

SEACURUS BULLETIN

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STATISTICS AND LIES

HIGH RISK AREA ACTION | HOT AIR OVER EMISSIONS | SHIPPING IN THE SPOTLIGHT



Inside this issue we explore the latest issues besetting shipping. On the piracy front we look at 'bogus reporting' along with the implications of changes to the high risk area. In other areas there's talk of emissions, social media and crisis response as well as crew training concerns.

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Welcome

Over the years of modern piracy there have been many trends in the data, uppermost have been concerns of non-reporting and under-reporting. Now, according to one Government, there is “bogus reporting” to consider too.

The issue of fraud has long been associated with shipping, and according to the Indonesia navy a vast amount of attacks are fabricated. We are not sure the figures are quite as high as they believe, but it is a serious issue and one to consider.

Much research and analytical work has gone into understanding the structures and foundations of piracy in SE Asia, and we look at depth inside at the management of this threat to shipping.

Over in the Indian Ocean it has been a time of change for piracy too – the ongoing naval and private security efforts to contain Somali pirates are still having positive results. Which has meant political pressure from India to shift the High Risk Area the heck away from their coastline.

Both the Indian and Pakistan governments have long decried the effect of having their waters defined as having a heightened risk – and there have been a number of concerns which both nations have raised. The HRA meant higher costs for local shipping movements, and it also meant large numbers of heavily armed guards off their coast. Given the sensitivities post Mumbai terror attacks, it is perhaps understandable why they would be concerned.

Anyway, industry as acceded to their demands – and as of December 1st this year the HRA will shrink back west, and we look at the likely effect this will have – if any.

Elsewhere for shipping there are a number of challenges which are coming to a head – uppermost in these seem to the issue of the environment and emissions from ships. When it comes to the complex, divisive and political charged issue of ship emissions and the environment, there is a real fight brewing. With shipowners claiming they do all they can, the IMO stating the industry is doing all it should, and with the naysayers dismissing everything, there is a mess.

For years it looked like shipping may have been able to get its own house in order, and the IMO led efforts. However it seems that avenue is closing – as pressure builds which will mean the industry has to comply with strict demands which are mirrored globally – on both land and sea.

It is not just what comes out of ships which has been the subject of debate recently, there has been much talk about what goes on onboard. IUMI has expressed increasing concerns about the levels of competence, skill and training of seafarers.

Underwriters are extremely concerned that seafarers are just not being equipped to deal with increasingly important technical equipment. The effect of the human element in shipping

casualties, losses and accidents is clear. Most problems stem from people – which is both unfortunate, but also something which can be remedied if training, resources and the philosophy behind onboard management improve.

We look at the technological mountains which have to be climbed, and of the new generation of “super seafarers” which will be needed now and into the future if the industry is to avoid accidents, incidents and losses.

Where these issues do occur, there are not the traditional concerns of liability, cover and of avoiding pollution. Now seafarers, the ship and company will likely come under intense social media scrutiny in the event of a problem.

At the recent Danish Maritime Forum, owners were told that they would only have 24 minutes to respond to an incident before they would be facing trial by a social media kangaroo court. We look at what they means for the crisis team and company in general.

We hope you find this latest issue of Seacurus Monthly of interest.



Managing Director
Capt. Thomas Brown

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 – providers of MLC crew insurance solutions

www.seacurus.com
 E: enquiries@seacurus.com
 T: +44 191 4690859
 F: +44 191 4067577

Registered Office: Suite 3, Level 3,
 Baltic Place West, Baltic Place,
 South Shore Road, Gateshead,
 NE8 3BA, UK

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Statistics and Lies

Over the years of modern piracy there have been many trends in the data, uppermost have been concerns of non-reporting and under-reporting. Now, according to one Government, there is “bogus reporting”.

POLITICAL GAIN

There has long been a political angle to piracy – especially in the Malacca Straits area, where the waters of nations butt up against each other. Where one nation invests in security, there is pressure on neighbours to comply – and that can cause friction. As an illustration, while Malaysia was announcing a new Quick Reaction Force (QRF), Indonesia was trying to play down piracy all together.

These divergent approaches often lead to rather interesting perspectives – and politically motivated pronouncements can appear rather clumsy and unfortunate at times. Sometimes they can mask serious issues, and it is too easy to pour scorn, rather than learning lessons.

Such a statement was made by the Indonesian Navy last month, as they expressed concerns about the level of piracy in their waters. Usually this would be about the level of attacks – but not this time. They instead expressed deep concern about the levels of faked attacks.

According to the Indonesian Navy, they are frequently confronted with bogus piracy reports in the Malacca Strait. The commander of the Navy’s Western Fleet (Armabar), Rear Admiral Achmad Taufiqoerachman stated that as many as 90 percent of piracy cases in the area were filed with “ulterior motives”, mostly related to insurance claims and competition.

REGIONAL PLOTTING

The estimate that as many as 90% of attacks could be fraudulent or fabricated raised many eyebrows. Even more so when the Admiral stated that he believes the reports are part of a plot to, “make the Malacca Strait the most dangerous strait in the world”.

