

SEACURUS BULLETIN

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IMPENDING INSURANCE SHAKE UP

RISING TIDE OF CYBER THREATS | SLAVES TO THE ALGORITHM
SEARCH FOR FAIRNESS IN SHIPPING



Inside this issue of Seacurus Monthly we do our bit to try and tackle current issues. We look at the effect of the market as seen through the eyes of the International Union of Marine Insurance (IUMI). Once more we look at the rising tide of maritime cyber threats and we also explore whether there can ever be "fair shipping".



In this issue..

- 01 **IMPENDING INSURANCE SHAKE UP:**
The International Union of Marine Insurance (IUMI) conference has heard fears and hopes aired, we have been finding out more.
- 02 **RISING TIDE OF CYBER THREATS:**
There appears to be no turning of the tide back on the maritime cyber threats facing shipping. So, who should be doing what?
- 03 **SLAVES TO THE ALGORITHM:**
As shipping evolves, it is not just about how businesses deal with change, what about people? How will jobs look in the future?
- 04 **SEARCH FOR FAIRNESS IN SHIPPING:**
Can there ever be a concept of "fair shipping" and will seafarers get the protection they need?
- 05 **MONTHLY NEWS ROUND-UP :**
The other news stories which caught our eye in the month just gone.

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Welcome

> As the maritime world descended on London for the International Shipping Week 2017 #LISW2017, there were some clear and constant key concerns raised. Time and time again issues such as cyber security, digitalisation, safety at sea and the fate of abandoned seafarers came to the fore.

There was much consternation in the air around so many events, as shipping seems to be on the real brink of deep, fundamental change. A technical revolution is in the air – not only in the very business of shipping, but in the way ships themselves operate.

Will automation really mean no crews on ships? Will the rise of artificial intelligence mean the end of the lawyer and less claims? Where will the burden of responsibility lie if things go wrong? If indeed things will go wrong when robots have the conn. Across a range of events, it was stressed that automation in shipping is not a new concept; it is how we are about to deal with it that is changing.

There has been a relentless march to automation onboard ships, and over the past decades crew numbers have constantly been reduced to make the most of automation and remote management (if not yet quite control). So, what do the experts think of the next step to our tipping point?

There is concern about disruptive technology, and the ways in which traditional shipping companies are seen as dead men walking. In the face of upstarts and start-ups, what can shipping do to stem the tide of threats wrought by change or take advantage of potential opportunities?

Suddenly the accepted wisdom of decades, if not centuries is turning on its head. This is change on an epic scale. There is fundamental change, the construction of vessels will change, there will be no people onboard, the ship will bristle with sensors and be conducting billions of calculations about itself, its cargo and where it is. That is an incredible challenge for shipping to embrace.

An industry which has been renowned since time immemorial as being conservative, resistant to change, secretive and cut throat, is suddenly having to change the very fibre and fabric of its being. In fifty years shipping has come so far, it is almost mind boggling. The advent of containers was the last major leap, but by comparison that seems almost paltry and simplistic.

The next 15 years will see change the like of which we can hardly comprehend. But comprehend it we must, and grab it with both robotic hands. So how can maritime and shipping businesses ensure they remain efficient, competitive and profitable in a rapidly changing environment?

It is not just the business models which are changing, consumer attitudes are shifting, the regulatory and environmental landscape is shifting and there is constant pressure to innovate while also remaining viable in the here and now. So innovative maritime businesses need to solve tomorrow's known and unknown challenges...no pressure then.

As industry experts often pose more questions than answers, but the time to work out the passage plan to the future

is here now, and there can be no hiding place. Inside this issue of Seacurus Monthly we do our bit to try and tackle the issues.

We look at the effect of the market as seen through the eyes of the International Union of Marine Insurance (IUMI). At their recent conference in Tokyo, IUMI crunched numbers and tackled the lingering concerns in the market.

Once more we look at the rising tide of maritime cyber threats, and as new reports paint a bleak picture we ask what can be done, by who and how. Which ties into another of our articles, as another month, means another look at the ways in which modern life and the world is squeezing shipping markets like never before.

We also explore whether there can ever be "fair shipping". We often talk of abandonments and the travails of seafarers, but is there a ray of hope or is all doom and gloom? Carry on reading to find out.

All the best

Capt. Thomas Brown
Managing Director



IMPENDING INSURANCE SHAKE UP

Last month saw the annual International Union of Marine Insurance (IUMI) conference, held in Tokyo. With the market facing new threats and opportunities it was a chance to air both fears and hopes, and to address some lingering concerns.

SHAKING IT ALL UP

In opening the conference, IUMI president Dieter Berg spoke of change in the air, and the fact that a predicted an impending shake-up in the marine insurance sector is being driven by technology “disruption”.

There is a sense that technology and business innovation are destroying existing business models. To the backdrop of stagnant economies and increasing national protectionism, the industry is finding change irresistible.

