TANKEROperator

MARCH 2013

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Features:

- MRs overtake VLCCs
- OSG survives another day
- Crowley's 'Veterans'
- Vessel escort service
- STS vetting
- Reducing costs

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Contents

Front cover photo

A Thome Shipmanagement tanker seen outward bound in the Kola Inlet, having from sailed from Murmansk. Thome's managed fleet consists of 115 tankers ranging from small bitumen carriers to VLCCs. This year, the Singapore-based company will be celebrating its 50th anniversary with a series of worldwide events.

Keeping your business alive

The last few years have been difficult. That's probably a British understatement.

Over the past few years we have seen record low rates following record newbuild prices with inevitable results. A number of large and previously successful companies have faced bankruptcy, or Chapter 11 protection*.

We read a lot in the financial press about zombies. Not the movie kind, which seem to be enjoying a resurrection, but zombie companies and mortgages. Zombie companies just manage to survive, helped by low interest rates.

They may be just paying off interest on their loans but cannot invest, improve, or do anything but run at the lowest possible cost and indeed quality. Any disturbance, incident, or loss of revenue from vetting issues, will turn the living dead into the fully dead. Zombie mortgages are similar.

Survival at present is to some degree a function of financial strength and time. Financial strength is a combination of having sustainable loans and enough reserves to cope with the losses that are inevitable in the current environment.

So how do you stop yourself joining the living dead by making the wrong decisions, or alternatively, make the right decisions and bring back life to your organisation?

The key word is 'decisions'.

Decisions are made by people, not by machines, systems, or processes. Their creativity and experience is a critical asset for company survival. In many cases, these owners/senior executives spend 12 hours and upwards in the office keeping on top of the day to day. How do they find the time?

Let's spend a bit of time talking about the role of the owner, or senior executive and then think about what can be done to help him, or her make space for the critical decisions.

There are three dimensions to the owner/senior executive role:-

1) **Directing.** Setting the strategy and direction of the organisation. This includes making the critical decisions.
2) **Leadership.** Motivating and inspiring people to follow the direction and deliver the results.
3) **Management.** Organising and controlling resources to achieve objectives.

They are linked and interacting. Finding the balance between these three dimensions defines a successful executive.

The problem in many cases is that 'management' takes over the working day leaving no time for the other dimensions. Management systems are often quite dictatorial and are demanding of top executive's time.

You can't manage your way out of a crisis, it needs direction and leadership. You need the management dimension but it will not do the job by itself. The problem is that a tired and frustrated executive who has spent all day reading reports, attending meetings and authorising expenditure will not be in the best place to think strategically.

Owners/executives three-dimensional role. [1]

So why is it difficult to find the time to direct and lead?

The answer lies in an issue that is getting more and more air time in the industry - Complexity. Complexity has grown in the industry over the last 10 years at an alarming rate. One study[2] has suggested shareholder return is 10% lower in a large complex company than in a simpler one.

Why is this case?

There are many reasons, including the extra cost and resources required to manage complex processes and systems, the cost of unexpected problems and failed change but the biggest cause is the distraction it causes to the senior executives who spend their life managing and fire fighting, rather than creating and adding value.

It's a vicious circle, the more direction and leadership is squeezed out the more the organisation relies on management thus creating more work. Management cannot substitute for a lack of direction and leadership but people may create process that they think will.

The converse is also true. An organisation that has clear direction and effective leadership, where every person in understands the direction and is motivated to follow it, needs less management to get things done.

So the owner, or top executive needs to find the right balance between directing, leading and managing to avoid joining the ranks of the zombies.

At the *Tanker Operator Athens* conference (see inside back cover for details), the first of the 2013 season, we will be able to hear the experience of top executives dealing with this problem. TO

[1] From the book 'The Art of Action' by Stephen Bungay.
[2] Quoted in 'From Complexity to Simplicity' by Simon Collinson and Melvin Jay.

This comment piece was written by Martin Shaw, managing director, Marine Operations and Assurance Management Solutions (MOAMS).

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McQuilling's crystal ball

As part of its 2013-2017 Tanker Market Outlook* report, McQuilling Services has published what it calls an 'Outlook Scorecard'.

This useful desktop guide gives a summary of tanker demand, tanker additions, numbers of vessels trading, asset prices, TCE revenues and oil prices. Each table contains historic data, plus a forecast for this year.

For the demand, additions and inventory tables, eight classes of tanker are included.

Taking the VLCC as an example, demand expressed in billion tonne/miles for this year (Table 1) is forecast at 6,844, while the additions are calculated to be 31 (Table 2) and the trading inventory forecast comes in at 610 vessels (Table 3).

The asset price forecast for this year (Table 4) sees a drop in all eight size ranges for newbuildings. The same can be seen for five year old secondhand vessels, with the exception of Aframaxes.McQuilling Services also forecast Brent Crude to average $108 per barrel this year, down 2% from 2012's figure of $111 per barrel. In addition, the average HFO bunker price will be $690 per tonne this year, compared with $670 per tonne in 2012, an increase of 3%.

The consultancy also listed average TCE revenues for 2011 through 2013 and also the spot rates in graphic form for the same period, taking in the major routes for both clean and dirty cargoes. TO

**McQuilling Services Tanker Market Outlook has been published for over a decade.*

The latest - 2013-2017 Tanker Market Outlook – consists of a global economic outlook, tanker market fundamentals, previous freight markets performance, a five-year outlook for 12 major trades & eight vessel classes, an asset market outlook, investment attractiveness, operating cost structure, a comprehensive analytical appendix, 80 figures plus 20 tables.

Table 1: Tanker demand (bill tonne/miles)

Type	2011	2012	2013 (forecast)	% change
VLCC	5,891	6,514	6,844	5
Suezmax	1,896	1,752	2,028	16
Aframax	1,403	1,270	1,454	15
Panamax	298	218	257	18
LR2	317	318	309	-3
LR1	306	300	270	-10
MR2	714	708	667	-6
MR1	220	185	227	22

Table 2: Tanker additions (number of vessels)

Type	2011	2012	2013 (forecast)	% change
VLCC	59	47	31	-34
Suezmax	43	47	32	-32
Aframax	44	34	20	-42
Panamax	1	7	2	-70
LR2	20	12	10	-14
LR1	22	3	11	268
MR2	30	19	52	171
MR1	5	7	9	22

Table 3: Average number of vessels trading

Type	2011	2012	2013 (forecast)	% change
VLCC	548	585	610	4
Suezmax	423	449	472	5
Aframax	650	658	666	1
Panamax	97	92	94	2
LR2	258	264	266	1
LR1	280	287	288	0
MR2	850	865	889	3
MR1	340	333	334	1

Table 4: Asset prices ($ mill)

	Newbuilding		Five-year old	
Type	2012	2013	2012	2013
VLCC	89.2	86.5	58	54.8
Suezmax	56.4	54.8	41.6	40
Aframax	46.5	44.2	27.2	29.2
Panamax	36.9	35.4	25.5	25.4
MR2	32.8	30.5	23.7	21.6

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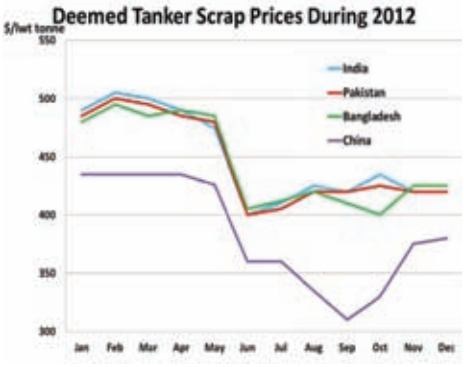
2012 demolition figures analysis



The continuation of the poor tanker market into 2012 heaped more pressure on owners to scrap tonnage, said Gibson Research, in an analysis of last year's tanker scrap figures.

Total tanker demolition sales for the year amounted to 11.8 mill dwt, up by 2.3 mill dwt over the volume achieved in 2011.

The dire trading conditions experienced by some markets during the year, particularly for the crude tankers, coupled with the arrival of the so called 'Eco ships', continued to push secondhand prices to exceptionally low levels.

However, scrap lightweight prices remained reasonably firm, particularly through the first quarter of last year, which resulted in tanker secondhand values (15 years of age plus) falling close to scrap values.

Of the 108 tankers (25,000 dwt plus) sold for scrap, almost one third were less than 20 years old. The total also included 71 double-hull vessels, Gibson said.

Looking back at last year's statistics, 14 VLCCs (average age 20.5 years) were sold for demolition, with half the sales concluded in the first quarter of the year.

The VLCC *Atlantic Prosperity* (311,689 dwt) was just 16.2 years of age when she was sold to Indian breakers in January, 2012. She also had the distinction of being the largest tanker sold for disposal last year.

There were 19 Suezmaxes sold (11 more than 2011), while Aframax/LR2s numbered a further 36 (average age 21.4 years) accounting for 33% (3.4 mill dwt) of all demolition sales. MR sales fell to 32, down from 55 last year and Panamax sales equaled last year's total of seven.

It was no surprise that this reflected the general pattern in the expectations of the tanker industry, ie concern for the crude market and stronger prospects for product tankers, Gibson said.

India's short domination as the region of choice for tanker demolition came to an end with Pakistan taking the central role at 6 mill dwt. Bangladesh retained second spot with 3.1 mill dwt, followed by India (1.9 mill dwt).

Tougher regulations on the import and disposal of tonnage, coupled with competition from drybulk sales, moved the emphasis away from the traditional Bangladesh/India dominated market. However, demand for scrap steel remained high, which supported firm lightweight prices.

Gibson concluded by saying that a cocktail of factors could yet force more sale activity throughout this year, as more regulations, environmental commitments and basic economics will put more tanker tonnage to the torches of the Asian recycling industry; the question is - how much? TO

MRs outpace VLCCs

Every so often the market moves to a position 'that just shouldn't happen'.

