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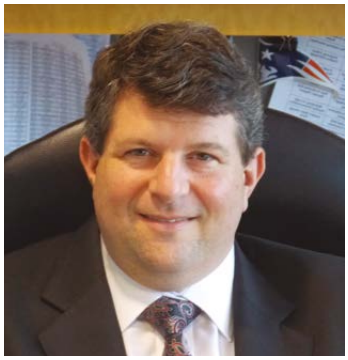

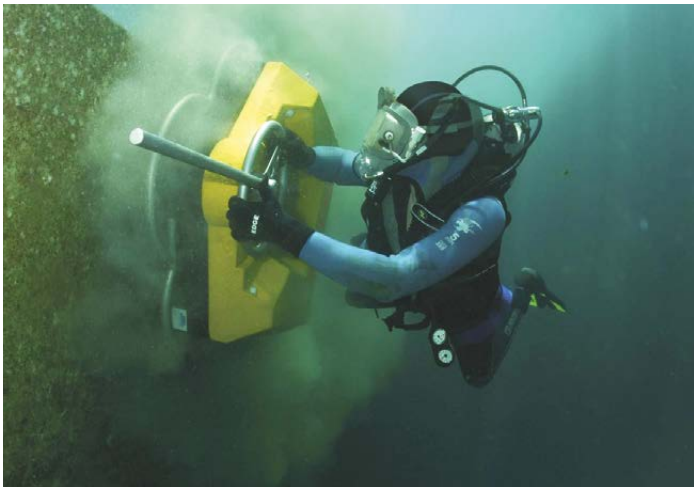

Front Cover - The Life Management Centre provides advisory services to businesses and organisations. It was founded by a group of scientists - professional advisers for the effective management and utilisation of human resources in companies, believing that the people in an organisation are its 'key ingredients'. The Centre's partners are scientifically trained and experienced professionals who were employed in demanding work environments for many years before joining the company.

On a hiding to nothing!

Who would be a forecaster in today's muddled world?

Fortunately, there are still plenty of respected industry commentators willing to have a go. This is the time of year, when I receive a few in my in-box and 2017 has thus far been no exception.

For example, Moore Stephens' Richard Greiner summed it up neatly by saying that the shipping industry will use a mixture of experience and innovation to navigate what is likely to be another volatile year for the industry.

"Making predictions about the shipping industry is as volatile an undertaking as the business of shipping itself. Who, for example, predicted that the Baltic Exchange would be sold to Singapore? The same people, presumably, who foretold that Donald Trump would be elected president of the US, that Britain would vote to leave the European Union, and that Leicester City would win the English Premier League. Yet it all happened in 2016.

"Predicting shipping's fortunes in 2017 is as precise a science as foretelling the English weather. But some things are at least more likely to happen than not. Oil prices should continue on an upward trend on the strength of the recent OPEC production cuts. Calls for higher levels of ship demolition will increase significantly, although not ship demolition itself.

"The cost of meeting regulatory requirements will become clearer as the industry and its financiers grapple with the financial consequences of having to burn lower-sulfur bunker fuel whilst ensuring that their ballast water management systems are fit-for-purpose.

"Orders will be placed for new ships. If they are not, a number of shipyards will go to the wall. If operating costs do not increase, concern will spread about whether quality and safety are being sacrificed. Both traditional and innovative sources of funding will remain accessible to those with sound business plans. And cyber security will move nearer the top of shipping's list of things to address.

"Confidence in shipping increased steadily for most of 2016, underlining just how robust the industry can be in difficult times. The inherent volatility of the industry will continue throughout 2017, during which time shipping will resort to tried and trusted methods and to fresh innovation alike in an effort to keep its head above water. Shipping will find a way.

"Things that will not happen in 2017 include another major fall in oil prices, and a big increase in hull insurance rates," he said.

Die-hard competition

BIMCO's Peter Sand agreed that the shipping industry will have its work cut this year, which will see another 12 months of die-hard competition, including tankers.

The longer that global economic growth remains weak and lacks investment, the lower future growth potential will be for shipping.

The full restoration of the shipping markets will need several years of solid improvements to lift fleet utilisation rates. Sector overcapacity almost everywhere must be reduced.

Will the world grow its GDP in 2017 in a way that will benefit shipping? Probably not, as global GDP growth is currently driven by service sectors and developing/emerging economies, resulting in a lower 'GDP-to-trade multiplier', and thus generate a lower level of shipping demand than we have been accustomed to in the past, Sand said.

As for the tanker sector, he said that in the wake of a very strong 2015, fortune faded as expected for both crude and product tankers. A strong freight market was created by an increased throughput at global refineries causing up-front oil demand to run ahead of end-consumption and a moderate supply side growth for crude oil tankers.

In 2016, the fleet grew by 6% for both tanker segments. This unbalanced the market as demand growth eased off. He suggested that in coming years the end-consumption of oil will need to catch up – and bloated oil stocks must be drawn down – before the market can be rebalanced.

Global oil supply continued to grow in 2016, despite many disruptions to production in key exporting countries. The re-entry of Iran into the international oil market was the single-most disruptive event to an established oil market and it had a knock-on effect into the tanker market.

Whether the changes to trade patterns end up benefiting the tanker market remains to be seen and depends on the West African exporters' ability to defend their market shares in Asia, particularly India.

BIMCO expected the crude oil tanker segment to see a net fleet growth of around 3% in 2017 (6% in 2016). The supply side growth rate of the oil product tanker fleet was estimated to be around 2.5% (6.1% in 2016). Demolition of tanker capacity was forecast to reach a five-year high, but not enough to prevent the onset of a loss-making freight market (see Markets on page 4).

Sand said that the organisation would continue its series of analysis on the 'Road to Recovery' for the crude oil tanker market.

TO

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Where next?

Some aspects were good, while others were best not spoken about, said Gibson Shipbrokers in its 2016 report.

From a tanker perspective perhaps the most significant event occurred in the final quarter of the year, as on Wednesday 30th November in Vienna, OPEC agreed to "significant" production cuts.

This news was shortly followed by another announcement that several non-OPEC members would also cut production, taking the total level of expected production cuts to nearly 1.8 mill barrels per day.

Oil markets began 2016 in turbulent waters, with fears over just how low oil prices would go. Brent levels reached the bottom in January at below $30 per barrel, which coincided with average VLCC earnings of over $70,000 per day.

Oil demand growth remained robust, but slowed to 1.4 mill barrels per day from 1.8 mill barrels per day in the previous year, according to the IEA. With demand insufficient to absorb the surplus, OPEC finally conceded that production cuts would be needed to rebalance the market, pushing crude prices back above $55 per barrel.

As mentioned, the crude tanker market started the year strongly, carrying on from 2015 levels. However, rates and earnings gradually softened throughout the year before picking up again in the fourth quarter.

Crude tanker demand was impacted by supply disruptions in Nigeria witnessed earlier in the year. In addition, as slower growth in global oil demand was seen, oil markets became more balanced, leading to a decline in tanker operational and forced storage.

Furthermore, a heavy refinery maintenance season, which was reduced and/or postponed from 2015, due to high refining margins, had a negative effect on crude demand and tanker rates.

Fleet growth was high on the back of an increasing number of deliveries, whilst demolition was almost non-existent. As a result, the market is now digesting the deliveries from the ordering spree over the previous few years, although in 2016 new orders across the board were very limited, Gibson said.

This has added further downward pressure on the shipbuilding industry, which is going through a major crisis. Tanker newbuilding prices have fallen to or close to their lowest levels since 2004 and it remains to be seen if asset values will fall further this year.

Last year also saw the ratification of new industry standards, which will impact on several aspects of the shipping market in the coming years.

For example, the Ballast Water Management Convention will enter into force in September, 2017. Although not impacting on markets directly this year, the full effects will be evident in future years. In a similar vein, an agreement was reached to lower global sulfur limits from 3.5% to 0.5% by 2020. Both are likely to have significant ramifications.

	Dec 15		Dec 16		2016	
	WS	TCE/day/$*	WS	TCE/day/$	WS high	WS low
VLCC (ME-Japan)	87	122,000	81	61,500	31	100
Suez (WAfr-Cont)	80	50,000	95	34,000	32.5	118.5
Afra (NSea-UK/C)	112	47,000	119	41,250	77	140
LR2 (ME-Japan)	92	31,250	76	8,250	55	152
LR1 (ME-Japan)	102	25,250	80	5,750	72.5	152.5
MR (UK/C- USAC)	111	18,500	108	8,500	70	160

**TCEs at market speed.*

Source: Gibson Shipbrokers

Build-up

The build-up of significant product inventories around the world have limited trading and arbitrage opportunities for clean tankers. In addition, there has been a noticeable slowdown in new export orientated refining capacity additions in the Middle East.

Spot fixture volumes are showing signs of being on a par with 2015 levels, while the growth in product tanker supply has accelerated notably. There also has been a drop in trading volumes for larger product carriers loading West of Suez, largely due to a lack of naphtha arbitrage to the East and limited trade to West Africa.

All of these factors combined have translated into a dramatic decline in clean tanker earnings last year. However, MRs in Asia have been generally able to outperform those in the Middle East and West of Suez, due in part to increasing product imports and exports levels from China.

Last year produced opportunities and challenges evolving around various aspects of the shipping industry. The year 2016 may well finish on a high across most markets. However, 2017 is likely to present a renewed set of challenges, which may trump 2016 from both a supply and demand perspective, Gibson said.

Fleet size (25,000 dwt plus)*	
VLCC	= 688
Suezmax/LR3	= 509
Aframax/LR2	= 971
Panamax/LR1	= 430
Handy/MR	= 1,986
Firm orderbook	= 526 (70.7 mill dwt)
New deliveries	= 255 (32.1 mill dwt)

**End 2016.*

Source: Gibson Shipbrokers

As for recycling, without the sale of two VLCCs in the final quarter of last year, tanker deadweight recycling totals would have been only slightly above the 2015 final figure.

In deadweight terms, tonnage sold for demolition in 2016 amounted to 2.46 mill tonnes, just 33 units of 25,000 dwt plus, as once again healthy earnings across most tanker sectors did little to encourage scrapping.

An extremely young age profile of the tanker fleet also affected scrap sales and

newbuildings entering the market were initially absorbed with minimal impact until the latter half of last year. In contrast, demolition sales of drybulk carriers and the containerships contributed around 350 and 200 units respectively, as poor trading conditions continued to dog these markets.

The collapse in scrap prices, which started in 2014, continued and by January last year, lightweight prices on offer had fallen to below $300 per tonne for tanker tonnage. Over the final few months of 2016, lightweight prices started to recover, but failed to attract an influx of new tanker candidates despite softer tanker earnings. However, India/Pakistan levels were still considerably below the circa $500 per tonne range seen in September, 2014.

Of the 33 tankers sold last year, Pakistan breakers took exactly one third, followed by India with eight. The oldest vessel sold for scrap was the Suezmax 'Leo' (built US, 1978), which had been shuttling crude around the US Eastern seaboard for a couple of years. The youngest, the VLCC 'Xin Ping Yang' (built 2001) just made it into 2016 figures, reportedly bound for Chinese breakers.

Trading VLCC scrapped

In October, the 'Progress' (built 1994) had the distinction of being the first trading VLCC to be sold for scrap for exactly two years. One interesting point is that 10 of last year's sales concerned single-hull tonnage, many of which had been lying idle for some time. In addition to the two VLCC sales, one Suezmax and seven Aframaxes were sold.

For 2017, Gibson anticipated tanker markets to be more challenging across most sectors. The production cutbacks announced by OPEC in November are due to be implemented from this month onwards.

In addition, the influence of the 240 newbuildings, which entered the fleet last year, plus those still to be delivered over the coming months, will also impact heavily on the tanker market. The recent legislation on ballast water treatment for implementation from September this year and the new lower sulfur limits from 2020 will all influence owners decisions whether to scrap although many owners may hold off to see if there will be exemptions or waivers applied.

However, the expense of putting a vessel through a third special survey, coupled with the high additional costs associated with the new environmental regulations will provide owners with considerable food for thought over the coming months.

Slippage

A few months ago, Gibson said that tanker slippage was likely to be substantial in 2016 – at over 15%.

As the year came to an end, the final results showed that the slippage was even bigger than initially thought. The actual delays in 2016 were around 25% of what was scheduled for delivery within the year.

In percentage terms, delays were the highest in the Suezmax segment - at 33%, with 13 out the 40 units, which were scheduled for delivery in 2016 have yet to hit the water. Panamax/LR1s were next, with slippage at 30%; while delays in the Handy/MR fleet accounted for 27% of the tonnage.

Finally, delays in the VLCC segment were at 25% and in the Aframax/LR2 size group at 18%.

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Middle East company news roundup

A look at some of the initiatives undertaken by Middle East companies recently.