With innovation already impacting activities such as electronic navigation and smart port logistics, and with autonomous shipping and intelligent containers just around the corner, there is a rising tide of technological advancement, which cannot be turned back.

Although disruption will inevitably lead to a shake-up in marine insurance, the effect can be positive if the industry embraces the change, reported Berg. He spoke of electronic platforms, and the next generation of clients wanting 24/7 access to insurance products and instant responses.

RAPID AND RESPONSIVE

Berg also expressed concerns about just how brokers and insurers can deliver value to clients. While there are concerns that global premium incomes will continue to reduce. So, there is real pressure on marine insurers, to change their approach and to find additional streams of revenue.

While the next generation of clients will demand a more rapid and responsive marine insurance sector, that is where Berg believes the opportunity lies – in the fact that clients will also require more customised and tailored solutions.

The biggest hope for the sector seems to lie in the fact that there will be far more of a consultative role. Insurers will be needed to become almost like consultants to clients, providing not just cover, but claims management and loss prevention advice too.

With the digital revolution and rise of data, there are chances for insurers and brokers to fill the gaps. Thereby

providing not merely the coverage, but to ensure that clients don't have to claim. That is the alchemy that the next evolution of marine insurance will require. Niche marine knowledge, high service levels and strong relationships, these are the foundations for the future.

NUMBERS GAME

Amongst the presentations in Tokyo, IUMI presented its annual statistical report on the marine insurance market. It was stated that global marine underwriting premiums for 2016 fell to \$27.5 billion, a nine percent reduction on the figure reported for 2015, which were already down almost ten percent from 2014. There has been a worrying sustained slide indeed.

Vice-Chairman of IUMI's Facts & Figures Committee, Astrid Seltmann explained: “The 2016 number follows a continuing downward trend in marine underwriting premiums”. According to IUMI, general weak market conditions in terms of the global economy, general commodity prices and the poor state of the shipping and offshore sectors were behind the drops. While there was a perceived “mismatch” between income levels and the obligation to cover major losses, particularly considering the trend for larger vessels and greater accumulation of risks in port.

According to the latest IUMI figures, the 2016 total comprised income from the following regions:

- Europe 50.2 percent
- Asia Pacific 27.9 percent
- Latin America 9.5 percent
- North America 5.6 percent
- Middle East 4.1 percent
- Africa 2.7 percent

and the following business lines:

- Global hull 25 percent
- Transport/cargo 54 percent
- Marine liability 7 percent
- Offshore/energy 13 percent

CARGO SECTOR

Premium income in the cargo sector was reported as \$15 billion for 2016 – a six percent reduction on the 2015 figure. Exchange rate fluctuations impact most strongly on cargo premiums and the recent strong dollar has “reduced” premium income from most other countries, this has made it challenging to identify any real market development.

The 2015 Tianjin disaster significantly eroded the performance of the 2014 and 2015 underwriting years. While the final position of 2016 is still unclear due to the impact of the loss of the Amos 6 satellite and the current issues surrounding Hurricanes Harvey and Irma.

The trend towards higher value cargoes and increasing accumulation of values in ports is likely to continue and this will impact further on loss ratios. It is also impacting on premiums which are increasingly reflecting stock exposure rather than transit exposure.

Added to this, increases and changes in trade patterns as well as the general economic and political environment is causing additional uncertainty in this sector. Generally, it seems that a perfect storm of large losses and dollar gains has had a debilitating effect on returns.



TO HULL AND BACK

The hull sector fared no better. This achieved a premium income of \$7 billion which was a 10 percent reduction on the previous year. While the impact of the dollar's climb does still have an effect, it is lessened in the hull market due to the global nature of the hull portfolio. What is felt more here is the aging of vessels.

Whilst the world fleet continues to grow, it also continues to age. Naturally, a certain reduction in vessel values will follow with the aging of the ships. However, there is no disguising the fact that the biggest problem stems from such challenging market conditions. Alas, hull premiums have deteriorated in line with falling average vessel values, and there is now a mismatch between fleet growth and income levels.

It is not all doom and gloom, despite the bottom line figures. Indeed, claims frequency continues its stable/ downward trend and total losses are also continuing a positive trajectory albeit with a recent fluctuation of around 0.1 percent.

There is a cruel irony hidden in such figures though. Unfortunately, the falling vessel values increase the probability of constructive total losses. When the cost of repairs exceeds a certain percentage of the vessel's value, then there is no way back. While the inflow of high-value vessels into the global fleet also increases problems as the single-risk exposure and possibility of even more costly single casualties shoots up.

LOOKING FORWARD

Perhaps unsurprisingly, the outlook for 2017 is not deemed to be looking great, as many of the problems seem set to remain. “Challenging” and “uncertain” are but two words which come to mind. Donald Harrell, Chairman of IUMI's Facts & Figures Committee, says: “Global premium income continues to fall, and this puts pressure on our sector”.