Explaining the reasoning behind this statement, Gibson Research said that the end of January/beginning of February proved just such an occasion, as MRs earned up to 10 times more than VLCCs!

In the MR TC2 trade (NW Europe/USAC) earnings were a very respectable $18,000 per day in the second half of January but rose to $23,000-$24,000 per day (if only on a temporary basis) by the second week of February.

Over the same period, VLCC earnings on the benchmark TD3 route (AG/Japan) collapsed from an around $20,000 per day in mid-January to a disastrous $2,500 per day day during the same period.

How can a five-year old product tanker valued at around $25 mill earn 10 times more than a five-year old VLCC, valued at $55 mill? The answer is quite simple: we operate in an efficient and transparent market and ultimately supply & demand win out. It only takes a small change in these fundamentals to have a huge impact on rates/earnings, Gibson explained.

The market for owners of MRs in NW Europe has been extremely good in recent weeks. Although US gasoline stocks were not especially tight, there was an unseasonal decline in the second half of January that supported the market. This, plus weather related delays and sufficiently attractive earnings elsewhere preventing ballasters arriving in the area, have all worked in owners' favour and pushed TC2 rates to WS190 fromWS155 towards the end of January.

The situation for VLCC owners was the complete opposite. There has been a sharp fall in Middle East production over the past few months, with Saudi output down from 9.95 mill barrels per day in October to 9.35 mill barrels per day in December and initial indications were of a further 0.1-0.22 mill barrels per day cutback in January this year.

This has resulted in a 'loss' of around 10-12 VLCC loadings per month. At the same time, VLCC supply is increasing (even though the pace of growth is slowing), with six more VLCCs at the beginning of February than there were in October. Looking at the numbers, it doesn't seem much of a negative swing to force such a collapse in the market, but this is what happens, Gibson said.

How do VLCC owners get out of this position?

A more cohesive response in refusing to do business at below fixed operating costs is one possibility. Major pooling arrangements, or laying up tonnage, are other options. All of these effectively constrain supply.

However, the reversal (and it will come) is more likely to follow a relatively small positive turnaround on the demand side, Gibson forecast.

Looking at the fundamental, the recent surge in oil prices could lead to Middle East oil producers (mainly Saudi Arabia) raising production to ease pricing pressures and so raise VLCC demand.

It is not often that someone says higher oil prices are a good thing, but at the moment, VLCC owners are likely to wish for anything that will turnaround their fortunes. ■

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Tanker oil spills at an all time low

Accidental oil spills from tankers now constitute a negligible proportion of oil finding its way into the marine environment, according to a report.

This is illustrated by the latest annual statistics published by the International Tanker Owners' Pollution Federation (ITOPF).

While no accident involving an oil spill should be ignored, as both government and industry strive towards 'zero tolerance', to put the figures into perspective, the volume of oil spilt during 2012 represented less than one millionth of the quantity of oil transported by sea.

As ITOPF's figures have historically been rounded to the nearest 1,000 tonnes, the volumes spilt recently are now so low that they can be said to be around baseline levels.

In terms of the number of incidents, there were no large spills (>700 tonnes) recorded for 2012 and, although seven medium sized spills (7-700 tonnes) were recorded, up from 2010 and 2011, they resulted in less oil being spilt overall.

These figures are good news for tanker operators and governments alike, as they work to continually improve both safety and environmental performance, ITOPF said.

The Federation maintains a database of oil spills from tankers, combined carriers and barges. This contains information on accidental spillages since 1970, except those resulting from acts of war. The data held includes the type of oil spilt, the spill amount, the cause and location of the incident and the vessel involved.

For historical reasons, spills are generally categorised by size, <7 tonnes, 7–700 tonnes and >700 tonnes (<50 bbls, 50–5,000 bbls, >5,000 bbls), although the actual amount spilt is also recorded. Information is now held on nearly 10,000 incidents, the vast majority of which (81%) fall into the smallest category, ie <7 tonnes.

The incidence of large spills is relatively low and detailed statistical analysis is rarely possible, consequently ITOPF places its emphasis on identifying trends.

Thus, the number of large spills (>700 tonnes) has decreased significantly during the last 43 years during which records have been kept. The average number of major spills for the previous decade (2000–2009) is just over three, about one eighth of the average for the 1970s.

Looking at this downward trend from another perspective, 55% of the large spills recorded occurred in the 1970s, and this percentage has decreased each decade to 7% in the 2000s.

A decline was also seen with medium sized spills (7–700 tonnes). Here, the average number of spills in the 2000s was close to 15, whereas in the 1990s the average number of spills was almost double this number.

No large spills were recorded for 2012 but seven medium spills were recorded. Despite being higher than those seen in 2010 and 2011, this figure is still far below the averages for previous decades.

The vast majority of spills are small (ie less than 7 tonnes) and data on numbers and amounts is incomplete, due to the inconsistent reporting of smaller incidents worldwide.

Reports on spills of 7 tonnes and above tend to be more reliable and information from these is included in the database to give a series of annual estimates of the total quantity spilt for the years 1970–2012.

These amounts are rounded to the nearest thousand. Inconsistencies may occur between sums of each year and totals for the decade. However, all percentages and averages were calculated using unrounded figures.

About 5.75 mill tonnes of oil was lost as a result of tanker incidents from 1970 to 2012. However, the volume of oil spilt from tankers demonstrates a significant improvement through the decades. Consistent with the reduction in the number of oil spills from tankers, the volume of oil spilt also shows a marked reduction.

It is interesting to note that an amount greater than the total quantity of oil spilt in the decade 2000 to 2009 (212,000 tonnes) was spilt in several single years in earlier decades, ITOPF said.

The total amount of oil lost to the environment in 2012 is the lowest on record thus far; with seven medium spills, this equates to an average of around 100 tonnes per incident.

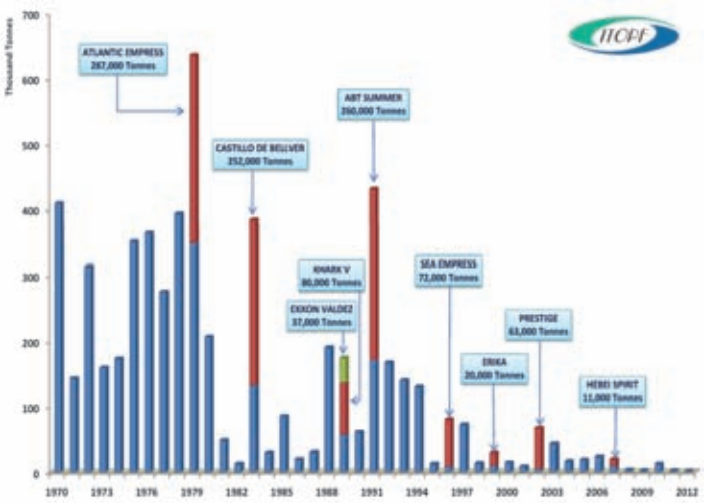
Apart from a fall in the early 1980s during the worldwide economic recession, seaborne oil trade has grown steadily from 1970. While increased movements might imply increased risk, it is encouraging to observe, however, that downward trends in oil spills continue despite an overall increase in oil trading over the period, ITOPF said.

	Operations				
	Loading/ Discharging	Bunkering	Other Operations	Unknown	Total
	3,157	564	1,281	2,842	7,844
Causes					
Allision/Collision	1	2	13	166	**182**
Grounding	2	0	14	226	**242**
Hull Failure	324	10	47	196	**577**
Equipment Failure	1,124	104	251	202	**1,681**
Fire/Explosion	50	5	35	83	**173**
Other	842	289	517	163	**1,811**
Unknown	814	154	404	1,806	**3,178**
Total	**3,157**	**564**	**1,281**	**2,842**	**7,844**

Incidence of spills <7 tonnes by operation at time of incident and primary cause of spill, 1974–2012.

Causes of spills

The causes and circumstances of oil spills are varied, but can have a significant effect on the final quantity spilt. ITOPF's analysis explores the incidence of spills of different sizes in terms of the operation that the vessel



Quantities of oil spilt >7 tonnes (rounded to nearest thousand), 1970-2012.

was undertaking at the time of the incident and the primary cause of the spill.

For small and medium sized spills, operations have been grouped into loading/discharging, bunkering, other operations and unknown operations. Other operations includes activities, such as ballasting, de-ballasting, tank cleaning and when the vessel is underway.

Reporting of larger spills tends to provide more information and greater accuracy, which has allowed further breakdown of vessel operations. Therefore, operations for larger spills have been grouped into loading/discharging, bunkering, at anchor (inland/restricted waters), at anchor (open water), underway (open water), underway (inland/restricted waters), other operations and unknown operations.

The primary causes have been designated to allisions/collisions, groundings, hull failures, equipment failures, fire and explosion and other/unknown. Other causes include events, such as heavy weather damage and human error. Spills where the relevant information is not available have been designated as unknown.

Small and medium sized spills account for 95% of all the incidents recorded; a large percentage of these spills, 40% and 29% respectively, occurred during loading and discharging operations, which normally take place in ports and oil terminals.

While the cause of these spills is largely unknown, equipment and hull failures account for about 46% of these incidents for both size categories. Nevertheless, when considering other operations, there is a significant difference in the percentage of allisions, collisions and groundings between these two size groups where we see the percentage increasing from 2% for smaller spills to 39% for medium spills, ITOPF explained.

Large spills account for the remaining 5% of all the incidents recorded and the occurrence of these incidents has significantly decreased over the past 43 years. Some 50% of large spills occurred while the vessels were underway in open water; allisions, collisions and groundings accounted for 59% of the causes for these spills.

