: The piracy situation off the West Coast of Africa has been rapidly deteriorating throughout 2013 there is little sign of progress.

Piracy Warnings: Last month saw a flurry of reported piracy activity in the Indian Ocean, prompting reported and headlines that the “Pirates Are Back in Business”.

Monthly News Round-up: The most important stories from across the past month.

Abandonment Scenarios



Since the Maritime Labour Convention (MLC, 2006) entered into force, 7 ships have now been detained for MLC-related deficiencies in the Paris MoU region. Which is a fairly healthy start, and it demonstrates a commitment to use MLC as a means of driving change – though it also suggests a degree of measured control, rather than any kneejerk reactions to the new Convention.

According to the Paris MOU, this means that 10% of the total number of detentions (68) in the Paris MoU area in this period were MLC, 2006 related. The detentions were imposed by 4 different port States: Canada (2 ships), Denmark, the Russian Federation and Spain (3 ships). The detained ships were flying the flag of Cyprus (2 ships), Liberia, the Netherlands, Panama (2 ships) and Tanzania. 11.5% of deficiencies were related to any of the ILO Conventions listed as relevant instrument.

Despite this seemingly positive start, seafarer welfare experts still believe the MLC may take longer to really be felt than many think. The BBC recently ran a feature looking at welfare issues, and the role that shipowners need to play to safeguard their crew's financial and personal welfare.

The BBC spoke to Father Colum Kelly who works for the Apostleship of the Sea, (or better known worldwide as Stella Maris). The good Father has seen a lot over his years of working with seafarers, and sadly he has long been left to reflect in the fact that the goods are valuable and looked after, but “who’s looking after the welfare of the seamen on board?”

The welfare agencies are naturally embracing the Maritime Labour Convention, Father Colum sees it as wholly positive, but is concerned that it may take some years to become fully effective, especially as there is a seeming rise in the number of owners who simply abandon their seafarers when the financial going gets tough.

The ship’s owners are in financial difficulties, leaving the crew trapped at sea with their salaries unpaid. It’s not an unusual problem, but it is a significant one, and the poor crews are left desperate about the plight of their families back home because there’s no money coming in to pay bills.

The plight of abandoned seafarers is not just about what happens to them on their ship, and while being stranded far from home can be a miserable experience, it does not stop the crews from being hounded by banks, by mortgage companies, by schools for school fees, for hospital fees, all the things that professionals take for granted when the wages stop, life relentlessly, goes on – and people want their money.

Within MLC there is a requirement for repatriation, and flag States and P&I Clubs are beginning to step up and face their responsibilities. Alas, all too often, as wages are not factored into this, the abandoned seafarer often figures the only way of getting paid is to stay with the ship. So the abandoned seafarers of the post-MLC world are almost doubly damned when the owners won’t/don’t pay wages. They could be back home, but are instead forced to remain onboard, desperately hoping that their continued presence will get them back what is owed.

It seems clear that despite the enormous changes which MLC has, and will bring to shipping – there are still black holes and unanswered questions. The Governing Body of the International Labour Organization (ILO) continued its development work recently as it held its 319th session with the aim of discussing a series of employment and social issues that are affecting the world of work today.

The meeting, which ran 16-31 October, reviewed basic labour rights, social protection issues, technical cooperation approaches and sectoral activities and examined progress in making decent work for seafarers a “reality”.

Elsewhere in a further boost to the profile of maritime neglect, an abandoned seafarer became an award winner at the 2013 Lloyd’s List Global Awards. The former master of “A Whale” Captain Khan Jubair Niaz won the “Seafarer of the Year” award. His tale is one which is alas all too familiar, and serves to highlight how important it is to protect and safeguard the wages of seafarers.

Business 101

In tough financial times, it seems some shipping companies would benefit from going back to financial basics. When the cold wind of a cash crisis grips, only the wisest will survive. According to new research from the Harvard Business School many ship owners have not seemed to have grasped the most basic of facts, such as the seemingly obvious fact that the shipping business is highly cyclical.

In new research, academics have explained why executives should take heed and beware the earnings cycle. Like investing in a mansion when the real-estate market is at its peak, buying a dry bulk ship in a boom time is a terrible long-term investment.

In "Waves in Ship Prices and Investment", a National Bureau of Economic Research working paper, Professor Robin Greenwood and Assistant Professor Samuel G. Hanson studied trends in the bulk shipping industry, constructing patterns of return for investors.



The research results—that heavy investment in a boom depresses future earnings—were unexpected, says Greenwood, the George Gund Professor of Finance and Banking. "We were shocked at how predictable the returns are in this industry."

Over the course of a year, Greenwood and Hanson interviewed a variety of people, and they found that cargo shippers seem slow to recognise marine boom-bust cycles. The researchers found that earnings were quite volatile but followed a predictable sequence. Several factors influenced the cycles: a rush to build too many ships when market demand rose, coupled with a lack of attention owners paid to increasing worldwide competition.