Such views can be dangerous – and while there will be undoubtedly some who look to fraudulently gain, for senior officials to make such statements is worrying. The whole attempt to distract or undermine criticisms of security are similar to those occasionally used by West African nations.

It is both depressing and concerning that such a high ranking and senior official would be drawn into such ill-conceived and seemingly lightly researched

announcements. There was no data provided to back up the claims, and as such it is hard to give them too much credence.

There has long been concern of the nature of some piracy activities, and there is likely to be a fairly serious proportion which are dubious. But with figures of 90% being bandied around, it makes it all too easy to dismiss the claims as propaganda.

REAL DATA

With regards to the latest recorded data in the region, the Singapore-based anti-piracy agency, ReCAAP Information Sharing Centre (ReCAAP ISC) has recorded a total of 161 incidents of piracy and armed robbery against ships in Asia during January-September 2015.

The total incidents for January-September 2015 reports marked a 25% increase year-on-year as compared to 150 incidents recorded in the same period last year. Out of the 161 incidents, 11 cases were classified as piracy where the incidents occurred on high seas, while the remaining 150 incidents belong to armed robberies against ships where the incidents took place within state’s internal waters, archipelagic waters and territorial sea.

While slightly different, but backing up the main thrust of the ReCAAP figures, intelligence experts Dryad Maritime reported that in the first nine months of 2015 have seen the number of incidents reported across Southeast Asia rise by 38% when compared to the same period in 2014 with 194 instances of maritime crime, including 14 hijackings, in Dryad’s reports. The company even stated its fears that pirates were acting with “apparent impunity” in the region.

In the last quarter Dryad reported having seen only one product tanker hijacked for the purpose of cargo theft; “MT Joaquim” was taken in the Malacca Strait, resulting in 3000 metric tonnes of fuel being siphoned from the vessel. The slowdown in fuel siphoning incidents during the last three months is unlikely to continue into the final quarter and Dryad expects these hijacking to increase in the coming months.

THE PIRATE NETWORK

While Dryad stresses that hijacks are set to continue, they also stressed that historically the final quarter of

the year usually contains the highest levels of attacks, boardings and robberies. So there is some concern that the 38% rise this year could still move higher.

Another piece of important data to emerge last month was a report on the make-up of the piracy network in SE Asia. According to analysis by Risk Intelligence there are 18 pirate networks accounted for within South East Asia and 65 upper-tier players have been identified in the research.

The report author states that “upper-tier players” consist of fixers (middlemen), boarding team leaders, recruiters, forgers, so-called ‘big bosses’, and buyers. Boarding team ‘foot soldiers’ as well as the insiders that supply information are not included in this list as it would triple if not quadruple it.

Additionally, it is believed that ten phantom tankers have been identified within the region that are used for hijacking operations as well as three pirate mother ships, five suspected phantom ships and two go-fast boats.

PIRACY EVOLUTION

According to a new report from Gray Page, the most acute piracy threat in the South China Sea is to small – medium size tankers, carrying refined oil cargoes such as gas/diesel oil or gasoline. But will they ask, pirates switch to other cargo types?

Just because pirate gangs in the South China Sea region are targeting refined oil cargoes at the moment, it doesn’t mean that they won’t target other types of cargo in the future, or turn to kidnapping seafarers from ships and holding them to ransom.

This means that with the criminal gangs eager to make returns to feed the chain above them, then all vessel types are likely to be under threat – which means that ships which perhaps had not been as strict in adherence to security will need to act.

According to James Wilkes, MD of Gray Page, “To protect ships properly against piracy we need to start thinking ahead and placing a greater emphasis on taking a holistic approach to security risk management”.



HIGH RISK AREA ACTION

The current containment of piracy in the Indian Ocean has led India to vocally demand that the High Risk Area be moved from its waters. After increasing pressure, this has now been done – and the area reduced. But to what effect?

SIZE MATTERS

After increasing political pressure, extensive consultation between the industry, and governments in the diplomatic Contact Group on Piracy off the Coast of Somalia, organisations representing the shipping and oil industries last month reduced the 'High Risk Area' (HRA) for piracy in the Indian Ocean and issued new advice to shipowners.

The HRA reduction was announced by the shipping organisations of the Round Table – BIMCO, INTERTANKO, INTERCARGO and the International Chamber of Shipping (ICS) - together with the oil industry's OCIMF. ICS stated that despite the move, "In view of the continuing high risk of pirate attack, shipping companies must continue to maintain full compliance with the BMP and be vigilant in their voluntary reporting on piracy incidents".

The new industry advice takes effect from 1 December 2015, and changes that currently contained in the latest edition of Best Management Practices for Protection against Somali Based Piracy (BMP4), which is jointly produced by the industry group.

The new HRA will see a shift of its eastern boundary limit inwards towards the Gulf of Aden, and it moves from 78 degrees east longitude to the new imposed 65 degrees east longitude.