Dubai-based giant shiprepair complex Drydocks World has attained another 5- star grading from the British Safety Council.

This audit verifies that Drydocks World is a facility that goes further than the required compliance and achieves the highest international best practice standards. The shiprepairer has been awarded this status since 2003.

The yard achieved an audited score of 96.26%, which is regarded as one of the highest scores internationally based on the new audit criteria. This 5-star grading is reflected through the safety milestones achieved on some of the yards largest projects during 2016.

Tristar

The shipping team at Moore Stephens recently acted for UAE-based logistics group Tristar in its $90 mill acquisition of Abu-Dhabi based shipowner Emirates Ship Investment Company (Eships).

In a project led by shipping partner, Michael Simms, Moore Stephens, London carried out a financial due diligence assessment of Eships' activities on behalf of Tristar. As part of the transaction, Tristar drew down financing from Abu Dhabi Islamic Bank (ADIB).

Oman Shipping

Oman Shipping Company (OSC) has decided to take back the commercial management of its VLCC fleet which had been managed in Navig8's VL8 pool.

OSC operates a fleet of 51 vessels, including 44 wholly owned. Among the fleet, 33 vessels are tankers including 16 VLCCs of which, 15 had been placed in the VL8 shipping pool since 2010.

"We have enjoyed a mutually beneficial and close co-operation with Navig8 Group since we joined the VL8 pool as a founding member in 2010," explained Tarik Al-Junaidi, Oman Shipping Co CEO. "Despite the many benefits we have received from our vessel participation in the VL8 pool, we have made the decision to internalise the commercial management of our VLCC fleet to meet our legitimate growth aspirations in every functional area under the OSC brand."

"Navig8 is grateful to Oman Shipping for placing their VLCCs with us for commercial operations, while they built their own internal capabilities," said Nicolas Busch, Navig8 Group CEO. "We look forward to maintaining our close relationship with Oman Shipping and its affiliates."

Oman Shipping Company's (OSC) subsidiary, Oman Charter Co (OCC), has signed a three year contract of affreightment (COA) agreement with Shell International Eastern Trading Company (Shell).

This contract grants Shell access to VLCCs operated by OCC and provides the company with the cargo base it needs to support its commercial operations.

"We are pleased to associate ourselves once again with Shell," said Tarik Al-Junaidi. "In addition to the 10 MR tankers that we have recently chartered to Shell, this COA demonstrates the ability of Oman Shipping Co and its subsidiaries to deliver top shipping solutions that meet the requirements of our esteemed clients."

Mike Muller, vice president for trading and supply crude, Shell International Trading and Shipping Co (STASCO), said: "For more than 50 years, Shell in Oman has been committed to meeting the country's growing energy demand in a socially and economically responsible manner. We look forward to strengthening this well-established relationship through this agreement with Oman Shipping Co."

Saudi repair complex

Saudi Arabia's energy minister Khalid al-Falih has reportedly said that the huge shiprepair and shipbuilding complex that Saudi Aramco is developing at Ras al-Khair on the Kingdom's east coast will cost over 20 bill riyals ($5.33 bill).

According to a Reuters report, Falih who is also chairman of Saudi Aramco said: "Construction will start in 2018, production in 2022."

The government will finance the complexes infrastructure, such as dredging and other work, as it did with Jubail and Yanbu that have become major industrial hubs.

This maritime complex is a joint venture between Saudi Aramco, Saudi Bahri, South Korea's Hyundai Heavy Industries and Lamprell.

The project will help generate thousands of direct and indirect jobs, a key part of Saudi Arabia's Vision 2030, an economic reform programme the government announced last year, in which Saudi Aramco will play a big part in developing industrial projects, as Saudi Arabia tries to diversify its economy beyond reliance on oil exports.

ADSB

Abu Dhabi Ship Building (ADSB) has expanded its customer portfolio to include chemical tankers.

ADSB has welcomed its first chemical tanker at the new drydock facility at Mina Zayed, which was commissioned in July of last year.

'Mid Osprey', a 140 m chemical tanker, underwent major repairs, including the refurbishment of the ship's accommodation.

ADSB has also installed a high powered robotic washer and hydro blasting unit, a more environmentally friendly and efficient robotics system for hull treatment.

The installation of the new technology is in line with ADSB's mission to provide more sustainable options for shiprepair and maintenance, the company said. The new system will replace the copper grid blasting unit that was previously used, eliminating the air pollution caused by the grid blasting.

Dr Khaled Al Mazrouei, Abu Dhabi Ship Building CEO, said: "We are continually looking for growth areas for our company and expanding our service offering to chemical ships is an excellent example of how we are utilising our expanded capabilities to grow our customer base.

"The investment in new technologies also goes hand-in-hand with this growth and through the investment in the new hydro blasting unit, we are able to upgrade our service offering with utilize cutting edge, efficient tools," he said.

A new floating drydock signifies a new phase of growth for the company, as it looks to expand its commercial service offering. The drydock now allows ADSB to service ships that were previously too large to be handled at its headquarters in Mussafah, local reports said. TO

ASRY- challenges ahead for new CEO

On 4th January, Andrew Shaw started to lead ASRY in his new capacity as CEO, as the shipyard enters its 40th year of operation.

He re-joined the company after previously holding the position of general manager of the ASRY Offshore Services division from 2009 to 2014.

"I'm honoured to be given the chance to lead not only one of Bahrain's leading employers and industrial pillars, but also one of the world's most reputable shipyards," Shaw said.

Andrew Shaw

ASRY Chairman, Shaikh Daij Bin Salman Al Khalifa, said of the appointment: "With the current challenges facing the Middle East shiprepair market, we were looking for a candidate that would bring not only relevant industry experience, but also a proven track record of good leadership, as well as a dynamic hands-on approach to facing the challenges in our future.

"Andy is all these things, and is also intimately familiar with the inner workings of ASRY having worked here for almost five years previously, positioning him perfectly to take the yard forward," he said.

Shaw also acknowledged the challenging position the company is in, saying. "The yard faces difficult market conditions, strong competition, and the constant challenge of optimising operational safety, quality and efficiency. However, with some readjustments, and the support of our Board of Directors and shareholders, I am convinced ASRY can continue to be the leading repair yard in the Arabian Gulf."

KOTC's VLCC 'Al-Salheia'

Shaw has more than 25 years experience in the global maritime industry. He was most recently group managing director for two and half years at a leading UK shiprepair and conversion company. Prior to his first stint at ASRY, he spent time at Vickers Shipbuilding & Engineering Ltd (VSEL) and Vosper Thornycroft.

As for tanker repairs last year, ASRY docked vessels from KOTC, Mid East Ship Management, AMPTC, TORM, DHT, Euronav, Stolt, Odfjell, UACC, Zodiac, Springfield, Dynacom and others.

Highlights included a low sulfur marine gas oil (LSMGO) system conversion on KOTC's VLCCs 'Al Salheia' and 'Kazimah III'.

As a part of IMO regulations to limit the sulfur content in the MGO, ASRY installed an owner-supplied LSMGO cooler during the vessels' drydocking period. The jobs included engineering drawings preparation for the piping and tank modification, fabrication and installation of main engine LSMGO cooler line, MGO bypass line, new drain tank vent line, and new drain tank.

Another highlight was a Marine Line application in nine cargo tanks on Odfjell's parcel tanker 'Bow Elm'. This involved hot curing of each of the nine tanks using propane gas, after application of the coating. The total area applied with Marine Line was 8,440 sq m.

A challenging job last year, due to the logistical complexity of managing simultaneous trades, was ballast tank treatment including steel renewal on Stolt Tankers' 'Stolt Viking'. Around 40 tonnes of steel was renewed in 15 ballast tanks while simultaneously treating 33,600 sq m in the same tanks.

Bow Elm's' tanks were recoated with Marine Line

Combining the restrictions of confined spaces, maintaining maximum safety and quality, and managing two trades working on the same area to meet client requirements proved a good test of ASRY's operational efficiency, the company told *Tanker Operator*.

Turning to the impending entry into force of the Ballast Water Management Convention (BWMC), no systems have been installed at the yard thus far.

However, ASRY did carry out an engineering feasibility study for fitting a variety of different ballast water treatment systems (BWTS) on board the Kuwait Oil Tanker Company's (KOTC) tanker fleet. This study included looking at a variety of different systems and comparing and contrasting their cost efficiency, as well as engineering requirements.

During this extended study, ASRY deployed its FARO 3D scanner, which gives the yard the capability of scanning machinery and other internal spaces on board ships.

With this new tool, ASRY has the ability to help owners mitigate risks involved with installation of new equipment, such as BWTS, scrubbers, etc required to be fitted to meet upcoming regulations, the company told *Tanker Operator*. TO

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GulfNav - expanding on all fronts

Gulf Navigation (GulfNav) recently embarked upon its global business transformation plans by expanding the marine business and diversifying the services offered.

One of the latest moves was to enter into a partnership offering ship's agency, vessel and marine products services in co-operation with Polimar Turkish Holding.

Through this partnership, GulfNav said that it will be able to expand its services to a wider range of ports. For example, GulfNav is now able to serve its customers' vessels in the major ports worldwide in addition to UAE ports.

According to the agreement, the GulfNav's maritime agency fleet will grow from four service boats to 10 crew, tugs and offshore support vessels with a value of $3 mill per vessel and the expected revenue from this joint venture will be around $27 mill, the company claimed.

The new Joint venture company is a subsidiary of Gulf Navigation Holding Group and is headquartered in Dubai and started operations last month.

Since 1996. Polimar has expanded its business through establishing strong relationships with port authorities, organisations, local shipyards and workshops. In the agency business, Polimar has branches in Turkey, Bulgaria and Greece and its services have expanded to Istanbul, Tuzla, Yalova, Canakkale, Piraeus, Dubai, Bourgas, Suez, Gibraltar and Novorossiysk.

In another move, last December, GulfNav, entered into strategic alliances with MENA Energy.

This move was aimed at co-operating in ship acquisitions, chartering and commercial management. .

It is intended that GulfNav will acquire or order up to 12 newbuildings, ranging between 50,000 dwt and 120,000 dwt to ship crude and products and in turn timecharter them to MENA Energy.

The same month, another partnership agreement was signed with SeaQuest, a group providing shipmanagement and newbuilding project management services.

According to this agreement, GulfNav will expand its business in the Middle East, Africa and other neighbouring countries in shipmanagement, marine project management and consultancy services, through a new company that will be headquartered in Dubai in the beginning of January, 2017 and will be a subsidiary of GulfNav.

SeaQuest has a network of offices in Europe (Geneva, Genoa, Rijeka, Athens) and the Far East (Singapore, Hong Kong, Beijing, Manila) and currently operates around 25 ships and has been involved in about 90 projects and more of 280 newbuildings on behalf of international shipowners.

Northern UAE

GulfNav has also announced plans to expand its UAE operations in the northern region - the GNH Northern Project. These activities will include shipbuilding, shiprepair and offshore platforms, equipment and services, logistics, specialist operations and global mobile shiprepair and services, including afloat and during a voyage.

The UAE's eastern coast is considered one of the most important trade routes in the world and is the world's second largest area for supplies and bunkering. More than 200 work boats are employed for offshore support and supplies.

The number of vessels calling for repairs at Fujairah anchorage and Khorfakkan is about 550 per month, hence the potential scope for business at the berths or deepwater areas is huge, the company said.

GulfNavigation said that it will team up with Wuchang Shipbuilding Industry Group and Qingdao Beihai Shipbuilding Heavy Industry, both of which are members of China Shipbuilding Industry Corp (CSIC) group, in the GNH Northern Project.

The joint team recently reviewed the existing shipyard's workshop, facilities, equipment, quay and analysed the type and content of the shiprepair work; as well as operations to support the infrastructure and processing requirements vis a vis the applicable laws and regulations relating to the business, security and safety, environmental protection, employment, and other logistics and resources.

GNH Northern project will be developed in three phases. The first of which will include development and upgrade of the existing facilities and a floating dock and will also include the development of mobile cranes working remotely for all ship types and offshore platforms.

Creating partnerships

HE Khamis Juma Buamim, GulfNav board member, managing director and Group CEO, said: "We are working on creating partnerships as part of GNH's global expansion and development strategy and to establish ourselves are market leaders in all areas of the maritime sector and to diversify sources of our income and create value for our shareholders. We have ambitious and approved plans under this concept and strategy of expansion termed 'broad vision for new horizons'.

"They rely on innovation, change and transformation of the group into multi-national and multi-business, which consequently will create job opportunities and strengthen the economy of the region and the UAE which is in the best interests of our country.

"Our business partnerships have clearly defined economic and commercial scope, which contributes to the growth of all investee companies through joint investments and co-operation and activating of mechanisms for research and development to strengthen the future of the marine industry in the UAE and the region," he said.