He added, uncertainty exists throughout our market. Although the global economy appears to be improving, significant concerns or situations could lead to a stall and that will directly impact marine insurance. He also expressed some concerns about the impact of BREXIT on global trade, as well as the current threat of a more competitive U.S. trading policy, with punitive import taxes and lighter regulation on manufacturing.

The real problem though is the fact that the tough shipping market is continuing to adversely affect premium income. Despite relentless growth in global seaborne trade, there are battles to be fought and challenges to be faced.

During the conference there were calls for a new code for investigations and major concerns about the rising costs of vessel repair. With better investigation into accidents and losses, hopefully lessons can be applied. While the costs of repairs are deemed to be “getting out of hand”.

RISING TIDE OF CYBER THREATS

There appears to be no turning the of tide back on the maritime cyber threats facing shipping. It appears that each month there is some new problem, issue or peril facing the industry. But, there is hope too, as more and more organisations step up to the plate, and press for action.



SCALE OF THE PROBLEM

It is important to get some sense of scale when it comes to the cyber problems facing the industry. The details which emerge from various surveys and studies do not paint a very positive picture.

Just recently a survey of 2,500 seafarers revealed that 40% of officers have sailed on a vessel infected with a computer virus or malware. That seems to be an astonishing figure, but one that according to BIMCO doesn't come as any surprise.

The crew connectivity survey, carried out by British firm Futureonautics, also found that 87% of those surveyed have had no cyber security training. It seems that there is simply not enough being done to head off this most serious problem.

BIMCO has been leading the charge, and has even arranged for penetration testing on a variety of ships. The findings are unsurprising, and they confirmed many ships are operating with outdated, unpatched and insecure software.

DEAL WITH THREATS

The fact that BIMCO has been finding so many problems, and seafarers are reporting the same, means that it is time for action. Head of Security at BIMCO, Phil Tinsley, has stated that it is imperative shipowners and managers deal with infected systems in the same manner and priority that they would deal with all other safety issues onboard.

While the latest industry data points to largescale infection, there is more bad news. It seems that even when vessels do have malware or viruses, that detection rates are poor and the time to spot infections is far too long. According to Adamson's research, typical breach detection time is 146 days and up to 70% of breaches go undetected. It seems we simply do not know how bad things truly are.

There is seemingly some kind of blind spot when it comes to cyber problems. There is no other kind of problem which would be allowed to lie festering onboard. Safety and security problems, operational issues – all would be tackled head on. For some reason though, cyber issues keep slipping through the net.

Ship IT systems are a weak spot, in fact the very chain of management seems to be a real problem. Out dated systems, a lack of ownership and seafarers being prone to doing silly things with emails and USB sticks, it all seems a recipe for disaster, literally!

CONNECTION WOES

Perhaps the single most troubling issue is that ships are only now even opening up to the internet. So, it seems things could be set to get a whole lot worse. Thankfully some organisations have been working hard to head off the problems, and the Cyprus Shipping Chamber (CSC) recently began working with its members to assess the problems of cyber security.

According to the Chamber, "Digitalized ships, increasing interconnectedness, the extended use of electronic data exchange and electronic navigation increases the likelihood of cyber-attacks". As such CSC has issued cyber security guidance in the form of a case study interview with a member-company, one which served as a shipowner, technical-operations manager and crew manager.

The case study hinged on a transition from the current Fleet Broadband communication services to a higher broadband capable VSAT system. One which dramatically increases the flow of data from and to the vessel. Thereby potentially increasing the problems.

Across a range of key questions, the company was asked to justify its decision making, the safeguards in place and the way in which threats are assessed and responded to as their ships "open to the internet".

EARLY WARNINGS

There are warnings that even if networks on board are separated between systems for ship operation, crew welfare and remote access to suppliers, separations can over time be compromised by ad hoc interventions by the crew or suppliers, for instance in connection to maintenance.

Ship networks needs to be mapped and all critical systems need to be assessed for vulnerabilities. While penetration tests are a good check on the existence of vulnerabilities so that corrective actions can be prioritised. Additionally, there is a real need to have plans ensuring that antivirus software, computer patches and systems are updated onboard.

There are also new responsibilities onboard, and companies need to assign a person to be responsible for software updates, and for reporting completion to the shore cyber security person in charge.