REPORTING AREA REMAINS

The incoming reduction in size of the piracy HRA may lead to some cost savings, but most shipping companies will continue to take the same precautions. Matthew

Pickin, Counterparty Risk Analyst at Infospectrum, said the revision of the BMP4 is expected to have a "positive effect on the costs for some of the large operators."

However, he also said that many of "low profile ship operators will likely proceed as normal, with or without the necessary precautions." Even with the revision, attacks are still expected, the area that is redrawn is still a considerable area. No one thinks the threat has completely gone away.

As if to illustrate this, the HRA is simply a subsection of a much larger Voluntary Reporting Area (VRA) within which military threat assessments say that Somali pirates operating at range cannot entirely be discounted.

The VRA is not being reduced, and will remain in place. This means that owners are still compelled to act when in the region – this is considered likely to colour their judgement with regards to potentially scaling back the steps taken to protect vessels and to deter attacks.

MARKET NON COMMITAL

The decision to reverse expansion of vast swathe of sea in the Indian Ocean judged prone to pirate attacks may not translate into reduced insurance costs for fleet owners as widely expected.

This is because the area drawn up by ship underwriters to assess insurance risks to deal with such situations are always different. While there is less than a month to go until the boundary changes take effect, the Joint War Committee (JWC) has remained non-committal on a reduction in insurance premium.

The Joint War Committee's insurance notification area has always been different from the BMP/HRA and remains separate and unchanged for now, according to Neil Roberts, manager, marine at Lloyd's Market Association. The JWC is scheduled to meet in December and will be mindful of the roundtable actions. "It is impossible to say what action they will take, if any," Roberts, who is also the secretary of the JWC, added.

Currently the committee has kept its list of areas considered prone to piracy, terrorism and related perils unchanged following a review in September 2015. The JWC takes advice from independent security advisers and issues updates to its published listed areas as felt necessary.

BOON FOR INDIA

Neither India nor Pakistan were pleased to have the HRA on their respective doorsteps when it was expanded in 2009. The expansion of area effectively brought the whole of the Indian Ocean, almost all of India's western coast and that of Pakistan into the high risk zone, raising shipping costs into and out of the countries. It was not simply trade, there were perceived security threats too.

The extension meant that this area was excluded from the annual war risk cover, and so underwriters needed additional premiums from ship-owners to provide insurance cover. The additional premium levied on ships passing through the high risk area carrying Indian cargoes were felt to be unfairly hampering local trade.

The roll-back of the HRA will result in huge savings for India's export-import (EXIM) trade and consumers on account of reduced insurance premium and consequent lower freight costs.

The Indian government had also been extremely displeased with the number of vessels carrying armed guards in the HRA so close the coast, and the proliferation of floating armouries serving this trade. The ongoing court case against Advanfort and its vessel, "Seaman Guard Ohio" is considered a consequence of mistrust and bad feeling.

WHAT WILL IT MEAN?

According to some observers, the changes to the HRA could lead to a return to hijackings and hostage taking. Peter Cook of the Security Association for the Maritime Industry (SAMI) has expressed concerns that the move will send a clear message to the pirates that the shipping industry thinks Somali piracy is over.

Cook feels that the move will send a very strong signal to the politicians of countries that provide warships that they can bring their vessels home, taking away one of the three interrelated elements that most effectively deters pirates.

There are concerns too, that the move could lead to bankruptcies amongst private maritime security companies, and that this could lead to a flood of weapons on to the black market. It is estimated that around 15,000 small arms and semi-automatic, long-range rifles are stored in Indian Ocean armouries alone.

The maritime storage of weapons is currently unregulated and a number of the vessels are flagged with registers that are blacklisted or unlisted. With firms going bust, it is feared that weapons may be stolen or sold by unscrupulous dealers. They could, ironically, fall into the hands of pirates – and so the sorry saga could come full circle.

HOT AIR OVER EMISSIONS

When it comes to the complex, divisive and political charged issue of ship emissions and the environment, there is a real fight brewing. With shipowners claiming they do all they can, the IMO stating the industry is doing all it should, and with the naysayers dismissing everything, there is a mess.

PRESSURE IN THE AIR

There was some confusion last month when the “ITF” feature in media reports called for shipping to pay a carbon tax. The International Transport Workers Federation has made many calls before – but even they were surprised. It seems though, to have been a case of mistaken identity.

What’s in a name you may ask, as it was the research arm of the Organization for Economic Cooperation and Development (OECD), the “International Transport Forum” which called for global, enforceable regulations for the maritime industry to reduce carbon emissions by half over the next 35 years and entirely by 2080.

This particular ITF, said the International Maritime Organization (IMO) should impose the standards across the maritime industry and set up a series of requirements that would include a carbon tax. It recommended the IMO submit regular reports on the industry’s progress toward meeting the goals.