GulfNav currently owns several vessels, including tankers and provides integrated marine services and specialises in the transport of crude oil and chemical products.

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Mørch lays Odfjell bare

At presentation given by Odfjell at the SEB Nordic Seminar 2017 in Copenhagen on 11th January, CEO Kristian Mørch outlined the company's progress and gave a glimpse into the company's future operations.

The Oslo listed company currently operates within three business segments - chemical tankers, tank terminals and Odfjell Gas. The company employs around 3,000 people within its international network across 20 countries.

Mørch highlighted Odfjell's third quarter 2016 net result of $16 mill (the same as 2Q16), and EBITDA of $60 mill (2Q16 =- $ 61 mill) in a continued softer chemical tanker spot market. However, he said that vessel utilisation remained high due to contract nominations.

Odfjell CEO Kristian Mørch

Odfjell's balance sheet continues to strengthen, he said and during the quarter Odfjell Terminals came in with stable results and the company agreed to sell its share in Oman Tank Terminal resulting in a gain of $46 mill.

In addition, Odfjell signed contracts for four, option, two, option two more stainless steel chemical tankers, which he claimed will be the largest and most efficient stainless steel chemical tankers ever built.

The chemical tankers division was responsible for 80% of the EBITDA and operates around 80 owned and timecharter/bareboat vessels – 44 owned and 35 timecharter/bareboat. It focuses on the deepsea market and large stainless steel vessels, shipping more than 600 products for 600 plus customers every year.

The Tank Terminals division accounted for 19% of the EBITDA and is a joint-venture between Odfjell (51%) and Lindsay Goldberg (49%). The total tank capacity is about 4.8 mill cu m operating a global network through strategic partnerships.

From January to December, 2015, Odfjell undertook what it called 'Project Felix', which consisted of more than 400 work streams, covering all aspects of the business. This project resulted in a $109 mill improvement successfully achieved by end of that year.

General and administrative expenses saw a reduction across tankers, shipmanagement and administration, including a revised pension agreement, the selling of the Bergen headquarters, among other initiatives.

The company exited from the unprofitable Intra-EU trade and sold four vessels ('Bracaria', 'Balearia', 'Brasilia' and 'Pilot'). At the same time, Odfjell improved competitiveness in the US Gulf/Far East trade through increased frequency of sailings.

'Project Felix' was substituted by 'Project Moneyball', which focused on operational excellence and efficiency gains to leverage the positive momentum in the organisation, Mørch said. He explained that in 'Project Moneyball', Odfjell combined its internal expertise with external data sources in order to overcome some of the largest challenges facing the industry today.

Port problems

For example, port time for chemical tanker operators has increased significantly over the last decade, due to port infrastructure not being able to keep up with a growing global fleet. "We want to find solutions that are unique to Odfjell to reduce port time for our vessels and in general improve our operational efficiency," he explained.

The main areas of improvement are in the commercial and cargo programmes to reduce the number of berth calls, operational efficiency and leverage possibilities from increased data availability by using KPIs and statistics to improve execution through better planning processes and by using new tools. Certain administrative tasks will be automated to free up capacity. External stakeholders, such as customers, terminals, port authorities and brokers are also involved in the project.

Turning to the chemical tanker market, Mørch said; "We expect the market to be well balanced over the next two years, due to a slowing fleet growth after 2016 and limited downside risk in the current orderbook (new orders delivered earliest 2019), a ramp-up of petrochemical exports in the US Gulf and Middle East driving long haul trades, higher global economic growth, Chinese economy shifting to consumer driven and de-consolidation is reversing.

"We are currently experiencing a softer spot market mainly driven by a weaker CPP market, higher competition, due to vessel deliveries and product tankers swinging into the market. However, our COA portfolio provides a limit to the impact of a volatile and softer market," he said.

Overall, he claimed that Odfjell was a leaner and more fit organisation due to the $100 mill 'Project Felix' effect being realised and is operating smarter, due to in-house competencies and systems representing 100 plus years of experience, the implementation of new data driven and analytical decision tools.

The company is also focusing on its core fleet and is exiting Odfjell Gas, as it is amongst the few operator and owners of large sophisticated chemical tankers, plus integrated logistics through Odfjell Terminals.

He then outlined the key focus areas going forward, which were the renewal of tonnage and fleet growth and participation in consolidation; by offering a high quality service, safely, predictably and reliably; evolving operational excellence in tankers.

As for the terminals, these will be brought back to meaningful profitability levels with the implementation of the 'value creation programme', he said.

Running a flag state

International Registries (IRI) has had a very successful 2016, the organisation providing administrative and technical support to the Marshall Islands Maritime and Corporate Registries (RMI), claimed.

While the fleet grew by 3% last year in gross tonnage terms, vessels entering the RMI grew by 10%.

As at 31st December, 2016, the RMI had 4,011 ships of more than 140 mill gt, having an average age of 8.55 years. The registry is now the largest tanker flag state with nearly 1,100 vessels of 48.7 mill gt, amounting to 35% of the RMI's fleet in gt terms.

Illustrating the delivery profile of the world's fleet last year, around 60% of the registry's tonnage intake were newbuildings, while the other 40% represented owners and operators who had joined the RMI from other flag states.

The newbuilding market is expected to remain depressed this year and so the growth in the entered fleet is forecast to slow. However, IRI president, Bill Gallagher said: "In tough times, owners need a top level service, especially where tankers are concerned."

One of the major challenges last year was the increased attention given to vessels by the various Port State Control (PSC) regimes worldwide. To counter this, IRI ramped up the number of qualified inspectors on its books and the number of offices where vessel inspectors are based, especially coast to coast across the US.

Of particular importance in the US is the US Coast Guard's (USCG) Qualship 21 Program. This standard is very difficult to meet, reflected in 13 out of 26 flags being dropped from the programme in March, 2016. RMI has retained its place on Qualship 21, as a result of resourcing qualified vessel inspectors in various port cities across America. Gallagher claimed that the flag had suffered less than 1% detention rate in the US for three consecutive years.

The RMI now boasts more exclusive inspectors than other registries, keeping its in-house standards high, and ensuring vessels are prepared for USCG inspections, Gallagher said. A video has been produced and is being installed on every Marshall Islands vessel outlining the US situation.

The IRI is also addressing the improvement of its position on the Paris MOU PSC results and other PSC regimes by having an active dialogue with the MOUs and consultant Rear Admiral Robert North, USCG (Retired) was brought into the organisation to head this initiative up.

Instead of viewing PSC as the 'enemy', IRI's attitude is one of co-operation as it has realised that responsible flag states are respected by PSC regimes. "We engage with them to work with us," Gallagher said.

Problems were also encountered with the members of the Tokyo MOU and as a result, IRI ramped up its marine safety activity in the region by contacting owners and operators and having active engagements with their vessels.

Today, IRI boasts 27 regional offices with hub centres in Hong Kong, Athens and London as well as its US headquarters. London is seen as the epi-centre due to its time zone connections, thus the centre can be co-ordinated with other offices worldwide. On average each centre has around 30-35 employees out of the 400 worldwide.

De-centralised offices

The key to be being able to offer a fast response is that each office is de-centralised meaning that decisions can be made on the spot instead of contacting a central hub, which could delay responses, due to time differences. "They have full authority to act," COO John Ramage explained. Meetings between the centres are normally held about three times per year and the recent rapid advance of communications has helped keep the service aspect improving.

"To provide a first class service, you have to spend money," Gallagher conceded. "Money is needed to grow the registry and to attract the right people."

The IRI is also heavily involved at the IMO with a permanent representative and several 'experts' serving on many committees and working groups. For example, e-certification and the use of apps will soon be rolled out.

There are several papers already submitted for the forthcoming IMO meetings, some in the form of co-sponsors. There are a number of technical issues that need addressing at the various meetings where the registry's expertise can be called upon on topics, such as greenhouse gas emissions, record book keeping, e-certification and others.

An example was seen in October last year when the registry submitted a paper to the IMO's Maritime Safety Committee (MSC) on life saving equipment. Basically, the paper urged the MSC to look at life saving equipment in poorer areas of the world to ensure the regulations were being adhered to and that the equipment is in working order.

Another area of particular concern is data collection on fuel consumption in the light of the MRV rules. The Polar Code guidelines are also being worked on as are the BMWC guidelines.

Individuals working in the various IRI offices are identified to sit on the various working groups while maintaining the consistency of registry operation, as the working groups can sit for several years.

The registry also takes the threat of cyber criminal activity very seriously and has employed several IT resources to combat this threat. A few years ago a hacking attempt was discovered enabling the registry to react and put systems in place, including a full backup system. A dedicated ship security person is also employed who also looks after the question of cyber crime.

IRI has established a ballast water management system (BWMS) team of qualified and experienced personnel to support workable solutions for the industry. The team consists of Simon Bonnet, Safety & Technical Manager (London), Richard Dias, Regional Technical Manager (Hong Kong), Rear Admiral North (Washington, DC/Reston), and Thanos Theocharis, Regulatory Affairs, European Liaison (Piraeus).

The convention had become so complicated that the registry decided to try to show the right path through the mass of regulations. A number of presentations have been held and this initiative was described as "quite successful".

As for the USCG stance on BWTS, this still needs clarification, despite three BWTS manufacturers gaining USCG type approval recently. There is still some debate over the use of UV systems and the IOPP renewal time frame. A three-stage roadmap has been devised, which is reviewing and analysing events, as ballast water is still very much a learning curve and clarification on certain areas was still needed from the USCG, the IRI said.

The USCG is believed to be updating its

FAQs based off the question: "Can a ship install and use an AMS after one or more BWMS have been type approved by the USCG?"

The USCG's response is that there are two controlling provisions in 33 CFR 151.2026 applicable to this question.

First, an AMS may not be installed after a USCG type approved (TAed) system becomes available for the ship, and second, an AMS must be installed prior to a ship's original or extended compliance date.

Prior to the existence of a USCG type approved system, a ship may install an AMS and/or request an extension before its compliance date.

After the existence of a USCG type approved system, a ship must either install the system, or request an extension on the documented basis that the type approved system(s) in existence are not available to the ship.

If the extension is granted, the ship can then install an AMS prior to the extended compliance date and use the AMS during the extension period and for up to five years afterward.

The USCG interpretation is predicated upon the following assumptions:

1) The regulation provides a basis in 2026 for stating that after a USCG TAed system is available to a ship, the ship cannot install an AMS instead...and this would apply whether the ship had reached its compliance date or not.

2) The way a ship arranges to use an AMS after at least one system has been type approved by the USCG is to request an extension, with necessary documentation, which, if granted, establishes that a TAed system is not available. The ship then operates under the extension, and can install an AMS prior to the extended date.

In other words - before a USCG TAed system exists, a ship can install an AMS before its compliance date and/or request an extension before its compliance date. After a USCG TAed system exists, a ship must request an extension, documenting why the TAed system is not available.

If the extension is granted, the ship can then install an AMS - it may need to do so to be IMO-compliant.

If the ship operates US waters only, it might chose not to install an AMS and undertake ballast water exchange until a TAed system becomes available, the IRI explained.

Training is another area which is taken seriously. All of IRI's contract inspectors worldwide are trained using real-life examples where a trainee will board a ship with an IRI inspector. The registry has a database outlining when training is required, what is needed and the date of completion. All training reports are graded internally.

Left to right. IRI's Theo Xenakoudis, Bill Gallagher and John Ramage

Marshall Islands fleet by type*

Type	Number	% of fleet	GT (mill)	% of GT
Bulk carrier	1,256	31	53.3	38
Container	325	8	14.1	10
Gas carrier	169	4	11.5	8
General cargo	124	3	3.8	3
Miscellaneous	61	2	0.4	0.3
MOU	196	5	7.8	6
OSV	238	6	0.4	0.3
Passenger	10	0.3	0.3	0.2
Tanker	1,093	27	48.7	35
Yacht	539	13	0.1	0.1
Total	4,011	100	140.5	100

As at 31st December, 2016.* **Source: IRI

Barrow to join MCA

Maritime London's CEO Doug Barrow will be joining the UK Ship Register (UKSR) run by the Maritime & Coastguard Agency (MCA) in March of this year.

The new appointment was announced formally at a Maritime Growth Reception at the House of Commons on 16th January, hosted by the Rt Hon John Hayes CBE MP, Minister of State for Transport, together with Maritime UK.

The appointment is part of a wider commitment to generate growth in the maritime sector, encourage greater investment in the UK and promote the UK flag as a world-class register that attracts quality shipowners, the MCA said.

In his new job, Barrow will play a leading role in championing the UK flag and building on recent growth in the register. He explained; "Having started my career sailing for seven years under the Red Ensign, it will be a great honour to take on this role. I'm incredibly enthusiastic about working with a first-class team to ensure the UKSR is the register of choice for quality owners.