While it is interesting and encouraging to note that CSC and its members are looking at such matters, there should also be some caution. Shipping companies have been adept for years at saying what they would do, but have often not been so effective at actually doing it. Let's hope that we are not hearing the art of the possible, but instead the stories of the actual. Paying lip service to cyber security is perhaps the worst thing any company can do. The full case study can be found on the CSC website and makes fascinating reading: <https://maritimecyprus.com/2017/09/25/cyprus-shipping-chamber-cyber-security-case-study>

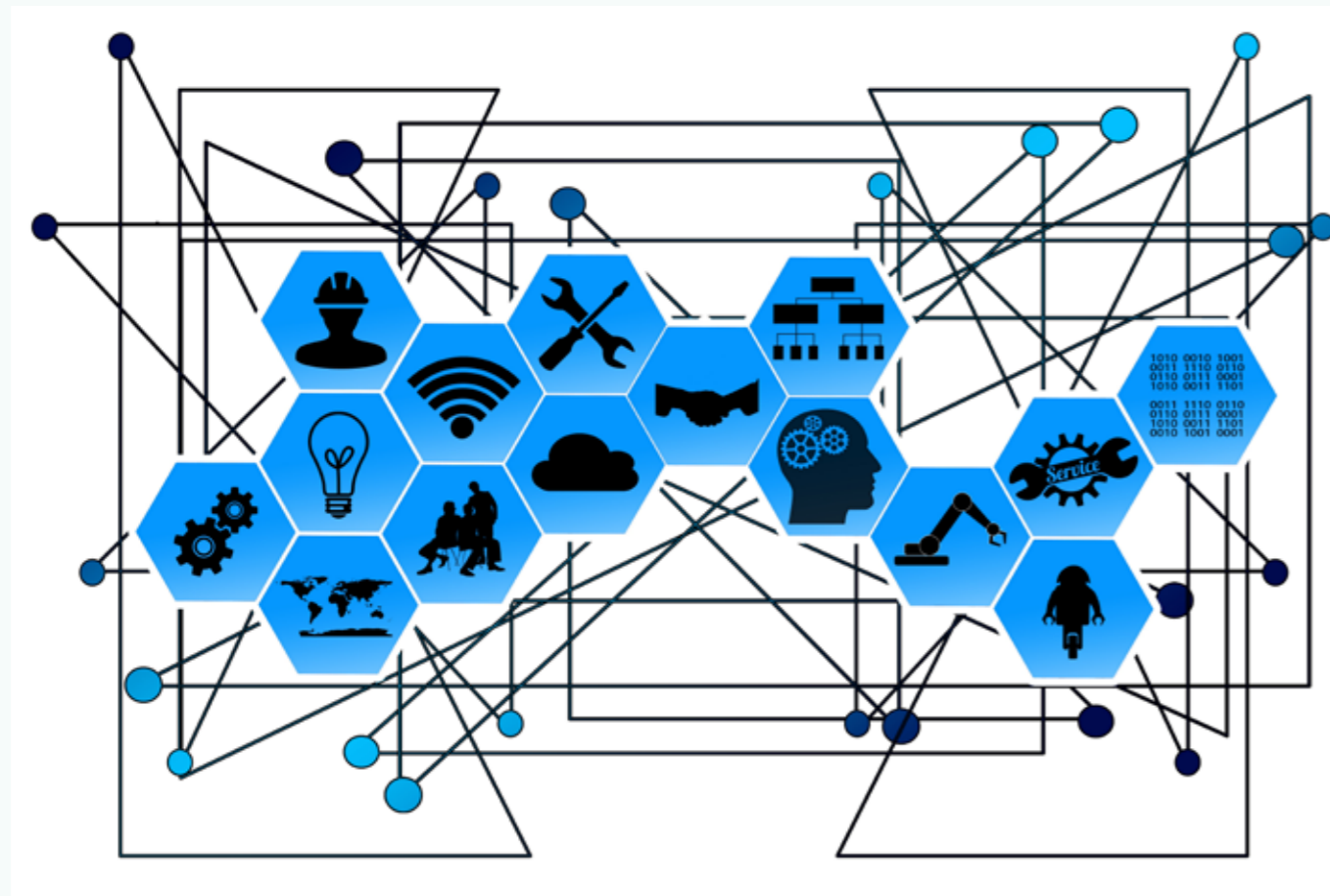
FLOATING COMPUTERS

It is important to remember, that the problems of cyber security are emerging because ships are no more akin to floating computers. Though it seems that the manning and management onboard simply has not kept step with the change.

As computers and networks begin to do everything from navigation, power management, and cargo loading to onboard entertainment and communications there are associated vulnerabilities, and these need to be addressed.

It is all too easy think of ships and computers as separate and distinct, but they no longer are. Ships are computers, and those dealing with the threats posed by cyber security would do very well to remember that.

So, in all the fog of fear, ignorance and lack of understanding, the first step to effective cyber security is awareness. Shipping companies need to accept that the risks exist both in the back office and on ships – and they need to have a thorough understanding of risks and the likelihood of exploitation. A proper cyber risk assessment should be tailored to the individual organisation to ensure that proper focus is applied to actual risks and threats.



SLAVES TO THE ALGORITHM

The Another month, another look at the ways in which modern life and the world is squeezing shipping markets like never before. Questions abound, but it's not just about how businesses deal with change, what about people? From seafarers to lawyers, underwriters, what will these jobs look like in the near and mid future?