In the paper, Greenwood and Hanson point to shipowners, perhaps for psychological reasons and the fact that there's a lag time between ordering and building a ship, often scramble to build new ships in "good times". This leads to a glut of ships competing in the market a few years later, accompanied by a decline in fees going into the hands of owners and, at the end, the scrapping of ships..

"When rates are low and when everyone else is destroying ships, you want to order them," Greenwood says. "It's a contrarian strategy. When everyone is ordering ships is the time you should be selling." They added, "People mistake a shock to demand with an ability to generate profits. They overinvest because they don't understand."

It may not be rocket science, but the fact that the shipping industry keeps falling for the same trap is troubling, and leads to big financial problems. Indeed despite the market being depressed for a sustained period there are still lessons which are emerging.

Recently Deutsche Bank's head of finance Nick Roos claimed that the banking industry's exposure to shipping losses is too high. According to Roos the actual value of the shipping fleet is \$550bn while banks' exposure is \$450bn, meaning they had a total leverage of 85% loan to value (LTV). This situation was "unsustainable because of regulatory pressure on banks," he said.

There was now a funding gap because \$270bn worth of ships was on order, which banks "couldn't possibly" finance, he added, meaning capital markets would have to step in. It was pointed out that market values of ships had typically collapsed by 50-60% since the 2008 crisis.

Indeed banks can often be left to pick up the pieces of a collapse. HSH Nordbank has signalled an intention to scrap dozens of ships seized from indebted clients, if the shipping bank fails to sell them. Rune Hoffmann, a spokesman for HSH Nordbank, said potentially 30 to 40 of the 1,100 vessels in the restructuring unit might be affected. "If a ship is no longer supported by its owners and we don't find a buyer, then a insolvency or scrapping of the vessel may become the last option," Hoffmann said.

The past month has seen a number of big shipping names seemingly flirting with financial problems. According to reports. Euronav announced a net loss of \$27.2m for the third quarter 2013 as oversupply prevented a tanker market recovery. While China Shipping Development Corp (CSDC) sank into deeper losses in the third quarter ended 30 September 2013 and is expecting to post a full year net loss. The state-owned shipping firm booked a deficit of \$40.5m in the third quarter. Losses the company blamed on "domestic and overseas shipping markets...experiencing a downturn".

They were not alone. Mercator Lines (Singapore) reportedly saw revenues plunge in the second quarter of 2013 amid the “sluggish dry bulk shipping market”. In the quarter ended 30 September 2013, Mercator Lines reported a net loss of \$5.43m, while revenue for the quarter dropped 40% year-on-year to \$21.42m due mainly to a fall in shipping spot rates, termination of charter in vessels, disposal of vessel and new contracts at rates lower than the previous rates.

While the Indian company Varun Shipping could reportedly lose its licence to operate ships if it fails to honour its financial commitments, including payment of wages. The Indian Director General of Shipping, issued a notice to the company recently with a warning that it would withdraw its Documents of Compliance if it continued to operate ships without paying wages to seafarers and not adhering to statutory provisions that threatens safety of its ships.

Varun is understood to operate a fleet of approximately 20 ships, including LPG tankers, crude carriers and offshore supply vessels. According to officials, the company has not been paying wages to employees for six to eight months. It has been suggested the company has defaulted on payments to surveyors of classification societies and suppliers of spares and provisions, as well as its own crews.

If the company loses its DOC, it will also lose its insurance cover, and thereby its ability to trade. The National Union of Seafarers of India, has expressed frustration at the situation, stating the company had failed to honour an agreement it signed with the union, and claiming that seafarers on some vessels were not paid for more than ten months.

Even companies which have remained in the black have been depressed about the current climate. The head of NOL Group Ng Yat Chung has warned on the incredibly poor peak season for container shipping. NOL, which runs boxline APL, recently revealed Q3 net profits of \$20m.

CEO Chung said, “This is one of the weakest peak seasons we have seen in recent years, characterised by depressed freight rates and industry over-capacity”.

Alarm Bells and Apps

While the ILO was gathering to review the progress of MLC thus far, elsewhere seafarer welfare organisations were discussing a range of scenarios under which ships become abandoned. In a statement released by the International Transport Workers Federation (ITF), they state that while the exact circumstances of any abandonment may vary the effect on the crew is depressingly consistent.

The ITF also spoke of the “alarm bell” which should ring as far as seafarers are concerned. They state that if a month’s salary is “delayed or an employer fails to provide proper funds for the running of the ship” then these could be the tell-tale signs of trouble.



The ITF Seafarers’ trust says that once the financial alarms begin things can deteriorate quickly, “Perhaps a second or third month will pass with empty promises of pay at the next port. “Then the nightmare begins,” they continue. “Thousands of miles from home, your ship runs into difficulties or is detained by port authorities on safety grounds.”

For the times such abandonment alarm bells are beginning to ring the ITF has launched a new “Seafarers app” for IOS and Android which combines two earlier apps: ‘Look up a ship’ & ‘Find an inspector/union’ which were launched earlier in the year as two separate apps.