The suggestion would mean shipping firms having to shell out about \$400,000 annually for each ship they own as a carbon tax. Olaf Merk, author of an ITF policy paper, said: “As some sort of very rough average, the \$25-per-tonne of CO2 tax would imply additional costs of \$400,000 per year per ship (domestic shipping not included), considering that the global fleet is around 50,000 ships and carbon emissions from international shipping around 800 million tonnes.” He said carbon tax is “linked to fuel use” in a move that will incentivise fuel efficiency

SHIPPING IS A BUSINESS

Perhaps unsurprisingly the ITF suggestion brought both raised eyebrows and cries of foul from the shipping industry. The International Chamber of Shipping (ICS), representing ship operators worldwide, commented on the suggestion, questioning why international shipping should accept a high carbon price of \$US25 per tonne of CO2.

This would be almost three times higher than the carbon price paid by shore based industries in developed nations. About 70% of the world merchant fleet is registered in UNFCCC ‘non-Annex I’ developing countries, and maritime trade is of vital benefit to rich and emerging economies alike.

The ICS message is that shipping is an industry, not a nation – and it needs to be treated on the same terms and level playing field as others. There is a suspicion that once again shipping is targeted because people do not fully understand the nature of the business, nor perhaps the full significance of what it does, and how it does it.

In attempting to somehow paint shipping as a nation of the seas, is both dangerous, overly simplistic and potentially distracting. There is simply no mechanism to impose the suggestions of the “International Transport Forum” onto shipping, and such a headline grabbing attempt potentially undermines the more sensible and workable solutions which are being developed.

LEADING OR FOLLOWING

That is not to say the current attempts to set targets or emissions reductions for shipping are working. There are clearly issues, and it seems like there is a long way to go before answers are found. Which is a concern, as we need them sooner rather than later. Naturally all eyes turn to the IMO when shipping looks for leadership, rules, standards and guidance.



Alas there are worries that the IMO is a little out of its depth in this debate. According to a survey carried by Maritime CEO, it has been suggested the IMO should be doing more to tackle shipping emissions. 68% believed the IMO has not done enough to curb shipping emissions.

The issue is particularly relevant in the run up to the UN climate change talks set in Paris shortly, where shipping will be under the spotlight. “The IMO is a slow-moving beast that historically has trailed the requirements of industry and society. The requirement to reduce the emissions from shipping is no different,” one respondent commented.

The IMO stance has been to call on the shipping industry to be proactive in setting its own emission targets. IMO secretary-general Koji Sekimizu has stated the industry needs to demonstrate the good things that it has done. “If you have a truly good development and a bad image that is a bad situation,” he said. “We need to stand up and show that the shipping industry and the IMO have implemented very significant measures.” The industry will be under the spotlight like never before as it has finally been included in the COP21 Paris climate Agreement.

FLAG STATE ANGER

Critics believe the Paris Agreement must send a clear signal, not a passing reference, to the UN bodies regulating these emissions, ICAO and IMO, that time is up and action is now due. However, it seems clear that the IMO Secretary General Sekimizu and the industry feel that together they can reduce CO2 emissions by 30% by the year 2030.

Others do not seemingly feel quite so certain of confident. Even some flag States have begun to express doubts. The Marshall Islands (RMI) has branded IMO secretary-general Koji Sekimizu “a danger to the planet” over the failure to set targets for emissions reductions for shipping. Which is something of a surprise, and flies against the usual conventions of such debate.

The low-lying Pacific Island nation, which is also home to the world’s third largest ship registry faces potential disaster from climate change. Responding to remarks the industry should set its own targets rather than waiting for the IMO it stated: “RMI expresses great concern on the call by the retiring secretary-general of the IMO, Mr Koji Sekimizu, for global leaders at COP21 not to intervene and not insist that the IMO now set a clear and ambitious sector target for shipping.

The Marshall Islands is a very interest case – on one hand the nation readily embraced a role as a major open registry, taking payments to allow its sovereignty to be granted and flag to be flown. Now though, the real fact that climate change, potentially driven by its own vessels could raise sea levels and obliterate the nation is an irony that is difficult to even get your head around or above the water.



DIGGING THE NEW BREED OF SEAFARERS

The effect of the human element in shipping casualties, losses and accidents is clear. Most problems stem from people – which is both unfortunate, but also something which can be remedied if training, resources and the philosophy behind onboard management improve.

HUMANS DOING

That seafarers are both an underwriters' best friend and worst enemy has long been well understood and appreciated. Well trained, experienced and skilled seafarers have been avoiding accidents for centuries.

While those who are fatigued, promoted too quickly or are lacking in skills and knowledge, have been at the centre of loss after loss, disaster after disaster.

Addressing the Asian Marine Engineering Conference held in Singapore recently International Union of Marine Insurance (IUMI), spoke of industry concerns about the level of training and competence at sea. Simon Stonehouse, representing the underwriters' body talked of analysis of the causes and sources of marine equipment failure.

Stonehouse made no bones about the fact that he felt underwriters are currently covering the failures of machinery caused in large part by the negligence and incompetence of crews. He went further, and in comparing the levels of payouts made by IUMI members against the cost of engines in newbuilds over the same period, he went so far as to say that in an average year, "underwriters have funded all the engines on newbuildings".