WIZARD OF OZ

Today the real magic behind shipping is the Wizard of Oz style mystique that pervades the ways in which decisions are made, but very soon that could be stripped away. The new near future for shipping will be about transparency, and of business conducted in the harsh spotlight of the blockchain and of how millennials choose to shape the new industry horizon.

Speaking as keynote speaker, respected maritime futurist Roger Adamson surged through a powerful presentation, one sprinkled with challenges. However, perhaps the most telling one was the need to focus less on what is about to change, but rather on what will stay the same.

There was one word that kept bubbling to the surface again, and that was "blockchain". We have looked at this over the past couple of issues of Seacurus Monthly, as it seems this is the next real game changer for the industry, an evolution capable of shaping so much of shipping.

For some it is a bright opportunity, while for others it is a harbinger of gloom. Those who like their shipping to be opaque and mysterious, are especially worried. The fact that soon space and time on vessels could be managed through an incorruptible ledger seems to have changed the debate on its head, and it is undeniable that this will have a huge impact.

NO ESCAPING PROGRESS

It would appear there is currently no escape from the blockchain – it is becoming ever more ubiquitous, and even in its early incarnations appears to be showing promise for some of the biggest players in the industry. From ships to ports, and even insurance, the blockchain is making itself felt.

Just last month the Municipality of Rotterdam and the Port of Rotterdam Authority announced they are jointly launching a field lab for the development of blockchain

technology. The new applied research lab has been christened "BlockLab", and will. port users conduct transactions without involving a third party.

While the blockchain revolution recently began to touch on the marine insurance market, as Maersk teamed up with Microsoft consultants, a data security firm to explore a means of using common ledgers that capture data about identities, risk and exposures, and integrates this information with insurance contracts. Quite how that will play out remains to be seen.

While elsewhere, South Korea's Hyundai Merchant Marine (HMM) has become the latest containerline to highlight its foray into blockchain. The company recently revealed it has completed its first blockchain adopted pilot voyage with the technology specifically used to focus on reefer shipments. A ship went from Busan to Qingdao with blockchain technology deployed for reefer shipment bookings to cargo delivery. The use of the blockchain technology with the Internet of Things (IoT) technology allowed real-time monitoring and managing of the reefer containers on the vessel.

STRONGEST LINK

The impact will be felt when it comes to standards. Where once we talked about the lowest common denominators in shipping, the blockchain effect is to make it about the highest common denominators. The likes of tech giants who are coming into shipping, and are unsullied by the failings or complications of history.

So, it seems the future maritime professional will be a technical person, one who takes a binary view of risks and opportunities, and who cares little for history or tradition, or of the way things used to be done. The future will be one shaped by the constant need to provide the right answer to the right question.

How can the modern maritime executive get cargo moved as efficiently, legally and ethically as possible? Not perhaps because that is how they would like it done, let's be real, there will always be the secret temptation to do things on the cheap, but because that is how they have to show it to be done.

It seems there is going to be no escaping the move to digitalisation and the transparency that will inevitably bring. What does it all actually mean though? The blockchain rests on the concept of allowing digital information to be distributed but not copied. So, the blockchain is an "incorruptible digital ledger" programmed to record data.

NO HIDING PLACE

There can be no hiding place for shipping companies when charterers begin to seek out more information. The things of interest will be recorded, and will exist as globally shared information. This has obvious benefits as decisions can be made on factual, objective, agreed and undeniable data.

Doubts as to performance and data will be undeniable, the blockchain will reveal all. A cargo owner will use an algorithm to place a cargo, with a shipping company represented by a digital executive, and performance will be openly exchanged.

There will be many risks taken up by an insurer – which in turn will assess by computers, based on digital data and assessed against a pre set algorithms. So, as you can see – there are very few humans left in the chain. The boxes will be stuffed, or wet cargo pumped by computers and robots – into an automated port, loaded onto an autonomous ship. Then taken across the seas, and the process relies little on human intervention.

The idea that shipping could become so automated and algorithmically driven is almost as frightening as it is awe inspiring. Are we ready to make such a seismic shift so quickly? It appears that exponential change is coming, and as more ship owners rely on digital data, then the rising tide of digitalisation will raise all ships. So what role will the future shipping executive, the operations manager, the underwriter, the lawyer fulfil?

PEOPLE STILL MATTER

As Millennials come to the fore, with a reliance on data and online interactions, as risks are removed and the marine adventure becomes more digital than Disney, it seems there is no real answer yet. That may sound like a cop out, but stick with us, there is a reason for the article, it's not all bad news and we may all yet have a role to play.

The future may be scary, but it could be about examining what value people can bring to the industry and the blockchain. It won't be easy, but nothing about shipping ever has been. At the heart of the debate is the reality that the history of shipping is about money, and money is about investment. That in turn is about a form of gambling, so there needs to be an element of risk which remains.