These apps enable seafarers to find out ship particulars, and to make contact with ITF inspectors and affiliated maritime unions. Both apps had very positive feedback from seafarers and those chartering ships alike, which inspired the ITF to combine and improve the apps into a one-stop-shop for seafarer needs. Seafarers can now use the app to look up a ship, find an inspector or union, and get in contact. Not to be outdone, the International Chamber of Shipping (ICS) has also launched a new web-based information resource to assist shipping companies to implement MLC.

Speaking at the Manning and Training Conference in Manila, ICS Director Employment Affairs, Natalie Shaw, said: "This new ICS resource should help to answer many of the questions that employers still have with respect to MLC implementation and will hopefully serve as a kind of 'one stop shop', in combination with guidance we have already produced and that of individual flag states."

The new web resource contains responses to Frequently Asked Questions (FAQs), the differing ratification status of flag states, various guidance materials that have been produced by the ILO, as well as the existing free guidance on Port State Control which ICS published free of charge this summer. It also includes very recent material such as draft ILO guidance for the training of ship's cooks which was only developed last month.

Speaking in Manila, Ms Shaw remarked: "Although the ILO work hour record requirements have been around for some time, the entry into force of the MLC means they should now begin to bite and ships will need to produce very detailed records if they wish to avoid falling foul of port state control."

The dedicated area on the ICS website site can be found at: <http://goo.gl/dfCROL>

Defining Problems

It has been reported that up to sixty percent of vessels attacked in the Gulf of Guinea do not report them to the authorities. Moreover, the fact that a distress call will not elicit a rescue by a Western warship is seen to dissuade many ship owners from reporting an attack, fearing the unwanted side-effect of seeing their insurance premiums rise or of being arrested themselves, as in the case of the "MT Ocean Centurion", a parcel chemical carrier flagged in the Republic of the Marshall Islands. The master of which was arrested in Togo when he reported a pirate attack.

Piracy in this particular part of the world has a far-reaching effect, deep into countries' national territory, throughout West Africa, as well as on states and ports on the Gulf.

A number of industry experts have voiced concerns that a lack of clear reporting is masking the true scale of the piracy problem, whether in Asia, West or East Africa. The curse of "under reported" pirate attacks or misunderstood data are serious barriers to maritime security. Without properly collected, collated and analysed data it is near impossible to really know how effective the fight against piracy has been. Indeed, concerns over the exact nature of the figures have prompted fears the attack statistics are misleading – while others have called them downright wrong. As a result there are calls for an urgent review in the way that reports are generated, captured and ultimately promulgated.

There have been increasing appeals for a single non-political independent reporting depository to solve the problem as the industry is becoming increasingly frustrated by the existing process. It also seems that problems have emerged as the threshold for reporting has undergone a significant change over the past 18 months, due to the “dumbing down” of reports and a failure to report.

Such concerns highlight a seeming two-fold issue – and it would appear that without addressing the issue of definitions, then any future reporting regime will ultimately suffer the same problems.

There are many complications in verifying maritime crimes as “piracy incidents” – and it seems perhaps the catch-all concept of piracy is becoming redundant in its traditional sense. While of course the word “piracy” has become synonymous with the notion of the unauthorised use or reproduction of copyrighted or patented material. Piracy is not a uniquely maritime notion.



Indeed, even in the maritime legal sense the use of piracy as a definition can become skewed or hijacked for political expediency. As a number of environmentalists face charges of alleged piracy, commentators are wondering just how realistic piracy legislation is. For Greenpeace, whose people it is caught up in the row, this isn't the first time environmental activists have been accused of piracy.

In February this year Sea Shepherd anti-whaling activists were found by US courts to have committed "piracy" for their conduct in the Southern Ocean, under the UN Law of the Sea (UNCLOS).

The whaling case hinged on interpretation of Article 101(a) of UNCLOS, which states that piracy is: "any illegal acts of violence or detention, or any act of depredation, committed for private ends". While it seems the Russian authorities are now viewing the Greenpeace protesters as "hooligans" as opposed to "pirates".

Even the US State Department has agreed that under-reporting and non-reporting of such crimes makes such statistics questionable, coloured in large part by the perceptions and interests of the maritime sector of the booming oil industry.

We can perhaps see that there is understandable confusion developing, and perhaps it is time to reconsider, reclassify and ultimately reassess what is meant by the component parts of maritime crime. While it is possible to keep piracy within UNCLOS, it would be beneficial to have a means of further drilling into the concept, breaking down attacks into armed attack, hijack, robbery, terrorism, kidnap, pilferage, fraud, vandalism, theft, political protest, etc.

By doing this, it would be far easier for reports to be generated, and actual useable data to be generated. Where there remains uncertainty about attack levels, then it clearly weakens the response mechanisms and the levels of protection (whether physical or financial) and the effective use of adequate deterrents.

Maritime security and the protection of seafarers and vessels is a serious business, however where the magnitude of the real problems are masked by issues of console game copying, movies, or protestors, then it seems criminals are not the only problem which needs to be urgently addressed.