These same causes account for an even higher percentage of incidents when the vessel was underway in inland or restricted waters, being linked to some 95% of spills. Restricted waters include incidents that occurred in ports and harbours.

Perhaps unsurprisingly, activities during loading or discharging result in significantly more small, or medium sized, spills than large spills. However, large spills do still occur during loading and discharging and 59% of these incidents were caused by fires, explosions and equipment failures.

TO

OSG fights to live another day

The US' largest tanker operator -Overseas Shipholding Group (OSG) - has won a stay of execution by way of an approval to borrow $25 mill.

This loan will be used to maintain OSG's vessels and to make payments to two lenders that funded construction of some of its vessels.

US Bankruptcy Judge Peter Walsh in Wilmington, Delaware, said in early February that he would approve the loans after a group of the company's lenders dropped their opposition to the financing.

"It's been a bit of a journey to get here," James Bromley, an attorney for OSG with Cleary Gottlieb Steen & Hamilton, said in court, reported Bloomberg.

The New York-based company filed for bankruptcy in November last year after global shipping rates fell and the company gave up trying to win a federal loan guarantee.

At the time, OSG listed assets of $4.15 bill and debt of $2.67 bill in the Chapter 11 filing.

Apart from a large international tanker fleet, OSG has 14 US flag tankers, plus a fleet of articulated tug/barge (ATB) combinations. Out of the US flag vessels 12 were built at Aker Philadelphia Shipyard (APSI) and are a series of 46,000 dwt Jones Act product tankers, known as the 'Veteran' class, of which two were converted to shuttle tankers. The remaining two US flag tankers are on international voyages.

Ten of the 12 vessels are owned by APSI's affiliate - American Shipping Co (AMSC), formerly Aker American Shipping and bareboat chartered to OSG and its subsidiaries. In turn some of the tankers are on long term timecharter to oil majors for operation in US waters. The other two are wholly owned by OSG.

Background

In November 2007, OSG was awarded its first contract to supply US flag shuttle tankers to transport oil from FPSOs located at the Chinook and Cascade ultra-deepwater fields in the Walker Ridge area of the Gulf of Mexico. Operations started in mid-2011.

A year earlier, OSG acquired Maritrans, a leading provider of tanker and ATB services in the Jones Act. The acquisition significantly expanded OSG's US flag presence with the addition of 21 ATBs and Handysize product carriers, as well as providing a technical and commercial outlet based in Tampa, FL.

In 2005, OSG ordered 10 Jones Act product carriers from APSI, with options for two additional vessels. OSG bareboat chartered-in the vessels, which enabled the company to control the tankers for initial terms of five-to-seven years with extension options for the commercial life of the vessels. OSG also exercised its option to build two additional vessels, which were converted into shuttle tankers.

OSG also holds a 37.5% stake in Alaska Tanker Co, a joint operating company formed with BP and Keystone Shipping to manage the fleet of ships transporting BP's Alaskan North Slope crude oil from Valdez, Alaska.

Following the Chapter 11 filing, AMSC said in January of this year that at the request of OSG, the US Bankruptcy Court for the District of Delaware approved its request to continue to perform all of its obligations under the terms of the bareboat charters and attendant agreements with AMSC.

To avoid any doubt, OSG's decision to

Arntzen quits

Morten Arntzen has resigned as president and CEO and as a director of OSG.

Capt Robert Johnston has taken over Arntzen's role with immediate effect. He was previously senior vice president and head of OSG's US flag strategic business unit.

"The Board thanks Morten Arntzen for his service, including during recent challenging times," said Michael Zimmerman, chairman of the board. "The board is pleased that Bob Johnston is available to lead the company through the next stages of its Chapter 11 reorganisation." ■

continue to perform does not constitute an assumption of the AMSC charter obligations within the meaning of the Bankruptcy Code, a final decision on which will come later in the bankruptcy proceeding, AMSC stressed.

"We confirm that, so far, OSG has continued to make all of its charter payments to AMSC on time," the company said at the time.

AMSC originally set out to be a US shipping company focusing on becoming the largest owners in the Jones Act market.

The company business model is to own and bareboat charter vessels for operation in the Jones Act market through its wholly owned subsidiary leasing companies. AMSC's corporate structure, through its operating subsidiaries in the US, conforms with the requirements of the Jones Act. All of its vessels are fully qualified to participate in the US domestic shipping trades, the company claimed.

AMSC said that another advantage was to have the newest and most modern vessels on the market before any other new tonnage became available, providing the company with a significant 'first to market' advantage in the petroleum product transportation market.

Apart from building 10 OSG operated product tankers and two shuttle tankers, APSI has delivered two more sister Veteran Class MT-46 product tankers to Crowley Petroleum Services. The second –*Florida* - was the 14th product tanker that the shipyard has completed and the 18th vessel overall. Crowley took delivery of the first vessel- *Pennsylvania* - in August 2012.

At the time of the handing over of the *Florida* in February of this year, APSI president and CEO Kristian Rokke said, "We are thrilled to have delivered the *Florida* to Crowley. This delivery represents the conclusion of a tremendously successful series of 14 tankers that over 1,000 men and women have worked on for the last eight years. This never would have been possible without the support and confidence of our customers, our industry partners, and the City and Commonwealth (of Pennsylvania)."

APSI had been building the two final product tankers for its own account since 2011. Through its subsidiaries, the shipbuilder received compensation for each vessel in the form of a fixed purchase price of $90 mill at their respective delivery dates and a variable component based on the vessel's actual performance in the market.

Based on current market conditions, APSI anticipated receiving a nominal amount in excess of $35 mill per vessel through the variable component. This amount has the potential to be much higher if market conditions continue to improve. It is payable on an annual basis over the life of the vessel and will be adjusted upwards, or downwards, based on actual charter rates and other factors. There is no cap on the amount of the annual payment.

APSI anticipated at the time of the sale of the hulls to Crowley that the transaction will result in cumulative gains of in excess of $25 mill, recognised as each vessel is delivered, with the potential for future additional income based on the variable component.

The construction of the Veteran class product tankers was undertaken in close co-operation with Hyundai Mipo Dockyards, acknowledged as the world leader in building vessels of this type. TO

Anti-piracy training offered

This programme was put together for companies that wanted to use counter piracy operators in the field that could work effectively in the merchant marine environment.

It satisfied STCW95 requirements and certified the operators as vessel security officers through the Maritime Institute of Technology and Graduate Studies (MITAGS-PMI) and in Maritime Domain Awareness training through the MARAD certified programme- PortStar.

The operators received advanced training in use of force, judgmental shooting and specialised classes in working effectively with Masters and crew on board commercial vessels.

Training was pitched as Level II, for basic operators, which meets minimum requirements for deployment and Level I, which was designed for the potential team leader. Level I included vessel security officer certification (VSO) and team management training, in addition to the Level II course subjects.

The US National Maritime Law Enforcement Academy has become involved with an Anti-Piracy training programme.

The academy was supported by MITAGS, which is internationally recognised as one of the leading maritime training and simulation centres. MITAGS provided programmes certified by the Military Sealift Command, US Coast Guard, and the Maryland Higher Education Commission.

The school was heavily involved in the initial development of the training standards for the International Ship and Port Security Code (ISPS).

This partnership brought together the respective strengths of the organisations to provide very professional and effective training, MITAGS claimed.

Level II course

This is a counter piracy training certification -general operator STCW95 programme.

This five-day, 40-hour course is designed to provide instruction and proficiency to meet with the mandatory minimum requirements for knowledge, understanding and proficiency in Table A-VI/5 and all requirements for the STCW95 Code.

A prerequisite is the PortStar online course – maritime security awareness (MSA).

Level 1 course

This is the team leader certification programme, which includes all of the Level II and VSO course level training in addition to leadership training development and related programme course training.

In addition, last November MITAGS completed a $1 mill upgrade to full-mission bridge simulator # 2 with the installation of a Transas Navigational NTPRO 5000 simulator suite.

The integration of full-mission simulators #1 and #2 – as well as the institute's tugboat simulator modules – offers bridge officers, pilots and students a modern and realistic training experience, the academy said. MITAGS now has the capabilities of integrating up to 10, full and part task simulators into one simulation exercise.

"The NTPRO 5000 images are clearer and brighter and the contrasts are enhanced due to the increased lumens from the most advanced projectors that are available for our theater dome," said Eric Friend, director of training at MITAGS-PMI. "Additionally, the software allows the integration of the two full-mission bridges so that multiple vessels can be included as components of the training and evaluation process. The software includes the multi-functional displays and has improved environmental interaction with the database and ship models."

The Transas Navigational NTPRO 5000 encompasses the geometry of objects, their relative position, the reflection capability of materials, three-dimensional motion and the earth's curvature. Its integration capabilities, improvements in mathematical models, modern built-in VHF, intercom, voice communications and enhanced instructor station along with CCTV, which allows for synchronised playback for debriefing, is why MITAGS-PMI invested in the complete upgrade of its simulator systems over the past few years, the academy said.

MITAGS-PMI also offers five day ECDIS training courses in co-operation with Transas on a Navisailor 3000 ECDIS. TO

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Evensen to be CMA Commodore at 28th annual jamboree

Dubbed - Shipping 2.0 The Road to Recovery - this year's CMA meeting and exhibition takes place at the usual venue in Stamford, Connecticut between 18th-20th March this year.

As the organisers said, today shipping has never been more complex and to address this complexity the topics chosen during the debates include vessel sizes, propulsion options, moving trade routes, China's development, US energy variables, Middle East politics, environmental issues and regulations, finance uncertainty, mature economies versus emerging markets in trade development, vessel values, derivatives, private equity and so on.

In all, more than 2,500 people from over 50 countries are expected to converge on the Hilton Stamford Hotel. Booth space has already been sold out, reflecting the show's popularity.