Money needs to be pitted against itself to maximise returns, so in the same way that Bitcoins are artificially "mined" through computers, it seems that somehow there needs to be an element of risk in shipping. It used to be that investors were backing the bravery, nerve and verve of those who would go to sea, or who would buy ships, or underwrite them...those characters are still needed, but now perhaps cast into slightly different roles.

If one is ever in doubt as which way to go, always follow the money. Investors want returns, and that is the thing that will never change. So, when you look to the future look to see how value will be produced, and how returns will be created and maximised...money makes money, and that is the past, present and future.

SEARCH FOR FAIRNESS IN SHIPPING

Another key question which emerged from the London International Shipping Week was whether there can ever be a concept of “fair shipping”. We often talk of abandonments and the travails of seafarers, but is there a ray of hope or is all doom and gloom?

INHERENT UNFAIRNESS

In a world which increasingly seems inherently unfair, how can seafarers be protected, and companies encouraged to do the right thing? The Maritime Labour Convention (MLC) was meant to change everything. No longer could owners abandon their crews, there was a safety net and it would mean that everything would always turn out alright.

Alas, bad owners are still doing terrible things, and we seem as far away from fair today as we ever have been. According to data from the International Labour Organization (ILO), over the last five years, 12 to 19 crew abandonment incidents were reported annually and 1,013 seafarers have been left stranded by owners.

Furthermore, figures from this year, as of July 31, show that 28 abandonment cases were reported, involving 339 seafarers. Of those 1,352 seafarers, 254 seafarers were from Ukraine, followed by India with 203 and the Philippines with 105 seafarers, rendering these nationalities among the most vulnerable categories of sailors when it comes to crew abandonment.

The number of cases reported has increased drastically of late, something which appears to be down to greater awareness of the database or perhaps due to the publicity that has been given to the database at IMO meetings and events. Increasing interest in abandonment cases by the related stakeholders as well as by seafarers themselves have resulted in the higher number of cases being reported. Which can only be a good thing.

LACK OF CLARITY

The ILO database is the go to source on abandonments, but despite the improvements and an increase in reports, it still seems to lack many “abandonments” which are reported in the media. In recent times there has been pressure on the ILO to ensure the database captures more of what is going on.

Of course, if a shipowner fails to make arrangements for, or to meet the cost of seafarers’ repatriation, the “competent authority” of the IMO member whose flag the ship flies is in charge of arranging for repatriation. Though the theory does not always follow through, and the importance of insurance cover is all too obvious.

Again, there is another supposed safety net which kicks in. Should a country fail to do so, the state from which the seafarers are to be repatriated or the state of which they are a national may arrange for their repatriation and recover the costs from the flag the ship flies. Costs incurred from the process are recoverable from the shipowner by the member whose flag the ship flies.

Anything which involves flag States and nations is going to be drawn out. Alas, many cases have not been resolved for months and even years. Until each case is resolved, seafarers need due assistance to maintain their lives on board the ship. When they are not able to get very basic provisions such as fresh water, food, medical care and fuel, every case can become the worst case. Which all sounds very, very far from fair.

RELUCTANT TO LEAVE

Abandoned seafarers are often reluctant to leave their ship until it is sold in a judicial sale to pay outstanding claims, including claims for unpaid wages. In theory the system can work, but there are gaps and problems which still remain. It is too easy for flag States to skirt or shirk their responsibilities.

Those States yet to ratify MLC are proving a real thorn in the side of the legislation. Despite a no less favourable treatment clause, it seems they are driving a ship though the letter and spirit of the convention. Alas, incredible as it seems there are still flags which exist to facilitate the machinations of sub-standard shipowners.

For all the progress, there is a healthy maritime market in companies seeking to play the system, and they all too often succeed. With the rather depressing backdrop of the less savoury side of shipping, in essence it all comes back to protection and the ease by which financial support can be accessed. Yes, we are back to insurance once more.

One of the problems within shipping has been the failure to really tackle bad employers head on. As we have heard, the ILO database has had issues and has often been far behind the curve. Then there is the fact that shipping companies are often incredibly litigious. One slipped mention of a vessel or company name, and threatening emails from lawyers will be pinged in very quick order.



This means that there is often a hesitancy to get involved. Yes, the charities and unions do a sterling job, but it often descends into a slanging match when owners are outed for their failings.

HARD FACTS

Two recent news stories perhaps illustrate the tough task ahead in ensuring that seafarers are treated fairly, and that their needs are met. One shows the fact that wages are still a problem area – and that is even when they are paid. The other highlights the disdain that some employers have for their crews.

Yes, despite a recovery in the shipping markets, ship manning costs are set to remain suppressed as shipowners and operators continue to be financially challenged and the officer shortfall recedes. According to shipping consultancy Drewry a “lack of confidence” has seen wage increases almost at a standstill since 2009, and over the past year average officer rates have slid into reverse. Something which is bound to be tough to swallow for seafarers.