Ransom Resurgence

The piracy situation off the West Coast of Africa has been rapidly deteriorating throughout 2013 and as the year approaches its end, there is little sign of progress.



The levels of robbery and hijackings off the Nigerian coast and elsewhere in the Gulf of Guinea are a real cause for concern. Indeed the security problems have been spiralling to such an extent that the area is becoming engulfed in what the United Nations (UN) has described as a “catastrophe” as a record number of attacks have been launched against shipping in the area.

Concern about piracy in the Gulf of Guinea has long been mounting but it wasn't until 2010 which saw a real turning point and escalation in attacks against loaded product tankers. In 2011 the UN Security Council issued Resolution 2018, “expressing its deep concern about the threat that piracy and armed robbery at sea in the Gulf of Guinea pose to international navigation, security and the economic development of states in the region”. The Security Council also called for “a comprehensive solution to the problem of piracy and armed robbery at sea in the Gulf of Guinea”.

Two years on, and it seems the strategy is not quite yet working. The resolution fell short of authorising other States to enter territorial waters to repress piracy and as such critics felt it to be inadequate.

Perhaps predictably West African piracy poses an incredibly dangerous threat to shipping, and this does seem to suggest that a stronger tack is needed. To combat piracy off Somalia the UN Security Council called upon states and regional organisations to fight piracy with naval vessels, arms and military aircraft, but UN Resolution 2018 stopped short of such an approach. Instead it simply expressed “concern”, which does not seem to be having the desired effect. Not least because the problems have seemingly taken on a worrying kidnap and ransom element.

In the latest high profile attack the captain and an engineer were snatched from an offshore supply vessel in international waters within the Gulf of Guinea. The vessel was the US-flagged “C-Retriever”, a 68 metre ship owned by Edison Chouest Offshore of Louisiana.

While there is much to be concerned about with the Gulf of Guinea area, some believe that such statements fail to capture the fluid nuances of maritime crime in the region. Concerns of wide spread disorder do not really capture the picture, according to risk analysts, what has really happened off West Africa is a shift in the geographic distribution of pirate attacks and a shift back to maritime kidnap for ransom. Indeed, some are of the view that the kidnapping of the two American mariners does not signal the rise of a new piracy threat off Nigeria, but rather the re-emergence of an old one.

This is a form of piracy that is by no means new to the area, indeed the kidnapping of foreign oil workers on land and at sea reached a peak in the Noughties during the petro-insurgency waged by the Movement for the Emancipation for the Niger Delta (MEND) and other Delta militants.

Unable to hijack and ransom entire ships in the Somali fashion, the Delta militants would most commonly seize an offshore support vessel, separate and kidnap the foreign workers, and hold them hostage in jungle camps until the oil and shipping companies paid discrete ransoms. Those types of attacks declined dramatically after a 2009 government amnesty program offered cash, jobs and schooling for militant leaders and their followers who would lay down their weapons and renounce the insurgency.

However, the kidnapping of the C-Retriever's officers bears many of the hallmarks of a MEND-style kidnapping. The vessel was attacked while moving between the offshore Agbami oil fields and Port Harcourt; the kidnapers took only the most valuable hostages; and a MEND spokesman now claims that one of its "heavily armed auxiliary outfits" is holding the hostages.

It is premature, however, to assume that this incident and other recent kidnappings represent the resurgence of old habits or the rise of a new piracy enterprise. While some believe it possible we are seeing the remnants of the MEND insurgency turning their back on politics, but instead looking to the lucrative gains of criminality. The "junior militants" of the early part of the century have perhaps grown with as much desire for money as power, and that is a very worrying development indeed.

After a period of searching the seafarers were eventually located, and it was understood that third-party agents made contact with the hostage-takers, who have not been publicly identified, and had begun talks to free the men.

Usually such negotiations are concluded much quicker in West Africa, than they are in Somalia. So there has been optimism that this is a positive development. Given the fact that the attack was on a US vessel with US seafarers, the incident has drawn much attention State-side. However, the U.S. government was quick to dismiss any military action to rescue the crewmen.

For the US Government, having its own citizens in pirate hands is a particularly difficult pill to swallow. Not least because it has a clear and longstanding policy against complying with ransom demands. Something which it has tried in the past to compel private companies to follow, but once again as stated in an earlier article, even the legal definition of the plight of the seafarers is coming into play.

According to Donna Hopkins, the U.S. State Department coordinator on counter piracy and maritime security, the "C-Retriever" incident has now seen a shift of focus. According to Hopkins, "This is now a hostage case; its genesis may have been a pirate attack, but legally speaking, it is now kidnapping, not piracy.

As such it is understood that the violent crime section of the FBI New York office is now leading the investigation, though not negotiating directly with the kidnapper. The FBI has perhaps understandably declined to comment, saying they do not want to jeopardise the safety of the captives.

Piracy Warnings

Last month saw a flurry of reported piracy activity in the Indian Ocean, prompting reported and headlines that the "Pirates Are Back in Business".