It was stressed that blame should not necessarily fall on the crews themselves. Instead it the owners who fail to give them proper training that should really be brought to task. Given that engineroom machinery is the cause of 60 per cent of marine losses and that 80 per cent of those losses were due to the human factor, Stonehouse called for improved training across the board, saying: "We are expecting [crewmembers] to run a lot of new and unfamiliar kit on board without giving them the training to do it."

SITUATION GETTING WORSE

The issue of new and complex equipment, against reduced training or awareness is a familiar and concerning issue. Rather than getting better it seems the situation is getting worse. More and more technology, and heightened levels of sophistication are making matters worse on some ships.

This is especially the case where ships are getting more complex due to green issues. We are seeing that mistakes are being made, and there is more equipment to go wrong, and the implications when it does go wrong are greater. Problems are building, and there needs to be a response.

According to IUMI things are set to get worse before they get better. Commercial and regulatory pressures are causing potential problems to arise, but for companies who think they can take shortcuts or cut back on investments there is only bad news ahead.

The use of "big data" will mean that owners are viewed more dispassionately by underwriters, and the business will be less about personal relationships and more about facts. That is going to mean that insurance is going to be based on your ships' data as regards training, equipment and track record. Once that happens, insurers are going to be looking at these issues much more closely when it comes to underwriting and we are likely to see more and more ships being declined."

MAKING A DIFFERENCE

Seafarer skills have always had to evolve to meet the advancement of technologies deployed on board. As has been stated, training is a key challenge to ensure on board safety and to avoid problems. With shipping under pressure to meet tough environmental regulations and operational demands, the seafaring profession is facing transitional phase that presents its own tests and trials for training and employment.

Technology is both a blessing and a curse. Technological advances onboard ships have made incredible things possible. Leaps forward such as satellite navigation and dynamic positioning have delivered amazing benefits. But at what cost? Has technology diminished the art of seafaring and undermined what it means to be a seafarer?

Captain Pradeep Chawla, Managing Director QHSE & Training, Anglo-Eastern Ship Management recently presented a paper at the Nautical Institute Hong Kong Branch Seminar – on "Competencies of a Future Mariner".

He discussed the changes that are taking place in the maritime industry and the competencies that will be essential for the future mariner. The last two decades have been extremely fast paced with respect to technology influencing every walk of life. Maritime industry has also made great strides in the use of technology and modern seafarers need to reflect these changes.

ALL CHANGE

According to Captain Chawla the major changes have come with the arrival of ECDIS and e-navigation, with modern electronic computer controlled engines, while GPS and enhanced connectivity have also played a

massive role in changing the operational landscape for seafarers.

It is not only the operations which have changed, of course. Chawla believes that regulatory evolution has had a massive impact. From environmental regulations for harmful gases, ballast water treatment plants and tightening rules on emissions, the seafarer of today has so many concerns to distract from running a safe ship.

There is also the generational shift to deal with. The traditional hierarchy on board and the management styles of 'My ship, My law' have become obsolete in modern days. Whistle blowing, MLC complaint procedures and transparent systems have brought about a change in the way Masters and companies manage the workforce.

The link and changes in the dynamic relationship between ship and shore has had an effect too. The amalgamation of ship and shore systems is inevitable and an inherent part modern operations. However, this has led to new systems and means of working. A rough estimate is that a Master needs to supposedly be familiar with at least 4500 pages including company's SMS and owner's and charterer's instructions. As an illustration of how ridiculous that is, the Collected Works of Shakespeare only around two and a half thousand pages!

STRIDES TOWARDS SUPER SEAFARERS

So what competencies should our future super-mariners need? According to Chawla the most critical human factor competencies that are needed in the future are the ability to:

- Process large amounts of data
- Focus on critical issues
- Work with remote teams
- Assert themselves
- Understand the limitations and recognize changes of automation
- Manage change
- Learn continuously
- Cope with increased stress
- Communicate effectively
- Lead others

Various companies are already tackling these issues through their recruitment and training programs, but this time of transition is critical for progress in the shipping industry, and it is to be hoped that the seafarers of tomorrow will be up to the task.

SHIPPING IN THE SPOTLIGHT

The shipping industry naturally has an aversion to accidents and problems – of course it does. Perhaps even more than being scared of things going wrong though, companies are terrified of the media... especially of the social kind.

TYRANNY OF OUR AGE

Last month saw leading shipping executives all race to Copenhagen for the Danish Maritime Forum. Amongst the usual shipping finance and insurance chatter was a session on media management, more particularly social media.

Former BBC journalist Nik Gowing took the stage to issue a series of stark and terrifying warnings on the dangers that social media potential poses to the shipping industry in the event of a casualty.

Gowing talked of the new rules that companies have to consider – and the fact that they can no longer expect to keep secrets, to control the flow of information or to have friendly journalists who will avoid asking too many awkward questions.

The social media playbook means rethinking and changing so many aspects of a company's crisis response. Gowing a visiting Professor, Faculty of Social Science and Public Policy, Kings College London, warned "It is not about the media, it is about a whole different set of challenges to you. It's ruthless and uncomfortable".

CAMERAS IN A CRISIS

Gowing gave the examples of both the "Sewol" and "Costa Concordia" casualties as to demonstrate how the ability to instantly record, send and upload video has changed the media landscape.