"I will bring a commercial input into the register gained from 30 years in the bunker industry – and, having spent the last 11 years promoting the UK as the world's premier maritime business centre, I will be bringing those skills to bear on my work with the register," he said.

The UK Minister of State for Transport, said: "I'm delighted with this appointment and with all the commercial experience that Doug will bring to the UK Ship Register. We already have a great deal to be proud of in our UK maritime sector, which provides a strong and resilient backbone to the economy. The Government is committed to transforming the Ship Register to make it globally competitive for the 21st century and Doug's appointment will undoubtedly drive the register forwards."

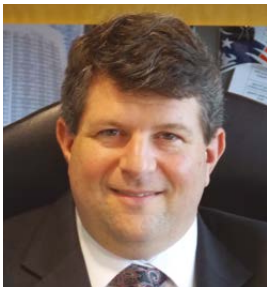
Sir Alan Massey, MCA CEO, commented; "This marks a really exciting time for us as an Agency. The MCA's aim is to make the UK Ship Register both more commercially attractive and more responsive to shipowners. This will create the right conditions to grow the UK-flagged merchant fleet and help boost the UK's wider maritime economy.

"The UKSR team under acting director Richard Pellew has worked tirelessly towards shaping a more competitive offer to shipowners. We're now looking forward to welcoming Doug Barrow, whose wealth of experience and knowledge will continue to drive that work forward," he said.

Running a flag state today- Liberia's answer

Scott Bergeron, CEO, Liberian International Ship & Corporate Registry (LISCR) said that his primary concerns related to the financial health and overcapacity.

The Liberian fleet presently comprises 4,115 vessels aggregating around 145 mill gross tonnes of which, tankers comprise 33% of the total fleet.



LISCR CEO Scott Bergeron

Bergeron said that the Liberian Registry is committed to working together with its clients to develop additional services and innovative techniques that will assist with reducing shipowners' expenses during these difficult economic times. "The registry's unique technical innovations have saved shipowners and managers significant time and money within a flexible system which keeps Liberian-flag ships operating safely and efficiently," he claimed.

Given the pace of technological development, innovative ship registers, like the Liberian Registry, will continue to develop initiatives around interactive platforms, which will streamline still further the entire registration process.

He gave an example of the move towards a system based on the use of e-certificates, which can be verified online and is a logical next step in the technological transformation of ship registration, and of shipping generally. It will also help to reduce the incidence of fraud and manipulated data.

"Electronic certification accelerates the vessel registration process because certificates can be safely delivered without delay to even the most remote locations. It provides additional operational efficiency, reduces delay and eliminates courier fees. Through the use of electronic certificates, it is not necessary for a Liberian Registry representative to attend on the ground, resulting in savings for Liberian shipowners.

"Most recently, the Liberian Registry has launched operational trials for e- certificates covering both statutory and class regulations. Having initiated the practice of issuing electronic statutory certificates such as Minimum Safe Manning, Civil Liability Convention and Registration Certificates for several years, the Liberian Registry has now started trials on ships classed by ClassNK for the statutory certificates that it issues on behalf of Liberia."

"The new e-certificates will have a two-fold benefit for owners and operators. They will significantly reduce the administrative burden associated with handling and managing traditional paper certificates, while facilitating the on board retrieval of certificated data.

"Our systems, procedures and capabilities are being modernised yet again in an effort to continuously improve our regulatory oversight capabilities and the overall user experience of our clients," Bergeron explained.

Looking to the future, he said that the Liberian Registry is very active in developing new services and features that will benefit shipowners and shipmanagers. It is also focused on providing sensible opportunities for shipowners to reduce their environmental impact.

Liberia is a signatory to all the major safety and environmental protection conventions and treaties. As an active and involved member of the IMO, ILO and other UN agencies involved in maritime affairs, Liberia has set the standard with regard to IMO participation and early ratification of major safety and environmental protection treaties. Our resolution for 2017 is to continue in that vein, he said.

Liberia has launched a range of new initiatives to help shipowners improve their green credentials and meet other corporate social responsibilities. It recently entered into a partnership to launch an environmental retrofit finance programme designed to reduce global carbon emissions, enhance fleet efficiency and competitiveness, and promote a greener Liberian fleet.

For ships trading within ECA zones, the eco-upgrade programme can include the installation of exhaust scrubber systems or the conversion of engines to LNG dual-fuel. The Liberian Registry is also offering special tonnage tax discounts for ships participating in this green initiative.

Green Award

The Liberian Registry also recently became the first flag state to participate in the Green Award programme.

Green Award-certified ships will be recognised and rewarded by the Liberian Registry for their efforts to minimise emissions and risks of incidents and accidents, while ensuring the best care for people and the environment. The registry will offer a 3% tonnage tax discount annually to all Liberian-flag vessels that are certified. The discount will apply continually, as long as the vessel remains in the Green Award programme, Bergeron explained.

In addition, the registry has launched an innovative software product designed to replace traditional paper oil record books (ORB) and to facilitate correct ORB entries into an efficient electronic format. Liberia's IMO-compliant Electronic Oil Record Book (ε-ORB) is intended to address a variety of issues, including oil record books being reported missing on board, failure to document entries in the ORB of internal transfer of oily mixture, discrepancies between entry into the ORB and actual capacity of the oily water separator, and falsification of log entries.

Created in accordance with MARPOL requirements and certified by Lloyd's Register, the ε-ORB is designed to establish transparency, credibility and traceability, he said.

Liberia is looking optimistically to the new technologies and in particular the new fuels that have started to be employed in the shipping industry. While LNG and LNG as bunkers have received a lot of attention, Liberia is also involved in the development of various alternative fuel proposals, including flagging the world's first ethylene/ethane carrier with dual-fuel engine, capable of burning ethane as fuel and carrying ethane as cargo. "Liberia worked alongside the shipowner and the classification society in conducting the required technical review and hazard assessment to ensure acceptance and successful delivery," Bergeron said.

Turning to the lack of newbuilding orders, Bergeron said that Liberia enjoys a large market share of new construction vessels. However, as the number of new deliveries from shipyards has been decreasing over recent years, Liberia has continued to add tonnage by growing its market share in both the traditional and emerging shipowning markets.

For example, Liberia became the largest flag

for Greek shipowners again in late 2016 with 979 flagged ships. Ships were also registered from 14 new Japanese clients last year. Similarly, the registry is expanding its presence in South America, Turkey and throughout Asia - specifically in South Korea and China.

Liberia/China agreement

Despite the tremendous expansion in other markets, the biggest source of growth for Liberia has come from those shipowners and charterers that have recognised the commercial benefits for Liberian-flagged ships arising from the recent strategic maritime agreement between the Republic of Liberia and China.

Pursuant to the agreement, Liberian shipowners and charterers will enjoy favourable treatment when calling at Mainland China ports. Liberian-flag vessels will be charged the preferential rate for tonnage dues when visiting any port in China. These rate savings equate to a 28% discount for each vessel's tonnage dues. The agreement has also resulted in a reduction in Port State Control detentions, and in some cases, shipowners are reporting that they have improved their charter rates when trading to China by as much as $1,000 per day in timecharter equivalent (TCE) rates.

Addressing the threat of Cyber security, Bergeron said that this is an emerging crime and one that the shipping industry needs to address urgently. There are, however, those who see the threat to cyber security as simply a new opportunity to offer consulting services or develop new requirements, expenses and challenges for shipowners.

As a prelude to initiating discussions on cyber security at the IMO and within the industry, Liberia has partnered with the US Maritime Resource Center (USMRC), ClassNK and BIMCO and it has participated in conducting vulnerability assessments on existing ships in controlled environments.

Using these lessons learned during 2016, the Liberian Registry and USMRC are now expanding these vulnerability assessments free of charge to an additional 30 ships registered in Liberia. "Once we are able to quantify the actual rather than theoretical risks, we will take a leadership role in the industry to explore and develop best practices that can be implemented in efficient and effective ways," he said.

As for the Ballast Water Management Convention (BWMC), Liberia is leading a move to amend the Convention, which will allow certain ships additional time beyond 2020 in order to ensure that adequate new ballast water management (BWM) systems are commercially available, along with the necessary dockyard space for installation.

Against significant odds, Liberia and other industry representatives were able to garner sufficient support from a majority of IMO members during MEPC 70 in London last October to create an opportunity to re-visit the installation deadline through alternative proposals to amend the convention.

There are two major constraints effecting smooth implementation and compliance with the convention – namely, lack of availability of systems that will meet the performance standards, and the evident lack of sufficient installation capacity.

"We are pleased that MEPC 70 adopted and advocates the early use of new guidelines for approval of BWM systems. Concerns remain however, that it might be several years before new IMO-approved equipment is readily available and that, with effect from 8th September, 2017, tens of thousands of ships may be required to install existing systems that may not fully comply with the convention standards," he said.

The alternative amendment drafted by Liberia, industry and supporting states will go forward, together with the amendment approved by MEPC 69, to MEPC 71 in the first half of 2017 for final consideration.

TO

Recycling expertise comes to the forefront

In its 20th year of operation, Lilly Maritime's goal is to improve the company's contribution to sustainable ship recycling.

Capt Rahul Varma, head of the ship recycling division highlighted the challenges ahead but said that the company was already involved with recycling yards in Alang, as India is a major destination for ships earmarked for recycling.

Lilly Maritime is one of the names on ship and yard owners minds when it comes to managing the breakdown, handling and recycling of those ships and improving the facilities up to the Hong Kong convention standards, he claimed.

The company provides a total solution to shipmanagement and the recycling process by -

1) Providing qualified IHF expert in the ship's IHM inventory to help shipowners complete the IHM inventory.
2) Providing sale and purchase brokerage through known cash buyers.
3) Technical and crew management of a ship for its last voyage.
4) Assistance in compliance with the necessary paperwork and rules before undertaking the last voyage.
5) Reporting to shipowners on the recycling process at the yard as required until its completion and ensuring an effective process is followed by guiding the yards towards best practices.
6) Undertaking training and carrying out monitoring drills at the yard for improving emergency preparedness.
7) Improving the yard's ISO standards with regular documentation monitoring and internal audits.

Lilly Maritime was formed in 1996 and is managed by a group of marine professionals headed by Rethina K Kumar. Since its founding, the company has expanded into a variety of sectors, including ship operations and technical management.

The sectors range from shipmanagement, marine oil terminal pollution control, jetty operation, maintenance, shiprepair, diving services and videography, apart from its work as consultants for ship recycling.

Top management has always believed in fostering new talent and the company boasts a retention rate of more than 85% over the last five years, with people being recruited as the business activities grow, Capt Varma said.

Lilly Maritime has already assisted almost 30 ship recycling yards in various areas along with NKCS and GSR, Germany for about four years but has been active in Alang for 16 years.

Given the high level of experience that the company has, it was only a matter of time when Lilly Maritime's association with various yard owners would not only ensure improvement in the working standards at the yards but also started to commercially benefit the yard owners, he claimed.

The company started with the first three yard owners requesting consultancy on the Hong Kong Convention standards implementation. Following this success, many other yards embarked on the road to improved sustainable ship recycling.

Wide Ranging Expertise

One of the company's core objectives was shipmanagement, and it has built up a 'one-point solution' service, with health and safety at the forefront, particularly as the company is now managing tankers to TMSA standards.

For example, Lilly Maritime's quality system has been audited and accepted to industry standards by oil majors, such as Shell and ExxonMobil. High standards of shipmanagement are even promoted on a vessel's last voyage and thus with higher delivery costs, the business attracts the reputable ship recycling cash buyers.

Apart from ship recycling, the company's recent activities have included management of port craft, oil tankers, bunker vessels and asphalt carriers. In addition, the company has been involved with services to Reliance Petroleum for the past 16 years and is providing jetty operation services, pollution control, and recovery activities at Haldia Port Trust at Kolkata and Ennore Ports in Chennai.

Lilly Maritime has also been involved in an alliance, which provides pigging services to the pipelines from Haldia and Ennore to the tanks.

While the company has contracts across India at ports, such as Haldia, Kolkata, Chennai, Mundra, Jamnagar, and Pipavav, it is increasingly looking to capture new business in the United Arab Emirates, on the Indian sub-continent and Southeast Asia, where Lilly Maritime has signed strategic alliances to give similar services, Capt Varma explained.

Its workforce is between 200 - 400, depending on the contracts that the company is involved with at any one time. "While we may not be the biggest company," said Capt Varma, "we certainly make up for commitment to a job and providing consistency and quality throughout the contract.