The International Maritime Bureau (IMB) detailed reports of a number of attacks, not least one attempt to grab the Hong Kong-flagged very large crude carrier "Island Splendour" around 237nm East of Hoby, Somalia.

The attack saw pirates in two skiffs approach a tanker. Thankfully the officers and security team onboard were vigilant and on the guard. The Master raised alarm, sounded ship's whistle, increased speed and the crew mustered. An embarked on-board armed security team fired warning rocket flares which were ignored. As one skiff closed to a distance of 400m a warning shot was fired and ignored. When a second warning shot was fired the skiff stopped and returned fire with an automatic weapon. The guards retaliated resulting in the skiffs aborting the attack.

As the South West monsoon influence has gradually declined there have been a number of incidents reported to counter-piracy organisations in the High Risk Area (HRA) involving small craft approaches on merchant vessels.

Last month saw some new research into the effect of weather on piracy operations. Perhaps not surprisingly academics found that weather patterns have a measurable effect on the activity of Somali pirates in the Indian Ocean and the Arabian Sea, particularly during the Northern Hemisphere summer. A recent publication, "Somali Piracy and the Monsoon", provides the first detailed analysis of the weather and ocean conditions during recent pirate attacks in the Indian Ocean region. High winds and seas are the enemies of piracy it concludes. <http://goo.gl/klvoFN>



UK firm Dryad Maritime Intelligence also warned that the attacks in the space of four days last month indicate that maritime piracy has returned to East African waters. According to Dryad, "Despite the pressure applied by coalition forces and the assessed depletion of pirate resources, there was a likelihood that we would see a break out of a PAG into the sea lanes and that the hijack and ransom of a single large merchant vessel would be all it would take to feed the infrastructure of the Somali pirate criminal enterprise," said Ian Millen, intelligence director at Dryad.

The major concern has not so much been the fact that pirate action groups are still operational, but shipowners have been warned that pirates may not be so easily repelled by security measures.

Indeed the approaches are more determined than usual, and the pirates are prepared to put up a “real fight” for ships. With a lower haul of hijacked vessels in the past 18 months, the pirate groups are seemingly becoming desperate to grab a ship and crew. So they are willing to really battle to get onboard and take control.

There are also concerns that if they do manage to hijack a vessel, then they will be more resolute too in their ransom negotiations. When there was a glut of held vessels, and they felt that once one was released they could go and grab another, they were still determined to get millions of dollars. Now that their targets are harder to take, it seems likely that the price will be higher and the negotiations much, much harder.

It has not just been West and East Africa which have seen piracy attacks and hijackings in the past month. It was also reported that a Thai-flagged oil tanker went missing for two days after being hijacked by pirates near Singapore. The IMB’s Kuala Lumpur-based piracy centre said the vessel became uncontactable after leaving Singapore four days earlier. “The pirates stole its cargo and damaged the ship’s communication equipment. All crew are safe,” the centre said.

Elsewhere the major concern is of attacks on vessels at sitting within anchorage areas. Indonesia saw a surge in robbery attempts in October with reports at one stage of at least one incident per day.

The key anchorages at Karimun, Nipah and Santan were the main targets, and authorities urged vessels to exercise caution due to a risk of piracy. It also appeared that vessels undergoing ship-to-ship (STS) transfers were particularly vulnerable, according to the IMB Piracy Reporting Centre.

While security consultants AKE Maritime said, “Regular attacks continue to take place in Indonesian and littoral waters, with a mixed response from the authorities. It is also likely that a lot of attacks are going unreported”.

Monthly News Roundup

MARITIME LABOUR CONVENTION AND SEAFARER NEWS

Seafarers Welfare

Per Gullestrup, the former CEO of the Clipper Group, took over as Chairman of the International Seafarers' Welfare and Assistance Network on 1 November 2013. ISWAN is an international NGO and charity set up to promote the welfare of seafarers worldwide. Per replaces Hennie La Grange who is stepping down as acting Chairman. Per Gullestrup said "I am pleased to be taking up this role at a time when the newly merged organisation is beginning its journey to further improve the welfare of seafarers worldwide. I am looking forward to working...to ensure that seafarers' welfare has a higher profile". <http://goo.gl/UEvdwq>

Rapid Change

The maritime industry faces a decade of rapid and comprehensive change in trade, vessels, crewing and many other areas, a conference organised by The Nautical Institute. Delegates were positive about the future of the industry as they heard of fleets increasing in numbers and ship sizes growing. This was particularly the case with the younger generation. Kuba Szymanski FNI, Secretary General of InterManager summed up by saying: "There are lots of challenges and few answers, but mariners are going to have to cope with that." The conference expressed "apprehension" about the prospects for unmanned vessels. <http://goo.gl/vHIQRF>