Always a highlight of CMA is the annual Commodore Award given at the Gala Dinner, which this year is being held during the evening of 20th March. The recipient of the Award will be Peter Evensen, president and CEO of Teekay Corp.

Another feature of CMA is the Job Fair, which this year will be held on Tuesday 19th March between 17.30 and 19.30 pm.

The two and a half day event kicks off with a WISTA lunch, which is followed by the opening of the exhibition and conference. The first session will opened by CMA's president and World Fuel Services' Ian Workman. The session on the state of the industry will be moderated by V Ships' president Roberto Giorgi and speakers will include GasLog's Graham Westgarth, Anangel's John Platsidakis, Varun Shipping's Yudhishthir Khatau, OCIMF's David Cotterell, IACS and LR's Tom Boardley, Philippines Transmarine Carriers Gerardo Borromeo and Seamen's Church Institute Douglas Stevenson.

On Tuesday morning the time will be devoted to regulations and markets. The regulatory environment session will be moderated by Joseph Cox, president and CEO Chamber of Shipping of America and the speakers will include the IMO's secretary general Koji Sekimizu, USCG's Commandant Adm Robert Papp, ICS Chairman Masamichi Morooka and ABS president and CEO Christopher Wiernicki.

As for the markets debate, this will be moderated by Intertanko's Katharina Stanzel with speakers including DVB Bank's Capt Herbert Soanes, CIBC World Markets' Katherine Spector, True North Chartering's Jerry Lichtblau and Heidmar's Per Hellmann.

During the afternoon there will be two break-out sessions. Track A will debate markets, deals, values and opportunities, plus maritime education, while Track B will tackle achieving benefits from safety.

Track A will be moderated by the Baltic Exchange's Jeremy Penn with a panel of experts, including ICAP's George Kulagaz,

The 2011 Commodore Angeliki Frangou seen congratulating Seacor's Oivind Lorentzen at the 2012 award.

CMA has proved to be an ideal networking event down the years.

Bulkore Chartering's Marygrace Collins and others still to be confirmed.

Track B's safety session will be led by Joe Walsh, of law firm Keasal, Young & Logan and will include BV's Francois Teissier, ECM Maritime Services' Michael Minogue, Gallagher Marine Systems Thomas Wiker, T&T Salvage president Mauricio Garrido, USCG's Russell Tippets and MTI Network's Darrell Wilson.

The following morning's session will be split into three tracks – eco-ships, bunkers and arbitration trends.

Track A will concern the so called 'eco ships' and will be led by Robert Kunkel of Alternative Marine Technologies with speakers from ABS, Scorpio Tankers, Bibby Ship Management and Fleet Management. The use of LNG will also be addressed with DNV, K&L Gates, BG Group and MAN Diesel & Turbo.

New technology powering efficiencies will be addressed by Jim Lawrence of Marine Money, Fritz Heidenreich, DA-Desk's Hans-Christian Mordhorst, ShipServ's Paul Ostergaard, ClassNK's Yasushi Nakamura, GL's Dr Karsten Hochkirch and a speaker from the UK P&I Club.

In Track B, the bunker industry will be examined under the watchful eye of Petrospot's Llewellyn Bankes-Hughes.

Track C will look at arbitration concerns under moderator Dr Austin Dooley and Jack Warfield of the Society of Maritime Arbitrators, among others.

During the afternoon there will be two break-out sessions, covering shipowning and legal matters. The shipowning session (Track A) will be moderated by Larry Rutkowski and Gary Wolfe, both partners of Seward & Kissel. Speakers will include Hermann Klein of ER Schiffahrt, DVB Bank's Dagfinn Lunde, JP Morgan's Andy Dacy, Northern Shipping Fund's Art Regan and Anglo-Eastern's head Peter Cremers.

Track B – the legal session- will be led by Peter Drakos, who will be followed by Thomas Tisdale, Michelle Otero Valdes of Chalos & Co, James Hohenstein of Holland & Knight plus Thomas Belknap Jr of Blank Rome.

The whole event will be rounded off on Wednesday evening with the Gala Dinner and the Commodore Award. TO

ABS relocates to Hamburg - develops new US team

ABS has announced that it is to relocate its Northern European regional marine operations office from London to Hamburg, Germany.

"This relocation is part of ABS' ongoing effort to place our frontline decision makers closer to our clients and be more responsive to their needs," explained ABS president and CEO Christopher Wiernicki. "Expanding and strengthening the key resources in the region will enhance our service delivery capability and streamline access to the ABS network of engineers and surveyors."

Wolfgang Buttgereit, Northern Europe regional vice president, will lead the Hamburg team, focusing local efforts on challenges unique to the area and drawing on the extensive network of ABS resources around the globe to provide prompt and comprehensive solutions.

He was most recently regional vice president of Southern China. His background and experience in new construction will be a valuable contribution to ABS operations in the region, the US-based class society said.

This move will also bring a regional lead surveyor to Hamburg along with additional resources to support the already existing engineering office. The expansion of this office coupled with the more than 40 offices in its area, allows the ABS Northern European regional marine operations group to enhance service support to its many clients in 24 countries across the region.

"Northern Europe is a key global and regional center for the maritime industry," said ABS Europe president and COO Kirsi Tikka. "Expanding the ABS office allows us to better serve not only our clients, but the many maritime stakeholders in the region."

Energy management

ABS has also recently awarded certificates to several shipping companies for adopting energy management systems. Among the first recipients of the certificates are Gaslog LNG Services, Consolidated Marine Management and Goodwood Ship Management.

Their energy management systems were certified using the ABS *Guide for Marine Health, Safety, Quality, Environmental and Energy (HSQEEn) Management.*

"Each of these companies has demonstrated a commitment to energy efficiency and developed corresponding management systems that will help drive more efficient operations," said Wiernicki. "The HSQEEn Guide was developed to help owners and operators facilitate a progressive approach to integrated management systems and can be applied to a wide variety of ship operations and management styles."

ABS' HSQEEn energy management requirements are based on ISO 50001:2011, the international standard for energy management systems. The standard, which is considered to be a much broader energy management tool, establishes an energy baseline, demonstrates energy reductions, creates energy goals and action plans and helps owners and operators manage significant energy-consuming equipment, ABS said.

New department

In addition to awarding certificates, ABS has formed an operational and environmental performance department. This hand-picked leadership team brings more than 120 years of collective experience to the table to take on the critical industry issues of operational performance, energy efficiency and environmental compliance.

"The shipping industry continues to deal with a weak and challenging market. Vessels and assets have to be designed and operated to achieve optimal performance throughout their entire life cycle," said Wiernicki. "ABS recognises that designers, builders, owners and operators in the marine and offshore industries face a challenging combination of increasing regulatory requirements and operational cost pressures. This department is a commitment to our clients that we will assist them in meeting these challenges."

Europe's head office will remain in London under the watchful eye of Kirsi Tikka.

The technical capabilities of the new team will be a significant resource to clients needing to assess the energy efficiency and fuel consumption of new and existing vessel designs, the class society claimed.

In addition to concentrating their experience on optimising vessel performance, the team will support the ongoing efforts of the existing environmental solutions group to address changing requirements for ballast water, bio-fouling and air emissions, as well as emerging issues surrounding LNG as fuel.

Howard Fireman, vice president, operational and environmental performance, has been selected to lead the new department. Fireman joined ABS from the US Navy, where over the past 35 years he was instrumental in the areas of ship design, hull form optimisation, total ownership cost, systems engineering, design integration, research and development and operational support.

Dr Jan de Kat, ABS director of energy efficiency, is the head of ship dynamics and

stability, vessel safety and operational performance sections. He has significant experience in numerical and experimental methods to predict ship performance gained with 18 years spent at the Maritime Research Institute Netherlands (MARIN) – one of the leading model testing facilities – where he served as head of R&D. De Kat was also employed as the head of innovation and senior technical advisor for AP Moller-Maersk for six years.

Another member of the team is also an ex Maersk employee. Dr Jakob Buus Petersen, director of vessel performance, looks after vessel performance, ship manoeuvring, seakeeping and offshore operations. Petersen previously served as Maersk's head of the vessel performance department within Maersk Maritime Technology, where he administered the Danish company's vessel performance management system for the company's total fleet.

ABS senior vice president Peter Tang-Jensen, a technical adviser on matters of vessel performance and optimisation, has also joined the team. Since joining ABS, he has held senior positions that include overseeing the technology development group. A naval architect, Tang-Jensen has worked in ship design and construction for more than 30 years, including the role of executive vice president of Odense Steel Shipyard. TO

ClassNK expands US offering

Having expanded its US 'blue water' activity Tokyo-headquartered class society ClassNK is now looking to expand its US 'brown water' business.

In January, ClassNK gained expanded authorisation from the US Coast Guard and will now be able to carry out a full range of surveys for the SOLAS, MARPOL and AFS conventions, as well as ISM Audits, on behalf of the US flag administration.

Previously, ClassNK, which opened its first office in the US in 1962, had primarily focused on the international shipping, or 'blue water' sector of the American shipping industry.

However, in order to address growing demand for high quality certification services from domestic shipping lines, ClassNK began working with the USCG to expand its authorisation to cover US flag vessels and earned the authorisation to carry out certification for the Load Line (LL) and Tonnage Measurement Conventions (TM69) in 2011.

The expansion of recognition by USCG to cover SOLAS, MARPOL and ISM among other conventions now makes it possible for ClassNK to issue a wide range of certifications for US flagged vessels in every industry sector.

"America is among the world's top nations in terms of both vessel numbers and tonnage and the industry here is incredibly dynamic, including not only major charterers but also an incredibly diverse shipping community that includes not only 'blue water' shipowners but also inland 'brown water' shipping, coastal shipping, and the offshore sector," said ClassNK chairman and president Noboru Ueda. "At ClassNK we have served the American 'blue water' shipping community for more than 50 years now, but with this authorisation from the USCG we will now be able to greatly expand our operations to include coastal, gulf, and inland shipping, as well as the growing offshore energy and wind sectors.