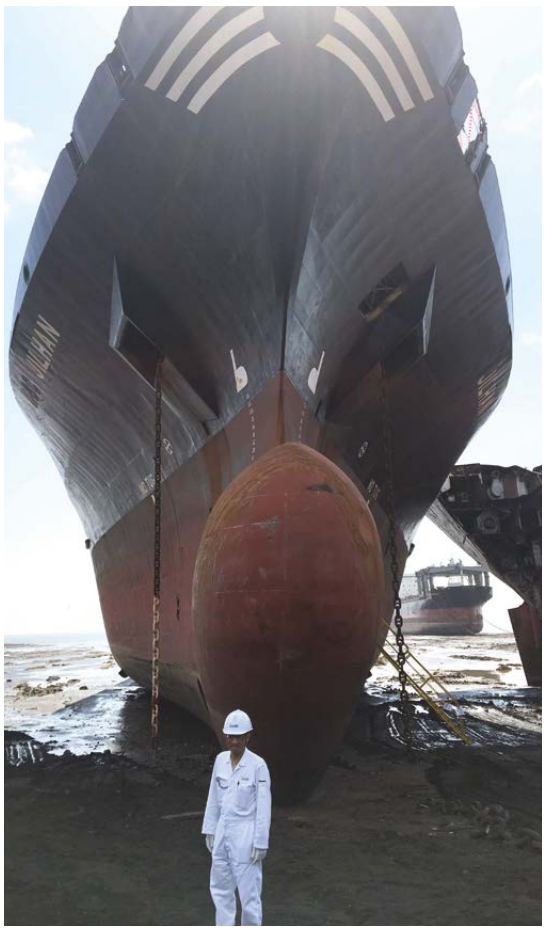
"The company's key strength is ensuring the client gets a personal and professional undertaking, building trust and developing a commercial, but close relationship towards a common goal of excellence.

"Our regular presence in Alang ensures the yards are visited regularly for surprise inspections and audits to keep them on their toes!" he explained.

The road ahead

Capt Varma was very optimistic and passionate about the road ahead but also prudent, saying; "We have to ensure quality service ensuring it does not pinch the clients pockets too much and find economical and innovative ways to instil the working culture as required by best industry standards. Our work force is our biggest asset and we have to mentor them to improve their quality of life and not quantity in life.

"The use of technology to improve the process and integrate with understanding of the basic computer literate person at the yard is our next goal in ship recycling. We have planned monthly free training for safety officers and senior supervisors of the yards along with GMB to improve their awareness," he concluded.



Marcura launches cloud-based fixture software

The Marcura Group, a Dubai-based group of companies focused on providing commercial operations solutions to the maritime industry, has launched the patented MarDocs, a cloud-based collaboration software tool.

Charterers find themselves with ever-growing numbers of fixtures that refer to 'as per last' without being under proper document control. Increasing governance requirements makes it critical to convert the fixture process into a highly structured, compliant and legally controlled documentation process, but without delaying or confusing the fast-paced shipbroking work.

MarDocs has been built to simply and affordably support the well-known fixture process, while securing a full audit trail, full control over all clauses and changes to them and the ability to produce a final, high quality charterparty at the push of a button.

The new solution offers collaborative, cloud-based software that fully automates the work flow and provides clear, structured and complete charterparty documentation. With a simple and intuitive interface, MarDocs is claimed to be a major breakthrough for fixture compliance and quality, securely enabling charterers, owners and brokers to manage fixtures in a completely new way.

When fixing a vessel for a voyage, all parties involved in the transaction require a well-formatted fixture recap and a full charterparty. This ensures that the correct terms and conditions are applied and that all parties work from the same set of documents.

The system is cloud-based, accessible from anywhere and allows the owner, charterer or broker to view the process and make amendments. Through the patented MarDocs Deal Entry Screen, the terms and voyage details are entered into the system, which then generates all the relevant documents quickly and efficiently. Based on an editable counter party 'Agreed Terms' Library, authorised to the broker, the industry can say goodbye to the risks of 'as per last' fixtures, the company claimed.

Tracked and saved

MarDocs streamlines the documentation and fixture process from the ground up, making it instant and effortless to amend or agree any part of a fixture document. Line by line, paragraph by paragraph, every change is tracked and every version saved.

Jens Poulsen, co-founder and CEO of The Marcura Group, explained: "Marcura is a professional services provider to the maritime industry and our customers continue to trust us to deliver efficiencies and business intelligence through innovation. Without any ties to owners, traders, brokers or agencies, Marcura provides highly trusted services to streamline shipping-related transactions.

"By not being a commercial stakeholder in the freight space, Marcura, in MarDocs, can offer the industry the safest and most neutral platform on which to conduct the fixtures. MarDocs is the realisation of 12 months of focused development and thorough testing with experienced shipping veterans, as well as document management and compliance specialists.

"We invested resources in the development of MarDocs as we believe the benefits of independent solutions raises the standards of the entire shipping industry," he said.

Adrian Challinor, MarDocs product director, added: "MarDocs has undergone the toughest and latest in cyber security testing, driven by our over-abundant concern for the confidentiality and security of our customers' business transactions.

"With a substantial number of live fixtures having now passed through the system, and with a range of product features on the roadmap for the coming months, as well as the extension of the solution to other sectors, we expect MarDocs to set the standard for fixture collaboration and document management," he claimed.

Investment

Marcura invests in companies that focus on providing business solutions designed to help their customers in the global maritime industry streamline processes, navigate increasingly complex regulations and mitigate risks.

The companies within the group are all fully independent from other industry participants and specialise in IT-enabled services underpinned by systems, data, analytics and the collective strength of their customers who are keen to innovate and raise the industry standards, the company said.

Marcura Group companies

CP-Desk - Charterparty management software

DA-Desk - Disbursement management software

PortsDirect - Port service providers offering discounted contracts

MarTrust - Payments management portal for suppliers, crew, etc

Port Point - Port costs comparison portal

Portlog - Port time management solution

Laytime-Desk - Demurrage and other documentation management

MarDocs- Controlling the fixture process

Streamlining commercial operations key to keeping the industry afloat

There are many factors impacting the turbulent nature of the industry, however the primary, undisputed factor is overcapacity which has ultimately led to marginal charter rates - supply and demand in its simplest form.*

Given the overall state of the industry, 'costs' seems to be the word on everyone's mind along with operational efficiencies. When operating margins are close to or below zero, every dollar matters.

If we cast our minds back to 2007, companies were less concerned about line item expenses further down on their income statements. As consolidation and cutbacks made a huge impact on 2016, it wasn't all doom and gloom. There were opportunities for third-party financial service companies to enter the market and offer unique programmes, providing alternatives to traditional banking relationships and cash-to-Master service providers.

The financial pressures on OPEX are driving interest in crew payment and welfare programs that can save companies money. When asked the simple question, 'how much does it cost to pay your crew including both hard and soft costs?' Many companies don't really know.

They may know that their wire fees are $15 or $20 and their cash-to-Master costs are 3%, but this does not reflect administrative costs of managing crew bank beneficiaries or manual re-conciliations between systems.

Imagine a fleet of 50 vessels with 20 crew members per vessel, on the basis that $500 per month on board is used in cash advance for crew and $15,000 for ship operations, some $15 mill in cash would be delivered to the fleet. In this example, the company could be incurring $450,000 in direct costs just to send cash to their vessels – assuming the average cost of 3% for cash-to-Master.

There is no simple answer to eliminating costs, but what if there was a solution to cut that cash in half by using alternative payment methods? That's a saving of $225,000 just by simply delaying the delivery of cash from every two months to every three months, and cutting the amount of cash for each delivery by 25%.

However, as many seasoned industry professionals know, change does not happen overnight, especially in the shipping industry. But as companies are being forced to look to tighten their belts, including how crew members are paid and how much it costs to pay them, the old saying 'Adapt or Die' couldn't be more apt.

As a general rule across the industry, wages are paid by a combination of allotments sent to the home-country bank account along with on board cash advances. Setting aside the required minimum allotments to the Philippines, there is no set standard in the industry regarding how much cash can be drawn on board versus how much is sent home.

There are really two costs associated with on board cash: the cost to have cash physically delivered to the vessel; and capital costs of having idle cash sitting on ships. This is dead capital on a balance sheet, so any reduction in the cash-to-Master costs and the amount on board is a direct benefit to the bottom line.

The one segment of the industry that has made significant headway is the cruise line industry, which has made a dramatic shift from paying crew members in cash to specialised prepaid card programmes that were developed for the cruise market. The adoption of these programmes is pervasive in that market with several operators gaining prominence. A widespread move towards this system of payment is within reach.

There are significant differences between how crew are paid in cruise sector versus the commercial market. While crew may come from the same parts of the world, the manner in which they are paid in the commercial market requires a very different solution.

Plastic-card-based programmes require complicated and expensive logistics. What worked as a solution in the cruise market may not work in the commercial sector. There is no 'one size fits all'.

As we look forward to the year ahead, my aim is to help educate the market by getting HR and crewing executives to take a hard look at how they are paying their crew today, evaluate what their real costs are, and to explore alternative solutions that can reduce costs and provide operational efficiencies while offering crew members new benefits.

*This article was written by By Stuart Ostrow, President ShipMoney.

TO

Stuart Ostrow

Stuart Ostrow has been a leading figure in maritime payment solutions since 2006 and includes, amongst his professional achievements, the change in payment systems for crew in the cruise line industry.

Today he is President of ShipMoney, a global maritime financial services company, offering products for owners, managers and crew which includes a prepaid Visa payroll card that provides an alternative for crew receiving wages in cash or wired home; and a prepaid Visa purchasing card that provides an alternative way for Masters to pay for provisions, emergency repairs and other ship expenses.

Employee evaluation

A system works in keeping order for a purpose and functions by respecting the laws of logic; its identity acts and produces results.*

Is it possible for a strictly organised structure to succeed in a constantly changing, complex environment? What guarantees its continuity? What's the real advantage in a competitive world? How can we manage ambiguity successfully?

Free-flowing information gives birth to innovation, allows self-determination, creates transformative culture, using the collective wisdom.

Great accomplishments can only be produced by a group of people and not by a single person. We cannot succeed alone; we need one another. Great accomplishments can only be produced by engaged people in personal development.

Personal development does not consist in adjusting actions but in inside-out changes that produce behaviours; a reshaping, reforming attitude not just a re-organising, which is very good when it doesn't neglect the previous.

A personal development, ie correction, is the result - the profit we gain from the employee evaluation.

Effie Sarigiannidou

Thus, an employee evaluation can be seen as a child of the collective wisdom, the defender of self-determination, the guarantor of the structure, the ambassador of the systemic logic, the connection between the past and the future, who we were and where we can be.

Employee evaluation consists in free-flowing information that creates maturity through self-knowledge. Only self-knowledge gives wisdom and only self-comprehension offers discrimination.

According to Marshall McLuhan, 'system' means 'something to look at'. You must have a very high visual gradient to have systematisation. In a more simplistic way, we can say that a 'system' is to look forward and to see from above.

Therefore, the strategic perception of the systemic logic creates space for the development of a free-flowing information environment as a crucial aspect of the employee evaluation procedure.

Finally, the maritime 'system' is a people 'system', meaning a living 'system' with identity, purpose and logic; hence subjected to development, to correction, to evaluation.

Thus, the employee evaluation is the ambassador of systemic logic.

**This article was written by Effie Sarigiannidou, Greek Country Manager of Life Management Centre.*

Cyber crime from an insurance perspective

In a presentation given just before the holiday season, North P&I Club outlined the threats of cyber attacks on the maritime industry.

Deputy director (loss prevention), Colin Gillespie said it was very difficult to quantify the risks but that most cyber events will be criminal by nature, such as smuggling, extortion and/or blackmail for monetary gain.

Gillespie described the oil and gas sectors as "pretty high risk." He warned that charterers were now asking for company cyber management policies.

Gillespie also warned that most H&M insurance policies did not cover cyber events and advised owners to check the wording of their policies carefully and speak to their brokers and/or insurers. In H&M Property policies there is an Institute Cyber Attack Exclusion Clause 380 1.1, which reads -

' ……..in no case shall this insurance cover loss, damage, liability, or expense directly or indirectly caused by, or contributed to by, or arising from, the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.'

In standard cyber risk policies, cover was generally limited to privacy and data breach, business interruption, hacking damage, extortion, multimedia, incident support and restoration, but property and injuries tended to be excluded.

Again owners might not be covered in their War Risks policies and it is advisable to check, as clause 4D.7 contains an exclusion of chemical, biological, bio-chemical and electromagnetic weapons and computer viruses.

More specifically, the Association shall not be liable for any losses, liabilities, costs or expenses directly or indirectly caused by or contributed to by or arising from - 4D.7.2 - The use or operation, as a means for inflicting harm, of any computer virus.

He said that P&I rules were silent on cyber risks. North's view is that currently claims arising from cyber risks are not excluded and are poolable. In general, P&I clubs expect owners to sensibly and properly manage cyber risk systems both ashore and afloat.