In a time of crisis Gowing said you had to assume now "people are using their phones before getting their life jacket". "This is chilling for you as you have to assume someone, somewhere is recording it," he added. He noted the proliferation of cameras in the case of the Sewol in particular. "This has caused enormous challenges for the current (South Korean) President and the shipping industry because everything could be seen."

In short, it can be incredibly hard to control the flow of information, images, video and even text. There are videos online showing pirates being mercilessly slain

by armed guards – and the funnel of a NASDAQ listed bulk carrier own clearly visible. That is frightening for investors and company officials alike.

Though we have to face facts that the capture of evidence in casualties is also hugely important. Just last month the UK P&I Club stressed the important of digital cameras onboard, and the fact that they should be used to capture details of any accidents or losses. When crew do capture images or video, it is important that they know what they are meant to do with them – just lashing them online serves to cloud the issue, not clarify it.

NOWHERE TO HIDE

For those in shipping who think they are safe because their ship casualty is offshore – Gowing suggested that it is time to rethink the art of the possible when it comes to external intrusion. Today footage from drones is emerging from casualties even offshore – there is nowhere to hide.

He also warned that speed is of the essence when it comes to responding or to leading the flow of information. Gowing urged companies to respond immediately to a major crisis to take the high ground. "You've got to be seen to enter this space. You're mindset might be you have 24 hours to respond – I'd put it you have 24 minutes."

Less than 30 minutes to ascertain the safety of seafarers, of the situation, to sift through the fog of crisis to find the company's own truth, and to try and limit liability issues, and to then be able to act positively, while potentially responding to chatter and noise online.

There is no point having a strategic communications advisor who says you have an online presence and be on Twitter and Facebook account just for the nice things in life – you need to be able to use them swiftly, positively and with an educated view of what happens if you don't.

TIME IS THE ESSENCE

Social media crisis response brings a new dimension to crisis communications: speed. Time is of the essence:



Image By: Rrongher (Own work) Creative Commons

the first hours are crucial as this is when people will cast their digital nets out and frantically search for information. Opinion will fill a vacuum of truth, and it is said that bad news travels 9 times faster than good and nonsense can be even faster than that.

Opinions can be half way round the world before the facts have their pants on. This is because conjecture doesn't have to wait for facts. It is ready immediately. Social media users don't care about due process, or of an investigation, or whether people are injured. They just want to react and lead a moral charge, a digital kangaroo court. So it is important that shipowners can fill the void as best they can.

The internet does not wait for the CEO to respond, the news will spread with or without a company's involvement. You have however a chance to take control. Experts believe that preparation is being ready to roll with the three A's "Acknowledgement, Apology and Action".

At the earliest moments the crisis team may not know much, but they can look very foolish if they don't admit that something has happened. So it is important to acknowledge an event of sorts – concede that something is going on. Then use an apology to buy time and goodwill – even if it is to be sorry for the time taken to properly gather the facts. People like organisations to be sorry, this is the power of an apology and it again buys some time. Then there needs to be action – showing what has been done, what is being done and what will be done.

FRIENDS OR ENEMIES

Perhaps shipping's Achilles heel is the fact that it only really emerges into the public consciousness when things go wrong. For the rest of the time it is invisible –and shipowners, have kind of liked it this way. Alas that means that when "friends" are needed they are few and far between. This means that most of the talk through social media will likely be negative. Very few cargo shipping companies spend time winning hearts and minds – perhaps Maersk is the only real example. Whereas cruise lines are very good at it.

If companies have positive, likeable and respected online personas, that means that when things do go wrong – as surely they will, then people are more open to hearing the company perspective, or a proper explanation. If they come cold to something online they will judge – and will likely judge more harshly. Whereas if they feel some connection, then the 24 minute will not be filled with quite the same levels of bile.

The fact remains that shipping is not very good at projecting a positive and unified image. This does not translate well into a positive narrative. According to Claus Hemmingsen, Chief Executive Officer at Maersk Drilling and Chairman of Danish Shipowners' Association, there is an incredible gap in the industry, and a lack of common voice among the industry players. This means that there is never a clear response it severely hampers the image of shipping – which is means social media will eat up the bad news and ignore the good.

NEWS ROUNDUP

Here are some of the other maritime and shipping stories which caught our eye last month:

Renewed Calls for 100% Scanning: Politicians in Washington D.C. have renewed calls for scanning of all containers entering the US as fears grow of a dirty bomb being smuggled into the country by terrorists. The House Transportation and Infrastructure Committee met to discuss recent thwarted attempts to smuggle radioactive material into the US. “When people ask me what keeps me up at night? A dirty bomb at the Port of Los Angeles,” Representative Janice Hahn said. “Since 9/11, our nation has strengthened aviation security but our ports have not received the same scrutiny.” Only 3% of cargo is currently scanned.