"Both 'blue' and 'brown water' shipowners and operators face a number of new challenges related to new environmental and safety regulations, and with this recognition from the USCG, we will now be making significant additions to our survey network and human resources in America in order to better support the maritime industry throughout the US," he concluded. ■

TC2 – Happy New Year

What a dream end to 2012 and start of 2013, MR owners have had, said a leading broking house.

December 2012 earnings on TC2 and TC7 routes were at their highest monthly average for the year. Indeed, the fourth quarter was a far healthier period for clean owners than expected.

TC1 (LR2s), TC5 (LR1s) and TC7 (MRs) earnings in the fourth quarter of 2012 were the highest quarterly average seen since the same period of 2008.

Interestingly, design speed earnings at these levels have moved up to within $500 per day of earnings at slower speeds – in some cases, such as TC2, design speed returns are currently higher than the now accepted market practice of slow steaming.

Some owners maybe considering speeding up to capture this advantage, but with markets being so fragile at the moment, such temptation could be misplaced, Gibson Research said in a recent report.

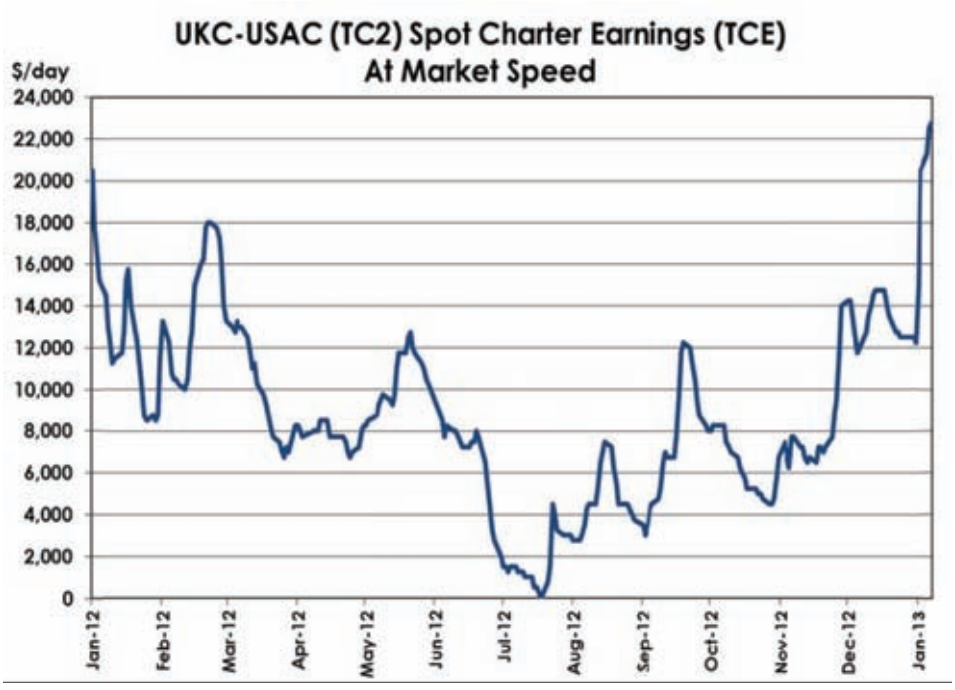
December, being a short working month, is well known for its volatility and 2012 was no exception. TC2 had a particularly robust end to the year, with December rates averaging WS155, giving a return of around $15,250 per day.

This strength was predominantly driven by increased demand for gasoline cargoes in West Africa coupled with the rush to fix vessels prior to the Christmas holidays. Since then, where other trades have begun 2013 more subdued, TC2 has gained even more strength - standing above WS180 and returning more than $22,000 per day by the middle of January.

As some owners look to ballast into UK/Continent to get a piece of the action, it is worthy of note that US refined product stock gains in the first week of January were considerably higher than expected, with gasoline stocks increasing by 7.4 mill barrels over the week.

Despite lower US gasoline production and imports, it is weak US demand for gasoline that has driven this gain in stocks. With this being the seventh successive weekly increase in gasoline stocks in the US, it perhaps explains why as this week draws to a close the arb has closed and demand for TC2 is beginning to wane.

Thus, the general sentiment is that MR earnings in the West are likely to remain extremely volatile, but with some spectacular periods of high earnings. This, along with more sustained higher levels of MR rates/earnings in the East is likely to support continued interest in the MR sector this year, Gibson concluded.



Source- Gibson Research.

Cargoes to rise

Stena Bulk/Stena Weco's Eric Hanell has forecast that volumes traded via product tankers is likely to rise by 3%-4% worldwide this year, due to robust demand for petrochemicals.

In an interview with Dow Jones Newswires during February, Hanell said that he will take delivery of six MRs in 2014, on the back of forecast rising demand for petrochemicals.

Stena Weco is one of the leading palm oil transport companies, with major market share of cargoes from Asia to Europe and also ships petrochemicals on the same route. It operates 35-40 ships, 30% of which are company owned.

Hanell said that even though edible oils trade, which accounts for 10% of the company's trading volume, is expected to remain steady this year, the long-term outlook for palm oil remains positive due to increased demand from Asia, including India, China and Indonesia.

As a result, the company may consider expanding its presence within Asia, focusing more on shipping edible oils within the region rather than to Europe, he said.

Stena Bulk, which owns 50% of Stena Weco recently announced a new joint venture--Golden Stena Bulk--with Singapore-listed Golden Agri-Resources (GAR).

"Golden Stena Bulk can be seen as the second step in our collaboration with leading palm oil plantation company GAR. For us, it's also a gateway to Asia," said Hanell.

The 50:50 joint venture will take over four product tankers ordered by Stena Bulk in June 2012. The vessels will be deployed in Stena Weco's pooling system. TO

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A busy BLG meeting explained

At the 17th session of the IMO's BLG sub-committee held from 4th to 8th February, with the help of the International Parcel Tanker's Association (IPTA), we have reproduced the more interesting issues arising at the meeting.

It may be recalled that inconsistencies were identified in chapters 17 and 18 of the IBC Code and concern was expressed that strict application of the current criteria for assigning carriage requirements to products, originally evaluated prior to 2004, could lead to unnecessarily stringent requirements for a number of high volume products, IPTA said.

It was therefore agreed to look further at the criteria themselves and a number of amendments have subsequently been proposed to the criteria in chapter 21. As an exercise to test the results, these amendments were applied to the 'Big Movers List' developed by IPTA during the Annex II revision process.

This exercise demonstrates that while applying the chapter 21 criteria, as they *currently* stand, to all the longstanding products in the IBC Code, this would lead to some far reaching changes, including a number of products being moved to Ship Type 1 and independent tanks.

Applying the proposed amended criteria would have far less drastic effects. The indications are that there would be a few changes of ship type, but only from Type 3 to Type 2, or chapter 18 to Type 3. A number of other changes to carriage requirements would be triggered in many of the products, primarily with regard to closed gauging, controlled venting and toxic vapour detection.

In addition, many products would be subject to increased special requirements, most notably those for toxic products found in regulation 15.12 of the IBC Code.

IPTA stressed that thus far, this remains an exercise in testing the proposed amendments to the criteria, rather than concrete proposals

for amendments to carriage requirements.

It has been agreed that these changes in classification criteria should now be applied to all the products in the IBC Code and the results examined further, with particular attention being paid to the likely impact of increased special requirements, such as those in regulation 15.12.

One issue highlighted was that of pressure valve requirements in 15.12.4, which requires valves to be set at 0.02 Mpa for the carriage of toxic cargoes. For the sake of clarity, IPTA obtained the following breakdown on the valve requirements from the class societies:

1) Pressure range allowed is 0.07 Mpa (0.71 Kgf/cm2) and -0.007 Mpa (-0.07 Kgf/cm2). (IBC code chapter 4).
2) However, normal setting is .14 bar (0.014 Mpa) and -0.07 bar (-0.007Mpa). This is considering the design pressure of the tanks and also considering the design of vapour emission control system. This can be varied and the settings are to be within the limits of the tank design pressure.
3) In the case of ships carrying propylene oxide, the setting is not greater than 0.7 Mpa and 0.53 Mpa for propylene oxide/ethylene mixtures (IBC Code 15.8.24).
4) For toxic cargoes, the valve setting is to be 0.2 bar (0.02 Mpa) (IBC code 15.12.4).

Where a vessel's certificate of fitness (CoF) already contains the full complement of IBC Code cargoes, an expanding of the number of products to which special requirements apply will presumably not make any difference.

However, where an inability to comply with some of the special requirements in chapter 15 of the IBC code means that a vessel is already restricted in the number of cargoes it can carry, an increase in the number of products which have special requirements could lead to a further restricted CoF.

New products

Two products, namely Tall oil soap, crude and Alkanes (C10-C26), linear and branched (flashpoint< 60 deg C) were evaluated for inclusion in List 1 of the MEPC.2/Circ, as valid for all countries and with no expiry date.

Both products have been in List 1 for some time as tripartite agreements and it should be noted that the carriage requirements for Tall oil soap will change slightly.

These amendments still have to be formally agreed by the MEPC and MSC in May/June of this year respectively and should continue to be treated as tripartites until then.

In addition three new trade-named mixtures were considered and carriage requirements assigned for inclusion in List 3 of the MEPC.2/Circ.

Cleaning additives

A total of 29 cleaning additive were found the meet the criteria outlined in MARPOL Annex II. These products are listed in Appendix 2 and will be included in the next edition of the MEPC.2/Circ.

Re-issuing of CoF

The group had been asked to consider how to ensure that when amendments to the cargo lists in the IBC code come into force, all chemical tankers have an updated CoF on board by the date of entry into force.