The so called GAP insurance exists but not very widely used and tended to be quite expensive. Gillespie advised owners to ensure that the limits are sufficient, but warned they will always be lower than P&I cover.

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Tanker owners tackle the threat of cyber attacks

To further optimise the ICT infrastructure on board the 2000-built VLCC 'Mistral' by eliminating the risks of cyber-attacks, Cavodoro Shipping Corp installed SetelHellas' maritime cyber security (CS) solution based on Cisco late last year.

After a thorough evaluation, and taking under consideration the possible threat and major security risks imposed by the ever-increasing variety of business needs, Cavodoro opted for the delivery of Cisco's security solutions combined with SetelHellas' maritime knowhow.

SetelHellas' cyber security solution delivers disruptive technology to cover the entire spectrum of an imminent threat, by providing multi-layered protection, before, during and after an attack with a set of fully comprehensive tools adding overall visibility through the attack's lifecycle.

Nikos Mourtzinos, Cisco's security specialist, said that SetelHellas' solution based on Cisco, can help prevent, monitor and mitigate any known or unknown CS threat on the vessel's network.

"It is not only about threats' identification and vulnerabilities, it is about cyber security awareness," G Christakos, SetelHellas' senior customer solutions manager said. "That's why SetelHellas solution provides a holistic approach based on Cisco technology aiming to address every cyber security challenge providing protection of any possible risk that may affect the vessel's operation.

"We needed to guarantee to our charterers and clients that our systems would be satisfactorily shielded from cyber risks by executing the most noteworthy guidelines of cyber security on board our vessels and onshore. Cisco and SetelHellas proactive state of mind in tending to such recently emerging industry challenges, its clear vision and commitment to the highest standards, assists us in achieving this," S J Bazakis, Cavodoro Shipping's IT manager, said.

Top down approach

Consolidated Marine Management's (CMM) security expert Lampis Alevizos, said that his company, part of the Latsco Shipping Group, had adopted the top down approach to CS.

Speaking at a recent CS seminar, he explained that this entailed the shoreside management and shipboard personnel being aware of critical systems and how to negate a cyber attack.

Recommendations, company guidelines, etc should be easy to understand and not only written for IT experts, he warned.

All of the computers working off the same network will be affected by a cyber attack, including those connected from ship-to-shore and vice versa. Poor USB stick handling practice can also lead to an attack and as a result, the company no longer allows its employees, either ashore or afloat, to have unauthorised USB sticks and to insert them in PCs on board ship.

He explained that CMM underwent a CS risk assessment in May, 2016 and followed this up in June and management took action on the findings in September. The main challenges and follow up actions were -

- Ransomware attack in the office (trigger point towards ISO 27001).
- Protect the office from new types of sophisticated attacks (eg, Java related vulnerabilities).
- Social engineering attacks.
- Adopt CS awareness training sessions.

As for ISO 27001 (see below), there should be a balance between the ISO standard language and the crews' vocabulary and also the balance of the effectiveness of ISO 27001 mitigating 'controls'; eg software patch management - the updates need to be co-ordinated. In addition, the processes & procedures need to be practical, especially is expecting a 'buy-in' from the crew.

Certification requires time and effort and involves the whole organisation and also requires co-operation between the IT development team & IT/CS. The security team should also be a separate entity to the IT department, Alevizos said.

In general he thought that there were too many policies and standards in circulation without any co-ordination. CMM is looking into maritime applicable CS assessments, training practice and standards, he explained. TO

ISO 27001 and Information Security ISO/IEC 27001:2013 (ISO 27001) is the international standard that describes best practice for an information security management system (ISMS).

Accredited certification to ISO 27001 demonstrates that an organisation is following international information security best practices, according to the UK Government's website.

An ISMS is 'a systematic approach for establishing, implementing, operating, monitoring, reviewing, maintaining and improving an organisation's information security to achieve business objectives' (ISO/IEC 27000:2014).

It encompasses people, processes and technology, recognising that information security is not just about antivirus software, implementing the latest firewall or locking down laptops or web servers.

Technology alone is simply too weak to defend against the evolving nature of information security threats.

The overall approach to information security should be strategic as well as operational, and different security initiatives should be prioritised, integrated and cross-referenced to ensure overall effectiveness.

An ISO 27001-aligned ISMS helps to co-ordinate all security efforts (both electronic and physical) coherently, consistently and cost-effectively.

ISO 27001, alongside its companion code of practice, ISO 27002, sets out the technical specifications of an ISMS.

The latest version of the standard is ISO/IEC 27001:2013, which superseded ISO/IEC 27001:2005.

An ISMS is specific to the organisation that implements it, so no two ISO 27001 projects are the same.

Limitation of liability

The importance of a shipowner's ability to limit their liability in the context of commercial maritime operations cannot be understated.

As such, whether the law permits the waiver of this right is of the upmost significance. This key issue was recently considered by the Privy Council in the landmark case of the Suezmax 'Cape Bari[1]', said Holman Fenwick & Willan (HFW) in a recent note.

In the 'Cape Bari[1]' case, the vessel collided with a sea berth at Freeport (Grand Bahama) causing substantial damage to the facility.

The owners of the vessel claimed that they were entitled to limit their liability to 11,012,433 SDR, plus interest, on the basis of the Convention on Limitation of Liability for Maritime Claims 1976 (LLMC 1976), which was incorporated into Bahaman law.

The owners of the berth, BORCO, denied that the owners were entitled to limit their liability on the grounds that they had waived their right to do so. The vessel's Master had signed the Conditions of Use for the facility, which stated at Clause 4 that owners would be responsible for "any and all loss or damage" caused by the vessel to the facility.

In the Court of First Instance, it was held that the owners were not entitled to limit liability in light of Clause 4. However, the Bahaman Court of Appeal reversed the decision concluding that the owners were not permitted to contract out of the statutory right of limitation under the local legislation, nor the LLMC 1976.

Permission to appeal was granted and the matter was heard before the Privy Council. The Privy Council held that it was permissible for the owners to contract out of the LLMC 1976. However, in the matter in hand, the indemnity provision in Clause 4 was not sufficiently clear to waive the owners' right to limit their liability.

In the absence of conduct preventing an owner from being able to limit, such as that demonstrated in the recent case of 'The Atlantik Confidence[2]', for a shipowner to waive the valuable right to limit liability, it must be clear from the wording of the agreement that this is what is intended.

However, despite this ruling, the need for the consideration of the issue by three courts, and the increasing number of contracts, which try to exclude or vary an owners' right to limit, demonstrates that owners need to be careful not to inadvertently waive their rights to limit either by their conduct or those who can bind them, eg the Master. TO

Footnote

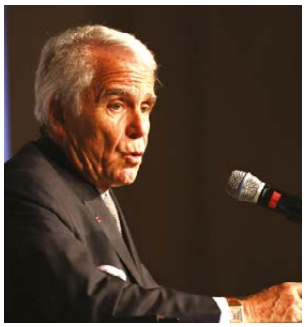
1) Bahamas Oil Refining Co International Co Ltd v Owners of the Cape Bari Tankschiffahrts GmbH & Co KG [2016] UKPC 20.

2) www.hfw.com/ATLANTIK-CONFIDENCE-Cargo-Insurers-break-limits-in-unprecedented-judgment-October-2016.

BIMCO publishes ship financing term sheet

Last year, BIMCO cemented its move into the domain of ship finance, through the Documentary Committee's approval of a standard term sheet (SHIPTERM) for use in ship financing transactions.

SHIPTERM was adopted on 17th November and released early this year, after the sub-committee had the opportunity to consider certain issues raised at the meeting and explanatory notes to its individual provisions were prepared.



BIMCO President, Philippe Louis-Dreyfus

The explanatory notes were produced on IDEA and both the term sheet and the notes are now available on BIMCO's website.

BIMCO President, Philippe Louis-Dreyfus said: "I am particularly pleased to see BIMCO taking this important step. BIMCO is the world leader in the production of standard contracts and clauses for the maritime industry. It is only natural that its documentary activities also cover ship financing – an issue which has become increasingly important and challenging over the years, not least because of the current financial crisis."

The term sheet was drafted as a short and simple standard for use in bilateral ship financing transactions concerning term loan facilities. It was prepared in the usual BIMCO format and is indicative/ non-binding, as it was considered to be the market standard.

A BIMCO standard will be an important tool for shipowners, banks and lawyers when they draw up term sheets as part of ship financing transactions, the organisation claimed. The standard will be particularly useful for small and medium sized companies, who may not have a lot of experience with such transactions, but it is expected that all parties involved will save time and money.

BIMCO's Deputy Secretary General, Søren Larsen, said: "For decades it has been BIMCO's strategy to provide contracts and clauses covering each niche of the shipping market. We have shown once again that we live up to this strategy."

As well as the sub-committee, a sounding board, consisting of more than 50 representatives of banks, shipowners and lawyers was formed to enable a broader group of stakeholders to comment on the draft. They received the draft twice during the process and came up with a substantial number of comments and drafting proposals.

The chairman of the Documentary Committee, Francis Sarre, who is also chairperson of the sub-committee which developed the term sheet, explained: "As with the Documentary Committee itself, an important basis for the sub-committee's work has been to ensure respect for the fundamental principle that BIMCO should provide balanced and clearly worded contracts and clauses that are market and business cycle neutral."

The term sheet was developed by representatives of companies serving on the sub-committee, including banks, five shipping companies and three law firms.

A series of seminars in Europe, the Middle East and Asia will be organised in the near future.

In addition, a webinar will be held on 27th January and will be introduced by Larsen and hosted by Christian Hoppe, General Counsel at BIMCO, who will be joined by four representatives of the sub-committee.

TO

SHIPTERM sub-committee

Christopher Conway	Citibank.
Michael Ziesenitz	Deutsche Bank.
Peter Willems	HSBC.
Daming Qian	Industrial and Commercial Bank of China.
Xavier Riffaud	INGEPAR.
Nick Fell	BW Maritime.
Francis Sarre	Compagnie Maritime Belge (Chair).
Klaus Vilstrup	Dampskibsselskabet NORDEN.
Liv Hege Dyrnes	Klaveness Chartering.
Gildas Maire	Louis Dreyfus Armateurs.
Matt Hannaford	Hannaford Turner.
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Michael Vernell	Watson Farley & Williams.

* *Robin Bencard, shipping and structured asset financing consultant.*

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Increased diesel engine efficiency

Good news for over 7,000 users worldwide of the patented PREMET devices - the production and marketing of all PREMET indicators has continued, despite the manufacturer's insolvency.

Following the failure of German-based LEMAG Lehmann & Michels, which is now no longer in operation, CMT Technologies has taken over the rights to the entire PREMET portfolio, and with this, a great deal of responsibility, CMT's managing director, Matthias Winkler, explained.

CMT Technologies, which specialises in both online and offline solutions for condition monitoring, lays great importance on the commitment to the former customers of the insolvent measuring instruments manufacturer, he stressed.

The acquisition of the product division also includes the repair and calibration of the more than 7,000 PREMET products sold by LEMAG to date. Former LEMAG staff has also been successfully integrated into the company.

This ensures that customers will continue to enjoy the high product quality that they have come to expect, and that all the available versions will be retained, Winkler said.

In addition to the gain in expertise, which will also be the driving force behind future optimisation, CMT has welcomed a valuable extension to its existing product range. This includes equipment for the analysis of diesel engines relating to the Energy Efficiency Design Index (EEDI) for new vessels and the Ships Energy Efficiency Management Plan (SEEMP).

The insolvency has thus resulted in a win-win situation for all the parties involved, not least, of course, for the customer, he stressed.

Winkler also laid great importance on a smooth and compromise-free transition for the production, service and sales operations. Along with the existing DieselSCOPE indicator for the premium segment and the Economic Peak Pressure indicators in the lower segment, the mid-range PREMET indicators round off the portfolio perfectly, he said.

Internal sensor

The wide experience gained in condition monitoring will be utilised for the continuous development of all the product series.

Effective fuel use

In times of dwindling resources and sensitive environmental requirements, the effective use of fuel in seagoing vessels plays a crucial role. This is highly important from both an economic and an environmental viewpoint.

PREMET C- specially designed to monitor worn engine components

Cylinder pressure gauges, such as PREMET, are tools whose measurements allow detailed conclusions regarding the engine's condition and efficiency. They help to identify optimisation opportunities and also identify faults that could cause damage to the engine. Even for the cheap fuel used by many operators, the lower quality of which can cause delayed ignition and poor combustion, the measuring devices reliably identify potential for improvement, Winkler claimed.

The systems can recognise worn engine components, such as piston ring blow by, burnt piston crowns, leaking exhaust valves and a whole range of other deficiencies. For example, the PREMET C has been specially designed

External sensor

to perform measurements of this kind during engine operations.