While there is no getting away from harsh financial realities, it is perhaps even more galling when crews are badly treated, seemingly for the sake of it. A new report from U.K.-based union Nautilus has shown that superyacht crews are being exploited by unscrupulous owners, and staff are working long hours in brutal conditions.

TOUGH JOB MADE HARDER

This all seems to highlight the urgent need for a system which rewards and recognises those who do good things, rather than trying to flag those who are failing.

Perhaps we are all trying to focus on the answer to the wrong question? We don’t need to be told who is bad, we need to just identify those who are good. That is what a campaign for “Fair Transport” should be about, and it is vital to have shipping as part of this equation.

However, those seeking to promote the concept seem to be having to battle far harder than you might ever expect. It seems all is not very often fair in shipping. There are many systems which work well in other industries, and standards are in place – but shipping often slips through the net.

One international standard, “Social Accountability 8000” provides much of the framework that shipping could use: <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=1689>

Incredibly though, they have purposefully decided that shipping cannot meet their standards, and so have made the maritime elements of transport exempt. It is scarcely believable, but shipping keeps slipping through the net when it comes to being accountable for actions or inactions.

For all the good companies who self-impose corporate social responsibility and look after their people, the lowest common denominators prevail, as they can charge lower freight rates. It seems that until shipping really does become fair, then charterers will scabble around to find the lowest freight rates and to heck with the rest. Forcing them to use higher quality shipping, that is the vision and that really would be fair.

MONTHLY NEWS ROUND-UP

The other news stories which caught our eye in the month just gone

Mega Social Ocean Cable -- Microsoft, Facebook, and the telecoms infrastructure company Telxius have announced the completion of the highest capacity subsea cable to ever cross the Atlantic Ocean. The cable is capable of transmitting 160 terabits of data per second, the equivalent of streaming 71 million HD videos at the same time, and 16 million times faster than an average home internet connection, Microsoft claims. The cable will be operational by early 2018. Called Marea, which is Spanish for "tide," the 4,000 mile long subsea cable lies 17,000 feet below the ocean surface and extends between Virginia Beach, Virginia and the city of Bilbao in Spain. <https://goo.gl/kmk6UX>

Logistics Industry BREXIT Hopes -- Members of the UK logistics industry reportedly believe the prime minister Theresa May is finally making the "right noises" during a Brexit speech, but warned government must follow through on its promises. Mrs May has not only called for a transitional period following the UK's 2019 exit, but said EU nationals would be eligible for permanent residence. Brexit policy advisor at the UK Chamber of Shipping Matthew Wright welcomed the prime minister's comments, noting the importance of EU nationals to the UK's shipping sector, he added the comments would help "allay" concerns of seafarers. <https://goo.gl/rk8KUf>

God Bless OOCL United Kingdom -- OOCL has commemorated the christening of the latest 21,413 TEU containership to join our fleet this year. Constructed by Samsung Heavy Industries (SHI), Hull H2175 is the fourth in the line of six ordered by OOCL from the Korean shipyard. Named the "OOCL United Kingdom", and together with her sister vessels, Chief Financial Officer of OOCL Mr. Alan Tung said they are "a class of their own" as the world's largest by carrying capacity box ships. "Following our 'M Class' of 13,208 TEU vessels also built here at SHI, we are delighted to be adding these state-of-the-art titans at sea 'G Class' containerships into our fleet," he said. <https://goo.gl/4ti6cC>

Maltese Flag Success -- A 63 per cent increase was recorded in the number of new entries in the Maltese shipping register since 2012, Transport Minister Ian Borg said this afternoon. Addressing a news conference to mark World Maritime Day, which will be celebrated next Thursday, he noted that Malta's shipping register remained the largest in the EU and the sixth largest globally. Up to the end of August, more than 8,000 ships with a combined gross tonnage of 74 million were flying the Maltese flag. Growth was also being registered in the superyacht industry, which registered a record 97 per cent increase in the number of new registrations. <https://goo.gl/4URYSK>

All Change for ICS -- Brand Union has designed a new identity for trade union the International Chamber of Shipping, with the aim of "raising the profile" of the shipping industry's trade efforts. The ICS was founded in 1921 and represents ship owners, merchants and operators globally. It deals with employment issues for members, policy change by governments, technical requirements and legal challenges. Brand Union's aim was to "raise the profile" of the "unrecognised" organisation and the work the shipping industry does in carrying out 90% of the world's trade, says Lou Hunter, creative director at the consultancy. <https://goo.gl/Q8oTRx>