Ordered to Act

An Indian court has ordered the police to act against two individuals, the Chairman and Managing Director of Shipping Corporation of India and directors of six manning agents (who run ships registered with SCI), based on a complaint made by an SCI employee who has alleged diversion of seafarers' gratuity worth thousands of dollars. Seafarers are paid by the manning agents of SCI, after deduction of gratuity, provident fund and pension funds. The gratuity is supposed to be deposited in the Seafarers Welfare Fund Society (SWFS), but the complaint alleges that the gratuity was instead being deposited in a private trust for the past ten years. <http://goo.gl/21ND7H>



Serious Safety

Scientists at Southampton Solent University, who carried out research into maritime accidents, said that while the number of accidents at sea has fallen by about 18 percent since 1980, many incidents occur in areas of environmental significance, such as the South China Sea and East Indies, eastern Mediterranean, North Sea, Black Sea and British Isles. The North Sea is one of the most intensively sailed seas in the world, with more than 120,000 ship movements each year, according to Simon Walmsley, marine manager at WWF. 'Shipping lanes around the U.K. are already some of the world's busiest and will get busier as the global fleet expands,' <http://goo.gl/5OWclb>

Decade Milestone

The International Bargaining Forum (IBF) has started a new round of negotiations, marking the 10th year of industrial relations. The IBF was formed in 2003 as a mechanism for collective bargaining between maritime employers and maritime unions over the wages and conditions of employment for seafarers serving on foreign flag ships covered by ITF special agreements. Maritime employers are represented by the International Maritime Employers' Council (IMEC), the International Shipping Employers' Group (ISEG) in a Joint Negotiating Group (JNG), which allows maritime employers to present to the ITF a co-ordinated view of employers.

<http://goo.gl/tWnuLh>

Management Ventures

Third party ship managers will become more in demand in the offshore sector as the health and safety and regulatory environment toughens up, according to one of the U.K.'s leading ship owners and ship managers. "Like a lot of maritime sectors, it comes down to size and scale but if the regulatory situation becomes even more intensive then it will make sense for an owner to look to third party managers," said Chris Stone, Chief Operating Officer of Bibby Ship Management. Mr. Stone, who took over as company COO in July this year, said that ship owners were increasingly looking to work in partnership with their managers. <http://goo.gl/SN5UT1>

Criminalisation News

Maritime TV launched the inaugural edition of a new Internet TV program series entitled the Maritime TV Seafarer Criminalization Bulletin to highlight the abuse of Law, including lack of due process and other abuses for seafarers who face criminal charges in jails, worldwide. From excessive detention, in inhumane conditions, without hearing or trial to denial of the rights of habeas corpus this Maritime TV series goes in depth with very moving profiles. <http://goo.gl/Fgu4Zp>

Crew Released

The crew of an offshore survey vessel has been released after being detained by Venezuelan authorities for allegedly working in waters disputed with Guyana. Malaysian contractor SapuraKencana said the 36-man multi-national crew had been released after being held by the Venezuelan Navy on Margarita Island for five days, along with their vessel the Teknik Perdana. The vessel was boarded by the Navy while carrying out a seabed survey off Guyana for US explorer Anadarko Petroleum, with the Venezuelan authorities claiming it was working in waters disputed between the two countries – a charge denied by Guyana. <http://goo.gl/AW5ync>

Ship Arrest

A car carrier owned by Nobu Su-controlled Today Makes Tomorrow (TMT) has been arrested by Hyundai Heavy Industries and its subsidiary in Malta. It is understood the yard is demanding \$64m prompting the arrest of "B LADYBUG". According to sources, the vessel was seized at the request of HHI and Hyundai Samho Heavy Industries on October 15. The 27,000 dwt B Ladybug was built in 2011 at Hyundai Samho. However the trouble does not end there, as separately, the ship's 22-strong crew had the ship placed under arrest on September 29, claiming unpaid wages of €246,684. The crew had not been paid for almost five months. <http://goo.gl/5f1vUU>

Flag Growth

International Registries, Inc. and its affiliates (IRI) provide administrative and technical support to the Republic of the Marshall Islands (RMI) Maritime and Corporate Registries. The RMI Registry is the third largest in the world surpassing 96 million gross tons and nearly 3,000 vessels at the end of September 2013. The RMI Registry is expected to reach 100 million gross tons over the next two quarters. Japanese shipowners, whose tonnage has more than doubled over the past several years, are very important to the RMI Registry. The majority of this tonnage is comprised of bulk carriers and gas carriers.