The IBC code makes it clear that that the CoF must refer to the latest MSC and MEPC resolutions, which contain the amendments and Attachment 1 (the product list) must reflect the same date as the CoF.

It was agreed that in order to ensure a smooth transition issuing of revised

certificates may commence from the date of formal adoption of the amendments rather than the date of entry into force.

The revised certificate may be kept on board but will not become valid until the date of entry into force.

A circular will be issued following MEPC and MSC later in the year outlining the procedure.

Ballast water sampling

While under most IMO conventions, Port State Control verification of compliance relies, in the first instance, upon inspection of documentation and only proceeds further if there are grounds for believing that the vessel is not in compliance.

The Ballast Water convention allows for PSC to take samples of ballast water even where the treatment system on board is type approved and there is documentary evidence to demonstrate that it has been maintained and operated properly.

It prescribes that any sampling should be carried out according to guidelines developed by the IMO, but the IMO has so far struggled to finalise guidance on a simple, reliable sampling method that would not give a wide range of results.

This has been a cause of significant concern to industry and is considered to be one of the barriers to ratification for a number of member states who fear that their vessels could be penalised even though they are acting in good faith in operating type approved ballast water treatment systems, IPTA said.

IPTA was a co-sponsor of a document proposing that upon entry into force of the Ballast Water convention, PSC should not carry out ballast water sampling until standardised and internationally agreed PSC sampling and analysis guidelines are in place.

The BLG sub-committee, however, did not accept this proposal. After lengthy discussion, it was agreed that the guidelines should be finalised on the basis of the current science with respect to sampling and analysis of ballast water and once the convention enters into force, these guidelines should be applied for a trial period of two to three years (as yet there is no agreement on how long this period should be), with the members states using the procedures for scientific and research purposes in order to further improve and standardise the sampling protocols.

It was further agreed that during this period there should be no criminal sanctions based solely on sampling, although it is important to note that the US reserved its position on this point and maintains her right to take any actions she sees fit once the convention has entered into force.

Exhaust gas cleaning systems (scrubbers)

In 2009, the MEPC adopted guidelines for exhaust gas cleaning systems, including wash water discharge criteria for wet scrubbers which take into account the fact that that the washwater from these systems has a low pH due to the presence of sulphuric acid.

These criteria are considered by many to be too stringent for the majority of wet scrubbers to comply with and it had been agreed that they may be revised in the future, as more data becomes available on the contents of such discharge and its effects.

Denmark had submitted the results of a study showing that discharge of washwater with a low pH value (3) has a negligible effect on the marine environment in the long term due to the buffering capacity of sea water.

It was proposed that the discharge criteria could be relaxed in order that such scrubbers could be employed. While this proposal was well received by many, due in large part to a European Commission edict that prevented EU states from offering support in the debate, the Sub-Committee did not ultimately agree to the amendments to the 2009 guidelines.

Member states were invited to provide further information on the impact on the marine environment of discharging low pH value washwater, although since the study carried out by Denmark was very thorough, it is hard to see what direction any further research would take.

IPTA pointed out that with the reduction in sulphur limits in ECA's due to come into force in less than two years, many owners are currently trying to evaluate methods of ensuring that they will be in a position to comply and it is regrettable that certainty has not been provided with regard to which technologies will be acceptable in order for owners to be able to carry out their forward planning with confidence.

The BLG chairman called for further information to be provided regarding the current availability of exhaust gas cleaning systems that can meet the current requirements; this will mean a further delay of 12 months before any sort of decision can be made on any amendments to the discharge criteria thus leaving both shipowners and manufacturers in limbo. TO

Certificate replacements guidelines

Below are guidelines as to the timing of existing certificate replacements as a consequence of the entry into force of IBC Code amendments.

1) The MEPC at its 65th session (13th - 17th May 2013) and the MSC at its 92nd session (12th – 21st June 2013) will review the matter of the replacement of an existing international CoF for the carriage of dangerous chemicals in bulk by a revised certificate that is required to be issued as a consequence of the IBC Code amendments.
2) Both committees agreed to approve the following guidance, which for the matter described in paragraph 1 above can be used in place of the provisions of MSC-MEPC.5/Circ.6, with regard to the replacement of an existing certificate by a revised certificate that is issued before the entry into force of amendments to the IBC Code:
   a) the issuance of the revised certificate may be initiated from the date of adoption (the later of the adoption dates by MSC or MEPC, as the case may be) of the IBC Code amendments, rather than the date of entry into force of the amendments;
   b) the revised certificate should have the same expiration date as the existing certificate;
   c) the revised certificate should be provided with a stamp/text on the front page stating that the revised certificate is effective, and supersedes the existing certificate, on the date of entry into force of the amendments to the IBC Code.
3) The committees noted that the above arrangements should facilitate a smooth and practical implementation scheme for the worldwide fleet of chemical carriers that may require to have revised certificates immediately upon the entry into force of the amendments to the IBC Code.
5) When a cargo is loaded prior to the entry-into-force date and unloaded after the entry-into-force date, of the amendments to the IBC Code, the relevant provisions of the IBC Code at the time of loading should be applicable until the cargo has been unloaded.
6) Member governments are invited to bring this circular to the attention of all parties concerned, in particular, Masters, shipowners and PSC officers. ■

Crowley takes delivery of two 'Veterans'

Crowley Maritime Corp has taken delivery of the second of two Veteran-class product tankers, from the Aker Philadelphia Shipyard (APSI).

The *Florida*, a 330,000-barrel, 46,000 dwt tanker will join her sister – *Pennsylvania* - in the US Gulf on charter to a major energy customer. This US-flag Jones Act vessel is the second of two American built, operated and crewed tankers Crowley purchased last year from APSI.

Crowley said that the *Florida* will provide 50 American seagoing and shoreside jobs and she will be used to deliver domestic oil to US-based refineries. The US-flag, ABS classed vessels are the 13th and 14th in the APSI-built Veteran class series.

"Adding these new tankers to our fleet allows us to continue providing our customers with diverse and modern equipment to transport their petroleum and chemical products in a safe and reliable manner," said Thomas Crowley, company head at the *Florida's* christening ceremony. "I recall that one of my grandfather's missions for the company included making investments that would not only help the company grow, but also provide jobs for people, which is something we have carried on to this day and why we continue to support the Jones Act and our US shipbuilding partners, including Aker."

Both tankers are capable of carrying 330,000 barrels of petroleum products and chemicals. This class of tanker is based on the well proven as-built *Athenian* class 46,000 dwt product tanker from Hyundai Mipo Dockyards. However, the standard design was changed to conform to US registry and US coastwise trade requirements.

Tier II machinery

Powered by the first Tier II large-bore MAN-B&W 6S50MC engines, the speed of the *Pennsylvania* and the *Florida* is expected to average around 14.5 knots. In addition to being double hulled with segregated ballast systems, safety features also include water and CO2 firefighting systems, as well as a foam water spray system.

Crowley claims to have a long history of transporting petroleum products and chemicals using tankers and articulated tug barges

Principal Particulars – *Florida* and *Pennsylvania*

Class ABS - +A1(E), Oil/Chemical Carrier, ESP, Ship Type 2, +AMS, +ACCU, SH, SHCM, COW, UWILD

Length, oa	183.2 m
Length, bp	174 m
Breadth, moulded	32.2 m
Depth, at side	18.8 m
Draft design/scantling	11 m/12.2 m
Deadweight at 11m/12.2 m draft	.40,700 t/45,800 t
Gross tonnage	29,200

Tank Capacities

Cargo	52,650 cu m
Slops	1,150 cu m
Ballast	22,500 cu m
HFO	1,600 cu m
MDO	170 cu m
Speed at 11 m draft, 85% MCR	14.6 kn

The Veteran class is based on a design from Hyundai Mipo.

(ATBs). The fleet includes some of the newest and most sophisticated ATBs in the market, the company claimed.

As of this year, Crowley owns and operates 17 ATBs, which include 155,000-barrel, 185,000-barrel and 330,000-barrel capacity tankers. Crowley has operated all of these Jones Act tankers and ATBs on the US Gulf, US East and West coasts under voyage and timecharters with leading companies in the petroleum and chemical industries and shipped 265 mill barrels of petroleum and chemical product in 2012 alone.

Crowley's director of technical services, Jonathan Smith told *Tanker Operator* that the *Pennsylvania* and the *Florida* are similar to other Aker-built Veteran class tankers in terms of their machinery arrangement, except that these two vessels have been fitted with marine sanitation devices (MSD) for the treatment of black water. The MSDs (Kleen Tank model OW-575) were supplied by Owens.

They were built with two pairs of six cargo tanks, plus slop tanks. The tanks are served by 12 hydraulic submerged Framo cargo pumps each having a capacity of 600 cu m per hour, giving a discharge capacity of 3,600 cu m per hour. Framo also provided the ballast system pumps of 750 cu m capacity each serving two lines. No ballast water treatment system has been fitted thus far.