<http://goo.gl/QjZVFd>

Owners Rush to Beat Rules: Lloyd’s List claims the impending January 1, 2016 Tier III emissions deadline is spooking shipowners. The tougher nitrogen oxide (NOx) emission control regulations implemented on ships travelling in the North American emission control area (ECA), has reportedly seen shipowners rushing to place newbuild orders, especially for containerships and tankers. “Any ship built after next year that is not Tier III compliant will quite simply be unable to trade to a U.S. port, severely restricting any future opportunities for that asset,” stated Craig Eason. Under the rules, new ships will be required to have either a selective catalytic reduction system or an exhaust gas recirculation system.

<http://goo.gl/5Mek1L>

Nigerian Pirates Awaken: The recent kidnapping of four crew members from a cargo ship off the Niger Delta marks the return of attacks in West Africa and illustrates the uncertainty surrounding maritime security in the region, according to maritime security firm Dryad Maritime. Dryad reports that the incident occurred on Monday, October 19th when armed pirates attacked and boarded an unidentified refrigerated cargo ship underway off the Niger Delta. “This is the first incident reported at sea off the Niger Delta in five months and has taken place 100 NM further west than the spate of kidnappings which took place earlier this year,” Dryad says in its analysis.

<http://goo.gl/T3LxBg>

Relighting Piracy Touchpaper: A report by Secure Fisheries, called “Securing Somali Fisheries” unveils new satellite data showing foreign IUU fishing vessels are catching three times more fish than Somalis. They are targeting some of the highest-value fish, leaving their Somali counterparts to compete over lower-value fish. The report shows these foreign fleets have contributed to overfishing of swordfish, snapper, marlin, and shark populations. Foreign bottom trawlers have fished recklessly and acted with impunity, dragging heavy nets, razing the bottom of our seafloor, and damaging an astounding 46,000 square miles of important marine habitat.

<https://goo.gl/NT4bSi>

VW in Marine Engine Scandal: Norwegian shipowner I.M. Skaugen has disclosed it is seeking \$50 million in compensation from a marine unit of Volkswagen for rigging performance tests of ship engines produced over a decade ago. I.M. Skaugen alleges that the specifications of the six engines it bought from MAN were misleading and it is seeking compensation for higher fuel use than specified over the expected 30-year lifetimes of the engines. VW now owns 75 percent of MAN Diesel and Turbo SE, although it was not an owner of MAN when the engines were made. MAN supplied the engines to Skaugen in 2002-03.

<http://goo.gl/o4ItqH>

Panama Canal Backlog: If your ship is planning to pass through the Panama Canal anytime soon, be prepared to wait. Looking at AIS data of the anchorages at both the Pacific and Atlantic ends of the canal, you will see a huge backlog of ships, mostly tankers and cargo ships it seems. Marine Traffic Control at the Panama Canal, claims there were a total of 129 waiting vessels between the two anchorages as of Thursday afternoon, with waiting times right now of five days for unbooked vessels – that is vessels that did not pay the premium to reserve a space. The backlog is primarily due to weather conditions, including several days of fog at the canal.

<http://goo.gl/JTXYn>

Tanker Owners Want Nigerian Premium: Following a mid-September move by state-owned Nigerian National Petroleum Corp. (NNPC) asking shipowners to sign a so-called “letter of comfort” promising that their vessels would not be used for illegal activities, at least two shipowners have requested a premium on freight rates for loading crude oil out of the country, Platts reports. The SCF Altai, owned by Sovcomflot, and Delta Kanaris, a Suezmax chartered by Petróleo Brasileiro S.A. (Petrobras) and owned by Delta Tankers Ltd (Delta Tankers), are reported to have been charging a premium of up to Worldscale 10 for loading in Nigeria.

<http://goo.gl/rKCD2p>

Mega Ship Supply and Demand: The rate of mega-vessel ordering is unlikely to slow down soon, as many shipyards continue to complete their orders for massive numbers of ships, a feat that is causing a wider mismatch between supply and demand. Around 97 ships of 18-20,000 TEU capacity are anticipated to be ordered by mid-2019, with a total of 36 to be delivered this year. Nine out of a total of 20 largest carriers will be operating ships of this size by 2018. Experts’ state weaker data on exports and manufacturing in China and its economic transition increase uncertainty for container shipping, supply/demand imbalance will be exacerbated by mega-vessel orders.

<https://goo.gl/tSCleY>

P&I Should Not Cover Old Ships: “All the P&I clubs should stop covering old ships, let’s say ones aged more than 20 years”. This proposal came from Giuseppe D’Amato, chairman of Perseveranza di Navigazione shipping company. In order to reduce the current oversupply of tonnage, mainly in the dry bulk segment, the seasoned Italian shipowner asked all the P&I Clubs to coordinate for phasing out a large part of aged fleet at sea. D’Amato highlighted that “at present the sea freight rates for bulk carriers are so low because of the Chinese shipowners competition because they are buying and operating the old ships that in the past would have been scrapped.