<http://goo.gl/aYAzXv>

Paper Tigers

Seafarers feel they spend too much time on tasks they consider to be an administrative burden according to the findings of a study by the Danish Maritime Authority, supported by InterManager, the international trade association for ship and crew managers. A comprehensive survey of international seafarers revealed that a third of all nationalities are annoyed or frustrated by administrative burdens in the maritime sector. These burdens stem from what the seafarers consider to be unnecessary repetition of tasks and demands for too much paperwork and documentation to be handled. Time should, instead, be reallocated to more "fruitful tasks" they add. <http://goo.gl/ClwByW>

Still Stranded

At least 21 Filipino seafarers who had been stranded in Malta earlier this year have yet to be repatriated, the Philippine Overseas Employment Administration (POEA) said Friday. POEA head Hans Leo Cacdac said he was “vexed” with the manning agency of the seafarers for failing to bring them home. Cacdac said the POEA has already suspended the concerned manning agency for failing to repatriate the 21 seafarers. He said at the time the POEA already sent a repatriation notice to the agency. Last August POEA said efforts were underway to repatriate the 21 seafarers stranded aboard the cargo ship “MV A Ladybug” in Malta. <http://goo.gl/0nBCLb>

PIRACY AND MARITIME SECURITY NEWS

Company Cleared

The company that owned the MV Leopard, a ship that was hijacked by Somali pirates in 2011, has been cleared of any wrongdoing. Shipping company Shipcraft is not to blame for the hijacking of its vessel the MV Leopard in 2011 according to a report from maritime accident investigation board, Den Maritime Havarikommission. The board investigated why the ship’s unarmed guards had been left in the port town of Salalah in Oman 24 hours before the hijacking. They concluded, however, that armed guards aboard the ship couldn’t have prevented the attack. <http://goo.gl/moUe77>

Legal Confusion

For 2 1/2 years, a Somali man has languished in jail, waiting for his trial on piracy charges to begin — even though the judge in the case says he’s not a pirate and has concluded that the lengthy pre-trial lockup violates his constitutional rights. “It’s embarrassing for a nation committed to the rule of law to have someone sitting in jail for 30 months without a trial,” said Jonathan Turley, a constitutional law expert at George Washington University who is familiar with the case. Authorities allege that Ali Mohamed Ali, 51, negotiated a ransom for Somali pirates during a November 2008 pirate takeover of a Danish merchant ship in the Gulf of Aden. <http://goo.gl/LII86j>

Cause and Effect

The causal relation linking organised crime and maritime piracy was the theme of forum, recently held in Bahrain. The Bahrain Royal Academy of Police organised the event, which brought together experts from Arab and foreign countries. The forum was part of 2nd International Criminal Police Organization (Interpol) course on investigating maritime piracy crime. Addressing the event, RAP Commander stressed the importance of the course in enhancing the participants to have more edge in fighting maritime piracy which represents a major threat to the freedom of navigation. Experts delivered a series of lectures on combating maritime piracy.

<http://goo.gl/o6dhxk>

Front of Mind

Thomas Miller chairman Hugo Wynn-Williams believes the piracy issue continues to remain at the front of mind. Wynn-Williams says that while piracy in the Gulf of Aden appeared to be a rules-based game, with a clear business transaction and solution in mind, the Thomas Miller chair says, but the same is not necessarily true in the waters between Gabon and Liberia. "With the Gulf of Guinea, there doesn't appear to be a rule book – at least not at the moment – and it can be extremely unpleasant for everyone involved. That's not to say that the Somali risk is not extremely unpleasant, but it's a very different beast." <http://goo.gl/iXvkaW>

P&I Matters

Legal and contractual issues, piracy and crime, and international sanctions are the most important areas of concern to merchant shipowners, according to a recent survey by the UK P&I Club. Close behind are crewing and personnel, insurance regulation, loss prevention, environmental legislation, shipboard risk management, cargo preparation and stowage, and port state control. Consequently, owners want information and advice from their P&I clubs. <http://goo.gl/VYYGfS>

Broader Strokes

Marine security experts have stressed the need for broader regional and international co-operation among the stakeholders for addressing the maritime security challenges in the Gulf region. They also called for adopting advanced technical solutions for early detection of potential risks. Inaugurating the Qatar Maritime Security - Coastal & Border Surveillance Conference (QMARSEC) in Doha yesterday, HE the Minister of State for Defence Affairs Staff Major General Hamad bin Ali al-Attiyah highlighted the importance of the event and the adoption of sophisticated technology was an essential component of Qatar National Security Shield (QNSS) project. <http://goo.gl/y7mGti>

EU Coastguard

The European Union wants to help Somalia establish a coast guard service to combat piracy in the Horn of Africa. The possibility of a Somali coast guard was discussed during a press conference by Etienne de Poncins, head of the EU's regional maritime capacity-building mission, known as EUCAP Nestor. "There is no coast guard in Somalia at all. There are the Puntland maritime police forces, but no national coast guard," de Poncins said. Options for a Somali coast guard will be discussed later this year during a strategic review of the maritime training mission to the Horn of Africa and the western Indian Ocean. <http://goo.gl/Q6UJNM>

Going Armed

It is expected that the Japanese government will resubmit a counter-piracy bill to the extraordinary Diet, allowing foreign security contractors aboard Japanese flag vessels to carry firearms with them while sailing in piracy-infested areas. In an earlier Diet session, the bill was passed by the Lower House but failed to clear in the Upper House, due to its running out of time for careful deliberation. Eventually the bill was withdrawn. The expected upcoming action underscores the degree to which Japan's economic well-being is dependent on secure maritime transportation. <http://goo.gl/Gs897H>