Using the generated data, which the user can read from the device's colour display and export to a computer, effective improvements can be made to the drive. The risk of damage and repairs can be minimised with the knowledge gained and fuel savings ensured.

CM Technologies sales manager, Dr Frank Bernier, added: "Over 7,000 satisfied customers cannot be wrong. The PREMET indicators guarantee simple and effective optimisation of the combustion process. Our customers regularly return their devices for calibration, which shows us that they use them intensively, thus making a valuable contribution to better energy efficiency and ensuring reduced environmental impact."

The system not only helps reduce fuel consumption and thus reduce emissions, but also allows the determination of optimum ignition times while protecting the engine against overload.

This provides further economic advantages, as maintenance intervals can be reduced, servicing can be improved and the outlay for spare parts minimised.

Established in 2003, Elmshorn-based CM Technologies GmbH, formerly known as Kittiwake GmbH, has grown into an international provider of condition monitoring and testing technology solutions.

The company has built up expertise in machinery condition monitoring, fuel and lube oil analysis and marine water testing, and has strategic partnerships with leading industry organisations including MAN Diesel & Turbo and Wärtsilä. TO

Is wind propulsion coming a step closer?

A recently released study has analysed the market potential and barriers for ships wind propulsion technologies.

This study report was commissioned by the European Commission DG Climate Action last year, has now been released.

It was put together by a CE Delft led team, including Dagmar Nelissen (CE Delft), Michael Traut (Tyndall Centre), Jonathan Köhler (Fraunhofer ISI) Wengang Mao (Chalmers University), Jasper Faber (CE Delft) and Saliha Ahdour (CE Delft).*

One of the headline conclusions was: 'In 2030, the market potential could amount to around 3,700–10,700 installed systems on bulkers and tankers, associated with approximately 3.5–7.5 mill tonnes CO2 savings and 6,500–8,000 direct and 8,500–10,000 indirect jobs.'

Gavin Allwright, secretary of the the International Windship Association, said that his group will be working to facilitate and help to secure funding to assist with this scaling up of the sector in 2017-18 and further developments will be announced in the near future.

The study focused on the direct use of wind for the propulsion of commercial ships in the form of wind-assisted shipping. Many innovative wind propulsion technology concepts have been and are being developed for commercial shipping, however, none of the technologies has reached market maturity thus far. It has three main objectives.

The first aim of the study is therefore to identify both the barriers to the development and uptake of wind propulsion technologies and the possible actions that can contribute to overcome these barriers. The second aim is to estimate the market and emissions savings potential of the wind propulsion technologies, and the third aim is to determine the economic and social effects associated with this market potential.

The study identified a multitude of barriers that currently prevent the further development and uptake of wind propulsion technologies for ships; three key barriers which stood out:

1. (Trusted) information on the performance, operability, safety, durability, and economic implications of the wind propulsion technologies.
2. Access to capital for the development of wind propulsion technologies, especially for building and testing of full scale demonstrators.
3. Incentives to improve energy efficiency/ reduce CO2 emissions of ships.

These key barriers are interrelated in different ways, with the most crucial interaction being a chicken-and-egg problem between the first and second key barrier. In order to breach this problem, the development of a standardised method to assess wind propulsion technologies combined with test cases to develop this assessment method is the most important starting point for overcoming these barriers.

Actions identified

The study also identified different actions that can be taken once a standardised assessment method has been developed. These actions aim at improving the generation of more information on the wind propulsion technologies, at improving the access to and value of this information, and at improving the access to capital for the development and testing of full scale demonstrators.

In order to determine the savings potentials, models were developed for the different wind propulsion technologies. These models have been used to determine the technologies' power savings for six sample ships across AIS-recorded voyage profiles and for sample routes, differentiating two speed regimes, respectively.

The results indicated that the technologies considered can have significant savings potentials. For example, for the sample ships and selected wind propulsion technology dimensions, savings were found to be comparable for Flettner rotors and wingsails (5-18% in high speed scenario), with relative savings on the larger ships exceeding those on the smaller ships, especially for bulk carriers.

For towing kites, relative savings (1-9% in high speed scenario) are, compared to rotors and wingsails, higher for smaller vessels and lower for larger vessels; relative savings are lowest for wind turbines (1-2% in high speed scenario).

An important finding was that absolute savings are larger at the higher voyage speed for the wingsail and the rotor for all ship types considered.

Should some wind propulsion technologies for ships reach marketability in 2020, the maximum market potential for bulk carriers, tankers and containerships was estimated to total around 3,700–10,700 installed systems until 2030, including both retrofits and installations on newbuilds, depending on the bunker fuel price, the speed of the vessels, and the discount rate applied.

The use of these wind propulsion systems would lead to CO2 savings of around 3.5–7.5 mill tonnes in 2030 and the wind propulsion sector would then be good for around 6,500–8,000 direct and around 8,500–10,000 indirect jobs.

**This study was jointly carried out by CE Delft, Tyndall Centre for Climate Change Research, Fraunhofer ISI, and Chalmers University of Technology.*

TO

Not new

The concept of wind assisted passage on merchant vessels is not new. One of the best known examples was the installation of a Walker Wingsail on board the mini-bulker 'Ashington' in 1986.

However, the oil price crash at that time put paid to the mass development of commercial vessel sails, although there were and still are companies experimenting by fitting retractable sails on vessels.

Whether this initiative finally takes off very much depends on the bunker price of the day allied to emissions control legislation - Ed.

Hull biofouling environmentally worse than ballasting

The entry into force of the Ballast Water Management Convention (BWMC) this September will not prevent the transfer of invasive aquatic species (IAS) unless there is mandatory legislation in place to prevent biofouling on ships' hulls.

At a presentation delivered at the World Ocean Council's Sustainable Ocean Summit last December, IMO's Marine Environmental Division's technical officer Dr Theofanis Karyannis revealed that hull biofouling could be more damaging than ballast water transfer.

Endorsing this view, Subsea Industries' chairman, Boud Van Rompay, said: "The transfer of IAS in ballast water has been addressed with the ratification of the BWM Convention, but currently there is no legislation to prevent the transfer of IAS on ships' hulls though fouling, only guidelines."

While there is ongoing evaluation of the Biofouling Guidelines set out in MEPC.1/Circ.811, there has been little support from IMO member states for a new mandatory instrument to reduce the impact of bioufouling. Aside from the guidelines, the issue of biofouling is thought not to be on the agenda of the MEPC or any other IMO committee.

There has been a number of studies comparing the transfer of IAS through ballast with that transferred by hull fouling. Some have concluded that hull fouling is more environmentally damaging than IAS relocated through ballasting operations.

In his paper 'Building Partnerships to Address the Global Impacts from Aquatic Biofouling', Dr Karyannis revealed a number of areas where hull biofouling was the primary factor for IAS.

In New Zealand, for example, biofouling was found to be responsible for 69% of IAS, as opposed to just 3% from ballast water. In Port Phillip Bay, Australia, 78% of IAS reported was from ships' hulls with 20% from ballast water. In the North Sea the figure was 57% over 38% and in US waters, hull biofouling accounted for 36% of IAS, compared to 20% from ballast water.

"The IAS threat is increasing especially since antifouling systems in use since the ban on tributyltin (TBT) are less effective in eliminating hull fouling," said Van Rompay. "Some species have developed a resistance to copper biocides and are thriving in ports and harbours where copper and organotin residues are high."

Subsea Industries' Chairman Boud Van Rompay

Hull cleaning key

According to Van Rompay, frequent in-water hull cleaning of a hard, inert coating is the key to preventing IAS translocation, since the removal of micro- and macro-fouling acquired locally poses no risk whatsoever.

However, there is a dichotomy in that the in-water cleaning of biocidal antifouling systems is banned in many ports and harbours around the world, as the chemicals in these coatings pose an environmental hazard of their own. Cleaning macro-fouling from these hulls also damages the coatings.

"The only real answer to preventing the spread of IAS is by ensuring that ships sail with a clean hull from their point of origin. Only a non-toxic hard-type coating and regular in-water cleaning can achieve this. Indeed, many ports and harbours permit the in-water cleaning of this type of coating system. Effective biofouling control is also the most efficient way of reducing fuel consumption and greenhouse gas emissions," Van Rompay concluded.

Transparency is key to operational efficiency

The shipping industry is continuing to face difficult market conditions, despite improvements in some sectors.*

In general, tankers sailed through 2016 relatively unscathed, however 2017 looks set to see a return of tonnage oversupply, which is unlikely to be absorbed given the low activity in the oil and gas sector. Tanker operators, like many others, are under increasing pressure to find ways to meet their operational efficiency needs.

Growing overcapacity continues to fuel market competitiveness and so a combination of factors is needed to raise the efficiency bar – these might include operational, technical and design initiatives, including the impact a hull and propeller has on vessel performance.

A clean and smooth hull undoubtedly reduces friction between the ship and the sea, improving the hydrodynamics, which in turn reduces fuel consumption and the amount of harmful emissions released to the atmosphere. This is where the right choice in hull coating can pay dividends but only if the benefits can be quantified.

The International Organisation for Standardisation (ISO) recently published a set of fully transparent methodologies, ISO 19030, to measure changes in ship specific hull and propeller performance, and to define a set of relevant performance indicators for hull and propeller maintenance, repair and retrofit activities.

By measuring changes in ship specific hull and propeller performance over a period of time, this can provide an indication of the overall efficiency of the vessel.

Having been deeply involved with the development of the ISO 19030 from the beginning, we are pleased these new internationally recognised and accepted standards have been published and believe they have come at the right time.

This new standard has come at a time when operational efficiency is at the top of every tanker operator's agenda. Operators are having to comply with ever-stricter environmental regulations whilst simultaneously competing in a difficult market. We have found that the potential for improvements in hull and propeller performance on the energy efficiency of vessels is significant, with estimates of potential savings in the range of 6% on average in terms of fuel and greenhouse gas emissions savings.

Prior to the publication of ISO 19030, we established a corporation agreement with DNV GL to work together to bring customers more advanced clear, comprehensible and verifiable analytics to track and assess hull and propeller performance. By collaborating with DNV GL, we can offer state of the art hull degradation analytics, and are now able to provide transparent and verified data with only a few simple measurement inputs.

The collaboration between Hempel and DNV GL is fully compliant with ISO 19030 standard. It has a more holistic approach to performance monitoring and will enhance the analysis and the results, by evaluating both the absolute performance of the vessel (ie, present performance versus newbuild performance) and the relative performance of the hull coating over a specific time period.

Euronav test

A company we are collaborating with, Euronav, is one of the global leaders in the shipping of crude oil. Euronav recently chose to apply our fouling defence coating Hempaguard to four more of its vessels following impressive test results on a 300 sq m demonstration application. Following a diving inspection, it was found that Hempaguard was still showing a smooth and fouling-free performance after 23 months in service and after 45 months in service.

Hempaguard, founded on our innovative Actiguard technology, is based on silicone-hydrogel and biocide science. This unique formulation delivers average fuel savings of 6% across the entire docking interval, and comes with a fouling free guarantee of up to 120 idle days. Hempaguard also retains its effectiveness when switching between slow and regular steaming offering tanker owners even more flexibility in how they utilise their fleet.

With efficiency gains in mind, initiatives such as these provide the mechanism to show how the choice of a marine coating can impact significantly on the performance and efficiency of a vessel. ISO 19030 provides the foundation and a transparent framework for vessel performance analysis, and by investing in the right hull coating solution, return on investment has never been greater in this area.

TO

**This article was written for Tanker Operator by Andreas Glud, Group Segment Manager Dry Dock Marine, Hempel A/S.*

Data can be validated with ISO 19030

Last year, AkzoNobel's Marine Coatings Business, responsible for the patented International coatings, supplied over 400 individual applications of coatings to tankers.

These included vessels from many of the world's leading tanker operators, Michael Hindmarsh, Business Development Manager at AkzoNobel's Marine Coatings Business, told *Tanker Operator*.

Speaking about the introduction of ISO 19030, Hindmarsh said that it consolidates the latest academic and industry knowledge and understanding into an agreed and standardised method to measure the performance of a vessel through the water.

"The standard represents an important milestone in the shipping industry's continued journey towards enhanced monitoring of hull and propeller performance," he stressed.

ISO 19030 focuses on four key performance indicators (KPIs) that are based on power and speed. These are -

1)The measurement of ship performance before and after a drydocking.

2) KPI tracks the performance of the hull and propeller while a vessel is in operation.

3)Triggers the point at which maintenance may be required, including cleaning the hull or polishing the propeller, for example.

4)KPI monitors the impact of such maintenance.

In conjunction with other industry stakeholders spanning the shipping supply chain, AkzoNobel has played an influential role in the development of all parts of the new ISO 19030 standard. As ISO 19030 is still relatively new, AkzoNobel is currently working with the industry to assess its appetite for the standard.