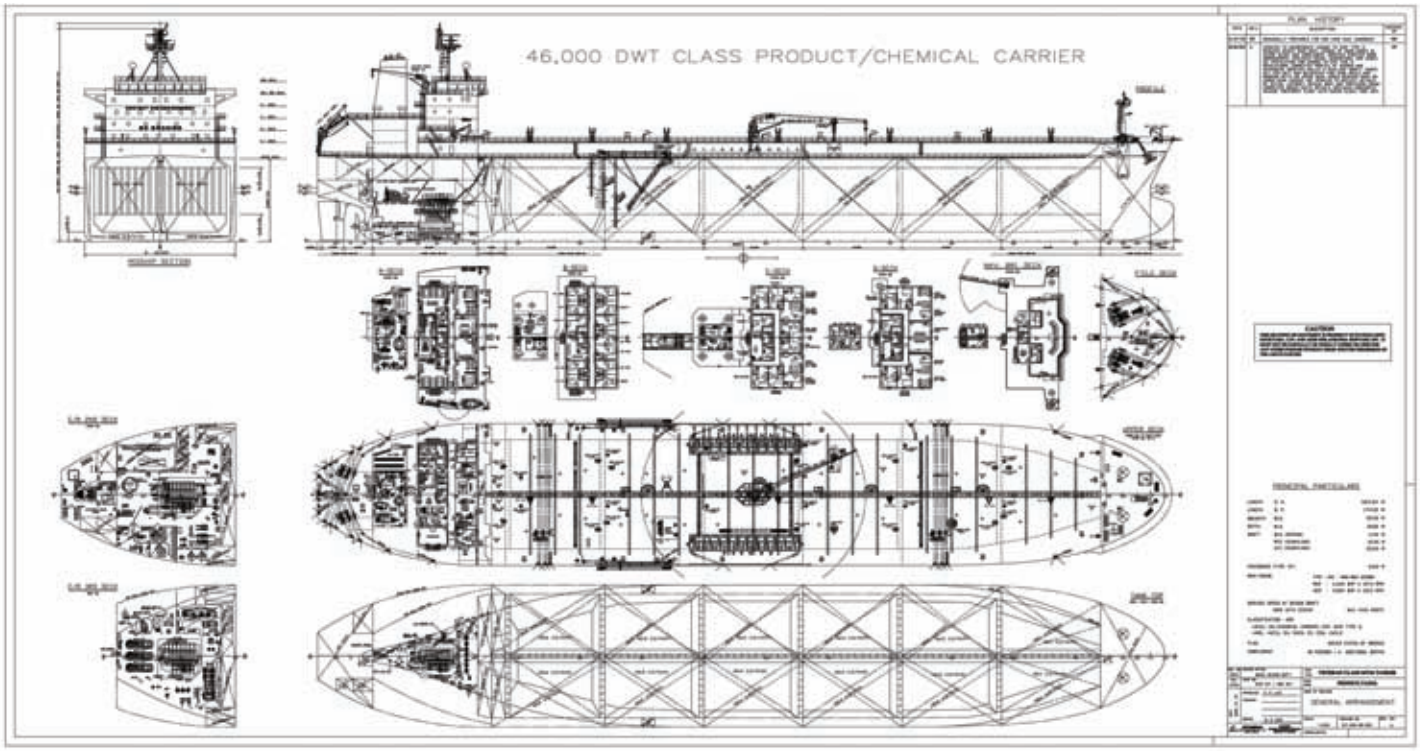
As mentioned, the propulsion machinery fitted on board each vessel consists of an EPA Tier II compliant large bore, 2-stroke, 6-cylinder MAN-B&W 6S50MC diesel engine developing 9,894 bhp at 123.9 rev/min at 85% MCR.

Smith explained that the main engine selected is EPA-certified Tier II thus enabling the vessel to significantly reduce exhaust emissions. The machinery is connected to a Hyundai fixed pitched, four bladed propeller. A Hyundai semi-spade rudder was also chosen.

The three Yanmar generators are also EPA Tier II compliant and each develop 700 kW at 720 rev/min. The 18 tonnes per hour capacity steam boiler was supplied by Aalborg (Alfa Laval) and an exhaust gas boiler fitted has a capacity of one tonne per hour at 90% MCR.

A Kongsberg integrated automation system was installed on board each vessel, controlling the ballast, water firefighting, the Ansul CO2 firefighting and foam water spray system.

On the bridge, a complete integrated navigation system was supplied by Furuno, which also includes ECDIS, AIS, VDR, GMDSS system, satcoms, Navtek, etc. TO



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New strategy to combat piracy

In a bid to move the EU away from its current piecemeal action against piracy, the European Economic and Social Committee (EESC) has put forward a comprehensive strategy to combat this problem.

The strategy was discussed by decision-makers and stakeholders at a hearing organised by the Committee, according to Europa, the official EU voicepiece.

"Piracy is not only a maritime problem. It is also a humanitarian, trade and global one, affecting consumers and taxpayers around the world," said Dr Anna Bredima (Greece, vice-president of the EESC's Employers Group), rapporteur for the opinion.

Piracy worldwide costs $7-12 bill every year, with 18,000 vessels sailing annually through piracy-infested waters. Around three million barrels of oil and half the world's container trade transit daily through the areas of the Indian Ocean that are threatened by pirates.

The EU, which controls 40% of world shipping, cannot afford any escalation of piracy, said the EESC. "If the wave of piracy goes unchecked, the whole supply chain of goods and energy risks being disrupted," said Stéphane Buffetaut, president of the EESC Section for Transport, Energy, Infrastructure and Information Society.

This is the reason why the EESC called on the EU institutions and member states to muster the political will needed to come forward with a multi-faceted anti-piracy strategy. "The EU needs to come up with an appropriate mix of the tools it has at its disposal: trade and development aid, military presence, reconstruction and capacity-building," said Dr Bredima.

Piracy is not only a maritime problem. It is also a humanitarian, trade and global one.

In her keynote speech, Commissioner Damanaki indicated that the European Commission was currently drafting a new "EU security strategy for the global maritime domain". Its first step would be to generate "real-time situational awareness of all activities at sea".

By interlinking civilian and military communities, it would result in better cross-border information sharing, which in turn would facilitate decision-making and improve maritime governance.

"We are not under any illusion that short-term measures can wipe piracy out," said Dr Bredima, insisting on long-term strategies combining capacity building in failed states and direct economic incentives offering credible livelihood alternatives to piracy.

Her view was echoed by Peter Van Dalen, MEP, who insisted on the need to strengthen the prosecution capacity of the countries off whose coast pirates operate. "Effective persecution of pirates in the region where they are active is paramount," he said.

Commissioner Damanaki added: "Prosecution should reach the true instigators and financiers, not just the small pawns, the 'foot soldiers'. This requires strong political will from countries."

20 police cars

While backing the UN decision to extend the mandate of the European Union Naval Force Somalia (EU-NAVFOR-ATALANTA) until 2014, the EESC said its geographical scope must be broadened to include West Africa as well.

"The current naval presence in the Indian Ocean can be likened to patrolling an area the size of Europe with 20 police cars," said Dr Bredima.

Georgios Koumoutsakos, MEP said that a side effect of concentrating anti-piracy efforts on Somalia was that it just re-emerged in other parts of the world, including the Gulf of Guinea and western Africa.

The EESC believed that military measures should go hand in hand with decisive action aimed at disrupting the pirates' financial networks. The first step should be better tracking of financial flows and the setting up of an EU blacklist of institutions involved in laundering money from piracy. Some of the ransom money that may have been deposited in EU banks must be traced and confiscated, said the EESC.

"The naming and shaming of complicit financial institutions is a necessary step in the battle against piracy," said van Dalen.

The EESC also said that member states could make use of qualified private armed guards on board vulnerable ships, with the proviso that the use of private forces be subjected to stringent EU and international conditions.

Commissioner Damanaki concurred, saying: "This practice must be implemented cautiously, with good control."

The EESC was adamant that legislation in EU countries must be amended to re-criminalise piracy and create a consistent legal framework for prosecuting pirates. TO

> "The current naval presence in the Indian Ocean can be likened to patrolling an area the size of Europe with 20 police cars"
>
> **- Dr Anna Bredima, vice-president, EESC Employers Group**

P&I Club advises on West African armed guards

Shipowners considering employing armed guards to protect their ships from pirate attacks in West Africa need to be extremely careful, according to new guidance published last month by the North P&I club.

With reference to the club's new loss prevention briefing entitled West African Piracy, standard solutions and contracts for hiring armed guards on the other side of Africa, such as BIMCO's Guardcon form, may be inappropriate for the very different situation in the Gulf of Guinea, Bight of Benin and Bight of Bonny.

> "...private armed guards are prevented by law from operating inside territorial waters of coastal states in the region ..."

"BIMCO Guardcon has been drafted specifically in response to the piracy situation in the Indian Ocean and the circumstances found in West Africa are quite different," said the club's risk management executive Colin Gillespie.

A major difference is that private armed guards are prevented by law from operating inside territorial waters of coastal states in the region and authorities are known to enforce these regulations vigorously.

"Local laws require that armed guards should be from the local security forces," said Gillespie. "This introduces potential safety, security and political issues with the use of such guards, particularly if a vessel needs to operate in the territorial waters of more than one coastal state in the region."

Agency problems

According to North, employment of local security force armed guards customarily takes place via a local agency, but the club is aware that some agencies have been employing off-duty armed guards at less cost. This has lead to further problems, such as suspension of legitimate armed guard services by a coast state in the region.

"Operators should therefore seek to ensure that the agency they use is employing local security forces that are on duty and, as such are an informed and legitimate part of local intelligence and military networks," said Gillespie. "All shipowners should seek expert legal and technical advice before entering into a contract to engage armed guards to protect their vessels in West Africa".

Recent figures released by the International Maritime Bureau indicated there were 58 incidents in the Gulf of Guinea last year, including 10 hijackings and 207 crew members taken hostage. Unlike Somali pirate attacks, many of the attacks are against stationary ships and involve sophisticated criminal gangs operating across national boundaries as well as politically motivated militias.

The new briefing includes guidance from the recently published *Interim Guidelines for Owners, Operators and Masters for Protection Against Piracy in the Gulf of Guinea Region* put together by BIMCO, the International Chamber of Shipping, Intercargo and Intertanko. TO

First vessel escort service introduced

Maritime security service provider Typhon has launched a marine convoy escort service for vessels transiting the Gulf of Aden, Arabian Sea and Indian Ocean.

The company said that it is currently in discussions with potential clients and negotiating long term contracts.