Lure of Piracy

For Somali youth the pirate life offers an enticing escape from the grinding poverty and cyclical unemployment that have long gripped this part of the world. Until their economic conditions change, the prospect of armed attacks occurring in the Gulf of Aden will remain real — continuing to undermine security in one of the world's most important commercial maritime transit corridors. The average Somali lives on less than \$2 a day. Even fishermen, who are comparatively well off by national standards, face difficulties making a living due to the chronic depletion of sea stocks from years of poaching and illegal dumping of toxic waste. <http://goo.gl/lflpbJ>

No Happy Ending

A lull in pirate activity does not mean there is a happy ending. Beyond the economic calculations, there are geostrategic considerations. If nothing else, the ragtag gangs of armed Somalis in speedboats have highlighted a gaping vulnerability in contemporary globalism, which is predicated on the free flow of capital, goods and services. Without freedom of navigation for peaceful commerce, large parts of that framework will simply break down. Piracy is not merely a localised outbreak of lawlessness; it is a head-on challenge to international order. <http://goo.gl/M5t9Jc>

Gaping Holes

Researchers have warned of gaping security holes in one of the shipping industry's communications standards that leave them in danger of hacks from pirates or terrorists. The vulnerabilities, discovered by Trend Micro researchers Kyle Wilhoit and Dr. Marco Balduzzi, working with independent researcher Alessandro Pasta, were resident in the Automatic Identification System (AIS), a vessel tracking system used by all commercial ships weighing over 300 metric tons. A first set of flaws were found at the AIS Internet providers that collect AIS data and distribute them publicly. Attackers could intercept the data and manipulate it. <http://goo.gl/i7e5Ce>

Mandatory Training

The Manila amendments to the Standards of Training, Certification and Watchkeeping for Seafarers Code (the STCW Code) came into force on 1 January, 2012. The revised Code (known as STCW 2010) introduced new minimum training standards, and security plays a big part of this focus. From January 1, 2014: Mandatory security training for seafarers in accordance with STCW 2010 is required. There are three levels of security-related training required including security-related familiarization training, security awareness training and approved security training meeting the requirements of Table A-VI/6-2 of the STCW Code. <http://goo.gl/Xwl1br>

Cyber Security

Cyber-attacks on container ships and port infrastructure will get more sophisticated as time goes on and companies should be doing more to protect their supply chain security. Maritime and IT security companies have raised their concerns after hackers attacked the container terminal software in Antwerp in an effort to pinpoint the location of containers concealing smuggled drugs so they could deliver them to bogus drivers. Alex Fidgen, Director at IT security company MWR InfoSecurity, said: "After the port successfully detected the attack against their computer systems, they failed to map out other attack paths. <http://goo.gl/bsVCGq>

Sweet Spot

According to a new paper, pirates flourish in a "sweet spot" of intermediate governance — not too weak, not too strong — and cannot function under conditions of either intense conflict or effective rule of law. This is because piracy, like other illicit businesses, needs stable conditions to prosper. Anja Shortland, a scholar of international relations at King's College London, and her colleagues have demonstrated that piracy falls when war is raging on land, as it has since Kenya invaded Somalia two years ago. Now that Al Shabab is in retreat, the emerging power vacuum in Somalia may lead to "sweet-spot" conditions for pirates to resurface. <http://goo.gl/dZqTGn>

Hit Them Baby

Britney Spears is being used as a secret weapon... to scare off Somali pirates. Her hits are blasted out to deter kidnap attacks, merchant navy officer Rachel Owens revealed. Spears's chart-toppers Oops! I Did It Again and Baby One More Time have proved to be the most effective at keeping the bandits at bay. Second Officer Owens, who works on supertankers off the east coast of Africa, said: 'Her songs were chosen by the security team because they thought the pirates would hate them most. 'These guys can't stand Western culture or music, making Britney's hits perfect. As soon as the pirates get a blast of Britney, they move on. <http://goo.gl/zNww9D>

Ship Shortage

The Royal Navy does not have enough ships to carry out its “everyday duties”, and cuts in the ranks of the Army should be put on hold until more reservists can be recruited, a former head of Britain’s armed forces has said. Field Marshal Lord Bramall told the Sunday Telegraph that the armed forces were having to “make the best of” reductions that were driven by financial considerations. Lord Bramall warned: “The Royal Navy does not have enough surface ships to carry out the everyday duties of projecting influence, tackling piracy and all the other things they have to do all over the world.

<http://goo.gl/BS4LDG>

Tracking Trends

A company which has exposed serious cyber security flaws in shipping wants to help secure the system and is working with U.S. government agencies to bring the matter before the International Maritime Organization. The IMO can’t consider the issue until a member state or organization formally presents it for review, spokeswoman Natasha Brown said by phone from London declining to comment further. It seems thought that ship owners generally resent AIS because it weakens their ability to win higher rates by bluffing about vessel availability, said Peter Sand, an analyst at BIMCO. **<http://goo.gl/NBg1Na>**