For AkzoNobel, ISO 19030 represents a solid, initial 'line in the sand' in relation to monitoring hull and propeller performance, but there is still further progress that needs to be made, Hindmarsh stressed.

Participants involved in developing the standard are advocating that the industry - including ship performance monitoring specialists, such as BMT, Wärtsilä-owned Eniram, Marorka and NAPA - embrace the standard as a minimum requirement and adapt their performance monitoring systems accordingly.

In addition, to ensure the continued relevance of the standard, it is essential that ISO 19030 keeps apace with the ongoing development of technology and analysis capabilities that ship performance monitoring specialists are currently developing, Hindmarsh said.

Screen shot of Intertrac Vision Ipad

As for Intertrac Vision, this solution is now being actively used across the shipping industry, and the first consultations received a positive industry response from shipowners and operators.

Since its launch in October, 2015, AkzoNobel's Intertrac Vision consultants have visited 56 tanker operators or owners. This represents around 30% of all customers that have had Intertrac Vision consultations.

The current version of Intertrac Vision is only the beginning for the tool, and there are plans in place to incorporate more functionality as required to suit the needs of shipowners and operators and the changing dynamics of the shipping industry.

For example, there are plans to review vessel operational profiles, and also incorporate details, such as the time spent in Emission Control Areas (ECAs) compared to the time spent in non-ECA regions. This will allow AkzoNobel to develop a complete understanding of the costs incurred for using distillate fuels.

In the meantime, it is possible to calculate the cost of fuel (including distillates and projected fuel price fluctuations), which can be inputted into the model and calculated accordingly, Hindmarsh explained.

Commitment

As a demonstration of AkzoNobel's commitment to delivering transparency and choice in hull coating selection and performance, the requirements for ISO 19030 have been incorporated into AkzoNobel's recommendations for hull performance monitoring. This means hull coating performance predictions from Intertrac Vision can be verified and validated against actual performance using a monitoring process that is ISO 19030 compliant.

Tanker owners and operators can request an Intertrac Vision consultation via their local sales executive or direct by visiting www.international-marine.com/intertracvision, he advised.

TO

BIMCO takes a position on biofouling

In October 2001, the International Convention on the Control of Harmful Anti-fouling Systems on Ships (AFS Convention) was adopted by the IMO, which gave requirements to prevent direct adverse impact on the environment from use of anti-fouling systems on ships.

In July 2011, IMO also adopted a set of guidelines, to provide a globally consistent approach to managing biofouling reduction.

High levels of fouling on a ship's hull significantly increases its drag resulting in poorer hydrodynamic performance and increased fuel consumption.

Shipowners, therefore, have a strong economic incentive to combat biofouling and they have been doing so since the beginning of modern shipping. Biofouling is prevented by using anti-fouling paints, which eliminate or prevent species from gaining a foothold on the hull.

Sometimes coatings cannot maintain a fouling-free surface, so in-water cleaning between drydockings is required. However, there is a lack of underwater hull cleaning facilities worldwide.

Some countries have adopted local regulations banning hull husbandry, thus making in-water hull cleaning very difficult or impossible. In some cases, local regulations call for examination of niche areas, such as sea lockers without taking into consideration the safety of divers or even the possibility of accessing such areas.

BIMCO's position is -

- A voluntary ship-specific management approach that requires the use of appropriate coatings and recognised hull cleaning practices is the best option for both ships and the environment.
- Shipowners have a natural incentive to avoid fouling on ships' hulls, so a voluntary ship specific management approach using IMO's guidelines on ships' biofouling is sufficient.
- BIMCO does not support unilateral initiatives to legislate on biofouling, as they open up for potentially discriminatory and impractical regulations for the industry.
- In-water cleaning of hull and propeller with due regard to its effects on the environment should be allowed by coastal and port states.

Vessel STS clearance – A need for standardisation

Each tanker owner has to assess the suitability or compatibility of nominated vessels for loading or discharge via ship-to-ship transfer, which is an industry practice.

In this article, DYNAMARINe comments on the proposed documents required for such assessments by tanker owners who should ensure safety and compatibility of the operation, according to latest OCIMF STS guidelines.[1]

The assessment of suitability or compatibility are procedures, initiated by charterers, who expect to receive the consent of the owner and the Master with respect to the nominated vessel and not with respect to the operation itself, since it is a contractual commitment as part of the charterparty STS or other relevant rider clauses.

An assessment of a vessel(s) compliance for an STS operation takes in the vessel's suitability (safety related) and the assessment on vessel compatibility (equipment related). These two assessment concepts are different and may take place either simultaneously or instead the suitability part may precede the compatibility assessment.

In some cases, the timecharterer may request that the owner revert on the consent on nominated vessel suitability. This action takes place for two reasons.

The first goal for the charterer is to exercise due diligence with respect to participating vessel(s) compliance, while the second goal is to provisionally receive Master's/owner's confirmation (with or without subjects) on nominated vessel(s) suitability assessment, as far as safety is concerned always on the basis of acknowledged industry standards.

If any subjects are raised by the owners, these should be associated with safety issues and not related to the scope of transferring cargo via STS operations.

Compatibility assessment is related to the proper rigging of mooring, primary and secondary fendering. With some vessels, special arrangements of the hull geometry are also examined.

Such assessment usually takes place by the service provider involved, as part of its duties within the Joint Plan of Operations. Since each Master is aware of his/her own vessel characteristics, it is prudent for the Master and owner to provide confirmation on vessel compatibility.

According to the latest OCIMF STS guidelines the Master has the overall responsibility of the STS operation, as outlined at sections 1.5.1 and 3.1, which state:

1.5.1) The Master of each vessel shall always remain in command of his vessel, crew and cargo, and shall under no circumstances permit safety to be jeopardised by the actions of others.

3.1) For all ship to ship (STS) transfer operations, each Master remains at all times responsible for the safety of his/her own ship (crew, cargo and equipment) and should not permit safety to be compromised by the actions of others. Each Master should ensure that the procedures recommended by this guide are followed and, in addition, that internationally accepted safety standards are maintained.

In some time or spot charters, the STS clause mentions that the operation is subject to prior approval from the Master and owner as shown below:

"…If charterers require a ship-to-ship transfer operation or lightening by lightering barges to be performed then all tankers and/or lightering barges to be used in the transhipment/lightening shall be subject to prior approval of owners, which is not to be unreasonably withheld, and all relevant certificates must be valid…."

Owners approval does not constitute an approval to the STS operation. This is thoroughly explained and justified at the FALCONERA VS ARCADIA ENERGY court award[2] where the Judge Mr Justice Eder points out the following:

"Thus, under the charter, the owners are not entitled to approve (or to refuse) the proposed STS transfer: their right of approval is limited to a right to review the details of the nominated vessel and to decide whether or not she is suitable for STS operations. In my judgment, this makes commercial sense. Once the nominated vessel is approved as suitable, all STS transfers require proper detailed planning."

Since the Master is responsible for the safety of the operation, according to latest OCIMF guidelines, his/her final assessment on suitability is a prerequisite prior to conducting the operation. If the Master considers that the nominated vessel(s) is not considered as suitable, then such concerns should not be unreasonable and should always be related to safety issues.

Some cargo owners/charterers undertake the vessel suitability assessment, when considering vessels on subjects for STS, prior to nominating such vessels to timecharter owners, according to their internal policies and procedures. In this case, suitability of vessel(s) has been satisfied for the cargo owners/ charterers, while Masters are entitled to assess the compatibility.

Documents

Vessel suitability or compatibility assessment is based on an examination of a vessel's characteristics and status, such as seaworthiness, statutory compliance,

classification, mooring apparatus, vessel dimensions and displacement, cargo quantity and type.

Such an assessment takes place by presenting documents containing such information. Each technical operator interprets the required documents on the basis of his/her understanding and sometimes this exercise creates confusion for charterers by an unreasonable burden on document management.

There is a need to unify the assessment process, either for vessel suitability or compatibility, in order to standardise the process and support it by the exchange of important documents.

It is of upmost importance to ensure that any documents presented for each vessel are truthful and correct with respect to the information conveyed. When a Master or owner exercises his/her due diligence by examining documents for a nominated vessel, it has to be accepted that the counter owner whose vessel is being examined, provides the correct information.

STS compatibility checks

For the assessment on STS compatibility the following documents are considered as a minimum:

1) Q88.
2) Vessel Mooring arrangement and or GA, which shows the exact location of mooring gear.

Based on the above information, the Master confirms the compatibility of vessels and may confirm same to the charterer or raise any technical compatibility issues that need to be addressed prior to carrying out an STS operation.

Should a service provider be appointed, he/she may be consulted and assist the Master in this respect.

Subsequent to the above confirmation on compatibility due diligence check required by charterers, the Master may seek additional assurance that the appointed STS service provider and Mooring Master can provide the expected quality of assistance, as per OCIMF guidelines and IMO regulations. Charterers do not provide any assurance, or any other information regarding the quality assurance that is being carried out on service providers, thus, in certain cases tanker operators may request the following:

A) A brief questionnaire from the service provider that he has the necessary procedures in place;
B) Brief questionnaire from the Mooring Master that ensures that he/she has the necessary experience and qualifications described in the IMO's Manual on Oil Pollution and latest OCIMF guidelines;
C) Maintenance certificates of equipment to ensure that the proper maintenance of STS equipment is carried out;
D) A joint plan of the operation, which cover all topics required in the OCIMF guidelines.

STS suitability assessment

For the STS assessment on suitability our opinion is that the following documents should be required as a minimum:

Q88. This is the standard questionnaire for tanker vessels. It conveys all the necessary information for vessel characteristics/ documentation and mooring gear.

IOPP FORM B. This is required to prove that an STS Plan exists on board.

STS PLAN. This is required as evidence that the STS Plan has been developed with the technical operator present, as it may be part of the SMS and furthermore, if the plan has been developed as per the latest OCIMF guidelines. This is a Marshall Islands requirement for registered vessels, as well as a OCIMF VIQ requirement, as per question 8.84 of latest VIQ.

P&I entry certificate, which ensures that the vessel is entered with an IG P&I club. This is to ensure that the $1 bill availability guarantee for oil pollution and will show if there is a club exclusion or special deductible on RDC for STS purposes. Some P&I clubs have issued special conditions for vessels participating in STS operations.

A recent class status, to show if the vessel has any outstanding recommendations, which might affect the STS performance, such as a displaced chock, missing anchor, non-operating D/G, STS plan non-conformity, damage on side shell plating from a previous STS.

Other documents such as CLC, DOC, SMC, Certificate of Registry are not considered as mandatory for the assessment on suitability, unless a discrepancy is shown during the clearance.

For example, it has been noticed in some Q88 questionnaires that the available number of closed chocks does not correspond to the actual equipment and hence a mooring arrangement may be requested. Also in a case where the DOC holder shown on Q88 is not consistent with class status or web data, then the DOC and SMC certificates may be requested as a further source of evidence.

Furthermore, for some vessels which participate in STS operation for the first time or other reasons associated with safety, the STS experience matrix could be requested.

In some regions, such as the US, specific questionnaires are requested for lightering purposes, such as the ITOL questionnaire. This questionnaire covers most of the data included in the Q88 apart from the following:

1) Brake capacity and MBL of mooring gear and lines. This data is used to check if rendering of brake load on mooring gear is necessary on the larger tanker.

2) Crew working language is not available at the ITOL, apart from item 192 where it mentions English understanding for Master and C/O. We consider that multiple crew nationalities.

Late last year, DYNAMARINe unveiled an STS e-learning course, which applies to either shore or ships personnel.

It covers information related to due diligence and best practices issues to assist participants mitigate risks, while protecting shipowners interests.

Topics covered include general STS operations, planning an operation, safety procedures, vetting issues, self-assessment versus rules/regs and incident investigation.

The course applies to deck officers, ratings, ship operators and safety and quality operators and is provided online via a specialised training platform.

Upon completion and final examination, participants will receive a certificate of completion from DYNAMARINe Academy, certified by ABS.

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Footnote

[1] OCIMF/SIGTTO/ICS/CDI, Ship to Ship Transfer Guide for Petroleum, Chemicals and Liquefied Gas, 2013.
[2] Bristol Crown Court BS11DA, 20/12/2012, Neutral Citation Number: [2012] EWHC 3678.

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KEY PLAYERS IN THE TANKER INDUSTRY
will be profiled giving their views on current legislation, recommendations and trends. These will include chief executives from all sectors of the industry from equipment manufacturers to the top shipowners

INFORMATION
about meeting oil major requirements (TMSA / vetting)

DEVELOPMENTS in management/ safety/ environmental best practice

NEW TECHNOLOGIES
and commercial industry developments

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