Zombie Fleet Fears -- Hundreds of vessels around the world are essentially trading as a zombie fleet with scams growing when it comes to registering ships, the International Maritime Organization (IMO) has warned. Frederick Kenney, director of the legal and external affairs division at the IMO, speaking at this week's International Group of P&I Clubs Correspondents' Conference in London, said action was needed to tackle the growing number of fraudulently flagged ships. Kenney reported how around 10 flag states had revealed they had ships on their books that they had no idea about, registered from fake offices. <https://goo.gl/3azBb9>

Seafarer Guide on Ballast -- BIMCO has written a practical guide for officers who are responsible for managing new ballast water treatment systems. It coincides with the entry into force of the International Maritime Organization's (IMO) Ballast Water Management (BWM) Convention. BIMCO's new Shipmaster's Ballast Water Manual is intended to provide accessible information for seafarers dealing with practicalities of daily ballast water management. The manual covers all aspects of the Convention including regulatory implementation, inspections by port state control and charterers and the latest guidance issued by the IMO. <https://goo.gl/QLwHPT>

New Build Breakdown -- CMA CGM's newbuild New Panamax containership "CMA CGM Lisa Marie" suffered a mechanical failure during sea trials in China. Ship's personnel sent a distress call as the ship was disabled amid stormy weather in coastal waters near Shanghai. The stricken boxship was battling 6.4 meters high waves. The vessel's crew managed to put the containership under tow and towed it to the Shipyard, where the ship underwent necessary repairs. <https://goo.gl/46wEcj>

World Trade Revisited -- World Trade Organization (WTO) economists have issued a strong upward revision to their forecast for 2017 trade expansion following a sharp acceleration in global trade growth in the first half of the year. The estimate for growth in world merchandise trade volume in 2017 was raised to 3.6 percent. The previous estimate for 2017 was 2.4 percent, although this was set within a range of 1.8-3.6 percent, reflecting the high level of economic and policy uncertainty. The new estimate puts the focus on the top end of that range. <https://goo.gl/yMXp1n>

Navy Switches AIS On -- Following scrutiny over two deadly collisions earlier this year, the U.S. Navy will increase manning levels on certain vessels and will require its warships to transmit AIS signals when transiting congested waters. AIS tracking data collected at the time of the USS John S. McCain and USS Fitzgerald collisions suggest that neither vessel was transmitting, consistent with the Navy's general practice. "We had, I think, a distorted perception of operational security that we kept that system [turned off] on our warships," said Chief of Naval Operations John Richardson. <https://goo.gl/7ubvJP>

Serial Offender in Trouble -- A serial crew abandonment offender is on the ropes once again. The majority of the gas carrier fleet of the Yudhishthir Khatau-led Varun Shipping is under arrest in Indian and UAE waters with the ships likely to be sold off soon. The LPG tanker Maharshi Vamadeva has been off Fujairah port in the United Arab Emirates since June over Varun's failure to pay Drydocks World for repair work. That ship arrest spooked Varun's creditors who together with Varun's third-party manager, Fleet Management, took the decision to move seven of Varun's other LPG carriers into Indian waters over fears these ships might be arrested. <https://goo.gl/SCJ7tL>

UK Bold Flag Pledge -- The UK has pledged to double the size of its ship register putting in the top 10 globally. At the start of London International Shipping Week (LISW) the UK's Shipping Minister John Hayes said that the government is working to double the size of the UK Ship Register from 16m gt to 30m gt. Hayes highlighted that ships flying the Red Ensign enjoyed international tax breaks, British consular support and protection from the Royal Navy. <https://goo.gl/UY7ChO>

New Anti-Piracy Patrol -- The European Union says its anti-piracy flotilla will begin operations off the Somali coast next week. EU foreign policy chief Javier Solana says the six warships and three maritime patrol aircraft will have very robust rules of engagement. The EU mission will replace a NATO task force that has been in the Gulf of Aden since October escorting cargo vessels carrying humanitarian aid to Somalia. <https://goo.gl/wJfW5z>

Ballast Water Changes Arrive -- A key international measure for environmental protection that aims to stop the spread of potentially invasive aquatic species in ships' ballast water has entered into force. Congratulating the IMO, Global Environment Facility (GEF) CEO and Chairperson, Naoko Ishii, said, "The entry into force of the Ballast Water Management Convention (BWM) was facilitated by the GloBallast programme, a long-term productive partnership between GEF, IMO, UNDP and a suite of partners. Implementation of the Convention will be instrumental in battling invasive aquatic species, and will lead to healthier marine ecosystems. <https://goo.gl/LqxZfr>

Lloyd's Reveals Concerns -- Cyberattacks, autonomous vessels, Arctic exploration and a return to piracy are the top risks facing the shipping industry, new research from Lloyd's has found. With insight and input from marine insurance experts across the Lloyd's market, the world's specialist insurance market explored the top risks in shipping today, presented in no particular order of priority. Forming the backbone of the global economy, 90% of world trade is still carried by the shipping industry, Lloyd's reported. <https://goo.gl/M7EscY>

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