<http://goo.gl/5CIZcD3>

US Navy Looks at Cyber: Compromising the cyber integrity of the network threatens every user and every system on your ship or in your building, so says the US Navy in a new initiative to boost cyber security. According to the Navy, violating security best practices, circumventing security policies, carelessness and falling victim to social networking exploits opens the door to cyber adversaries who can exploit vulnerabilities which may directly impact our Navy’s warfighting capability and potentially threaten our lives. Cyber foes are no longer just recreational hackers in pursuit of bragging rights. They are cyber-criminals, cyber-terrorists and nation-states.

<http://goo.gl/O9woFL>

Tackling Modern Slavery in Shipping: The UK’s Modern Slavery Act 2015 (“the Act”), which came into force on 31 July 2015, addresses the rise of new forms of slavery. These include imposing, as from October 2015, an obligation on companies with a turnover of over £36m to disclose what they are doing (or indeed not doing) to eradicate slavery within their supply chains. Shipowners with links to the UK may, therefore, need to review their anti-slavery and anti-trafficking policies and may be particularly affected as an industry, because in some circumstances the legislation provides for the forfeiture of vessels that have been used (or were intended to be used) for trafficking.

<http://goo.gl/w1wYQR>

Laws Lost in Translation: Maritime lawyers attending the Shipping and the Law conference in Naples have been alerted to how shipping conventions can suffer from mistranslation. While international treaties have “proliferated” since the Second World War and often impact shipping, they must “be implemented properly”, said Mans Jacobsson, former director of the International Oil Pollution Compensation Funds (IOPC Funds). Conventions tend to be implemented in two ways. Under the “monistic” approach treaties are ratified by a government and become domestic law. But with the “dualistic” method, treaties become law through a domestic statute and are translated.

<http://goo.gl/6mun4m>

MORE NEWS...

Port State Elephant in the Room: Blackmail and corruption in Port State Control is like “an elephant in the room” according to Greek shipowner Nicky Pappadakis, “no-one wants to talk about it”. The vice chairman of Intercargo was commenting on one of the major concerns raised during the international shipowners’ association AGM gathering in Athens. Intercargo chairman, John Platsidakis said “It’s a fact of life” and the problem so great shipping’s Roundtable wrote to all MoUs a year ago concerning blackmail in some ports.” As a result of this intervention a mechanism is being set-up so blackmail can be reported to the MoU involved.

<http://goo.gl/D1Kzkm>

US Healthcare Concern for Owners: The Japan P&I Club recently issued a notice to shipowners giving an analysis of why U.S. health care is so expensive. The high cost of U.S. healthcare is not new, but with the Maritime Labour Convention (MLC) now coming into its third year there could now be an elephant in the room making it more pertinent than ever before. The MLC extends the duty of care that shipowners are required to provide sick or injured seafarers. In the past, seafarers working for less vigilant owners might find themselves treated on board but then replaced at the next port and subsequently left to manage their problems without support.

<http://goo.gl/MnwTU2>

Technology Shouldn’t be Squeezed: Clarkson’s Dr Martin Stopford has upbraided the shipping industry, stating that economies of scale and savings from technology are diminishing giving what Stopford warned were “dwindling returns”. He also lashed out at Chinese built ships. “The harder you squeeze technology, the less you get out of it,” the well-known analyst said. Similarly economies of scale, especially for the liner trades, were now minimal. While costs dropped dramatically as liners expanded ship capacity the rise from 10,000 to 20,000 teu has seen “diminishing scales of return”, he said.

<http://goo.gl/xV0oXw>

Rejecting Pay for Rescue Concept: The Danish Shipowners Association (DSA) has rejected an idea that shipping companies should be paid to rescue refugees in the Mediterranean. “We will always do our part, but don’t think we should be part of the long-term solution and be paid for,” said Anne Steffensen, director general and CEO of DSA, at media briefing for Danish Maritime Days. She was responding to a Spanish initiative to pay shipping company to pick-up migrants. “We would much rather urge governments to spend money on Triton, not the payment of shipowners,” She noted that merchant ships did not have enough crew on board to cope with the numbers of migrants.

<http://goo.gl/MbpCOF>

Massive Marshall Islands Growth: The Republic of the Marshall Islands (RMI) Registry has exceeded the 125 million gross ton mark. As of 30 September the Registry stood at 125.5 million gross tons and over 3,640 vessels. This growth marks a 25% increase in tonnage since the Registry’s 100 million gross ton celebration in January of 2014. International Registries, Inc. and its affiliates (IRI), who provide administrative and technical support to the Republic of the Marshall Islands (RMI) Registry, has been increasing the technical experts available to owners and operators worldwide and is also opening its 27th worldwide office in Manila, the Philippines.

<http://goo.gl/JJQctPs>

Container Weighing Welcomed: UK P&I Club and TT Club have welcomed the amendment to SOLAS on the requirement that containers have a verified gross mass before being loaded onto a ship. The requirement becomes mandatory on 1 July 2016, after which date it would be a violation of SOLAS to load a packed container onto a ship if the ship and marine terminal operator do not have a verified container gross mass. Operators who fail to comply will be fined or penalised. According to the new amendment, the shipper is responsible for obtaining the verified gross mass of a packed container and communicating it to the ocean carrier.

<http://goo.gl/0HvDXv>



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