Piracy is spreading rapidly from its Somalian roots across the Indian Ocean, as far as the Gulf of Guinea, Bangladesh and Indonesia. Maritime criminals are becoming more audacious, more violent, better equipped and more adept, the company said.

With the wind-down of the EUNAVFOR's naval presence in the Gulf of Aden in 2014, this is likely to trigger a major escalation in piracy in the Indian Ocean, Typhon said.

In the Gulf of Guinea, where there is no UK, EUNAVFOR, or US Naval presence (nor is any planned), maritime crime is escalating and is growing to such levels that the UN Security Council has recognised it as a specific threat to international security (Resolutions 2018 [2011] and 2039 [2012]).

It is estimated that Nigeria is losing $1 bill of crude oil through theft each month.

To date, the only effective commercially available counter-measure has been provided by shipboard guards otherwise known as VPDs (vessel protection detachments, or details). However, the vessel has to detour to embark and disembark the armed guards often at significant cost. The range of protection from pirates is narrow - about 400 m from the 'target' ship.

Typhon's integrated protection model starts by detecting any threats of piracy at long range, which is undertaken at the company's onshore operations centre in the UAE. This enables Typhon to conduct transits safely through the network of pirate action groups and to advise clients of necessary course adjustments to avoid known trouble hot spots.

The safety of convoying through dangerous waters has been established for hundreds of years but Typhon will be the first company for over 200 years to privately offer a naval-grade service to the commercial market, the company claimed.

With Typhon's service, close protection vessels (CPVs) shadow client vessels using an 'umbrella concept', which consists of surveillance and, detection and early warning capabilities to identify and assess any likely, or suspected threats. Through early detection, Typhon will be able to deter a pirate threat before it becomes a danger.

Typhon managing director Anthony Sharp.

The convoys travel in a protected 'envelope', which make it extremely difficult for the pirates to enter the ''protection zone' to launch an attack. Typhon stressed that its policy is always to seek to diffuse and de-escalate any violence.

Typhon's detection solution consists of a multi-layered service that detects piracy in three ways – by sea (using radar), by air (using satellite) and by land (through an onshore operations centre).

Last resort

In conjunction with the CPV, Typhon's detection of potential threats will inform the decision to use armoured patrol boats to intercept a potential target, engage direct fire weapons, or mount a key defence of the client vessel. The use of force is a last resort and is always reasonable and proportionate using the minimum amount of force necessary.

Anthony Sharp, Typhon's CEO, said, "Typhon was created in order address the specific threat from pirates in a number of key geographies. The area we will protect is too vast for current naval resources to monitor effectively and this will be an even bigger issue when Operation Atlanta comes to an end.

"Our mantra is to combat the problem of maritime crime and piracy using methods that are both effective and proportionate to the threat. With millions paid out in ransoms to pirates and much more money lost by businesses in fuel costs avoiding pirates, it is important that businesses are granted a safer passage with their cargo through dangerous waters. The benefits to business will be substantial," he claimed.

According to comments recently made by Russian Navy Rear Admiral Vasily Lyashok, Somali pirates have become more flexible, adaptable and better organised and have more modern weapons and communications.

And with costs including ransoms, insurance premiums, re-routing ships away from piracy risk zones, fuel costs associated with increasing speeds at which vessels transit, and the cost of naval forces, piracy is a concern that companies should pay close attention to, Typhon said.

There is also the human cost of piracy, and while it is not quantifiable in economic terms,

it is nonetheless a high cost, with crew being taken hostage, some killed, some being held for up to 18 months, with the associated trauma.

Although there has been a decrease in reported piracy off the coast of Somalia, attacks are escalating in other locations, including the Gulf of Guinea, Indonesia and further afield.

Quoting the IMB's 'Piracy and Armed Robbery Against Ships Report 2012', the following three locations out of eight reported the highest incidence of piracy for the year: Indonesia (81%), Somalia (49 %), Nigeria (27%). The remaining five locations listed were Togo (15%), Red Sea (13%), Gulf of Aden (13%), Malaysia (12%) and Bangladesh (11%).

Pirates flexible

Sharp said, "Figures suggest reported piracy off Somalia is decreasing. However, the pirate action groups are still out there, and according to Russian Navy Rear Admiral Vasily Lyashok, Somali pirates are flexible and can quickly adapt to new strategies, have become better organised and enhanced by a support network, have satellite communications, shore bases, depots, arsenals, training facilities for their pirates, and a single leader. Western naval analysts also say they are extending their range to the Oman sea.

"The reported decrease in piracy in Somalia has a lot to do with an extended period of monsoonal weather, the re-routing of vessels to the western Indian coastline rather than around the Cape of Good Hope, the presence of foreign naval forces and the use of private maritime security firms to deter pirates. There has also been widespread under-reporting of piracy incidents to avert escalating insurance premiums.

"With falling naval budgets across the globe, there is a chance that countries will begin to reduce the level of security they can offer and eventually, they will withdraw their navies from some of the world's most dangerous waters. Should this happen, the attacks will escalate, as the threat is still there and the pirate networks are heavily armed. Companies that need to transport goods across high-risk waters need to incorporate a bespoke security model into their plans.

"Then there are also locations where we are seeing not only an escalation in piracy but a rise in the level of violence used in those attacks. The coast of West Africa, or the Gulf of Guinea is an example. Around 30,000 ships transit through this trade route annually, including ships transporting oil and gas. Illegal oil bunkering and LNG theft is big business for pirates off the coast of West Africa. Billions of dollars-per-year of oil revenues to Nigeria are being lost as a result of illegal oil bunkering."

"Piracy impacts on regional nations not just in terms of the trading of goods, but also in terms of the perception of how secure prospective visitors and investors will think they are. Essentially foreign direct investment is affected - something that doesn't bode well for countries looking to improve their standing on the world stage," he concluded.

Typhon's mother-ship, marines and fast patrol boats carry a satellite-led early warning system (ATLAS) detecting potential threats at long range.

The company is run by senior ex-RN and RM officers, with the backing of two major international shipping companies. The board includes Simon Murray CBE, General Lord Dannatt, General Deverell and Admiral Ulrich (USN 4*). TO

Activating the 'onion'

Though the risk of attack while transiting some of the world's dangerous waters can still strike fear into the hearts of Masters, crew, owners and operators, 2012 was a good year in the fight against sea crime*.

Figures released by the International Maritime Bureau (IMB) in January reveal that sea crime reached a five-year low in the past year, with a huge reduction in attacks originating in Somalia. Just 297 attacks on vessels were reported worldwide in 2012, compared to 439 the previous year.

It is no coincidence that this comes at a time when the shipping industry has become more sophisticated and aware in its knowledge of the various ways potential threats can be identified and averted and actual attacks repelled.

Great strides have been made towards creating a robust and effective approach to tackling sea crime in recent years and the results have been largely positive. The number of successful attacks on vessels crossing the Indian Ocean has fallen from one in every 4,000 to around one in 25,000. This trend is expected to continue into 2013 though, of course, the threat will never completely disappear.

As the odds of a vessel being attacked diminish and the industry continues to get smarter and more innovative in the development of non-lethal protective measures, many shipping companies are asking themselves if the high cost of hiring armed guards is justified. It is not just a question of the financial cost, but also of risk. The legal and liability issues involved in travelling with armed guards are deeply problematic and still have not been definitively and satisfactorily addressed.

There is no watertight universal approach to regulating and standardising the practices of armed guard companies around the world. The IMO has translated the myriad of voices across the industry into a set of standards to benchmark the maritime security sector, but it is not a complete solution. And when looking at newly-introduced ISO28007 guidelines and the impending Series 100 rules on the use of force, not to mention the various requirements and regulations of different flag states, it is little wonder that many owners and operators feel confused and at risk.

Systematic approach

We believe that the ongoing search for operationally-effective and cost-efficient maritime security solutions will lead many to seek a systematic, multi-faceted approach to protecting their ships, crews and cargoes. The most effective, commercially viable and safe approach is a protective solution that is multi-layered, like an onion. Its layers are made up of a series of non-lethal measures, training and procedures, rather than relying solely on armed guards as the industry standard for vessel protection when travelling through high-risk areas.

As said, great strides have been made in the fight against global sea crime, but there is no room for complacency. We expect the maritime industry as a whole to take a far more considered, rational assessment of the vessel protection options available to them in the coming year.

History has shown us, time after time, that the best security solution lies in a system - not a single measure. Whether we are talking about the protection of a castle centuries ago, or a ship travelling off the Horn of Africa in 2013, it is the combination of defences and procedures, drills and training, prevention and response that works best to protect your people and your assets. Preparation is key. That means investing in crew training and education, readying vessels ahead of their voyage, deploying a raft of defensive configurations and systems, such as the latest citadel door protection, water cannon systems, protective fencing, searchlights, light and sound alarms, and keeping ahead of the game with real-time intelligence alerts on global maritime security threats.

The international shipping community is hungry for a solution that doesn't involve weapons, and there is growing recognition that such a solution is now viable. A comprehensive, layered maritime security system, built upon training, intelligence and non-lethal security measures is a worthwhile long-term investment for shipowners and operators. It remains the most cost-effective means of deterring sea crime and protecting your crew, cargoes and vessels. And what's more, a non-lethal protection system is a long-term investment that could last for years and can even be relocated form one ship to another.

The biggest challenge the maritime security industry faces today is not how to convince owners and operators not to turn to armed guards as a first resort to protect their vessels, but how to tackle seafarers' understandable fear of sea crime. We need to approach crews on a human level and convince them that they can be protected without guns, by empowering them with the knowledge, systems, training and confidence to sail without relying on an armed escort. TO

**This article was written by Rick Filon, director of maritime security at GAC.*

GAC advocates the use of non-lethal devices, such as the P-Trap.

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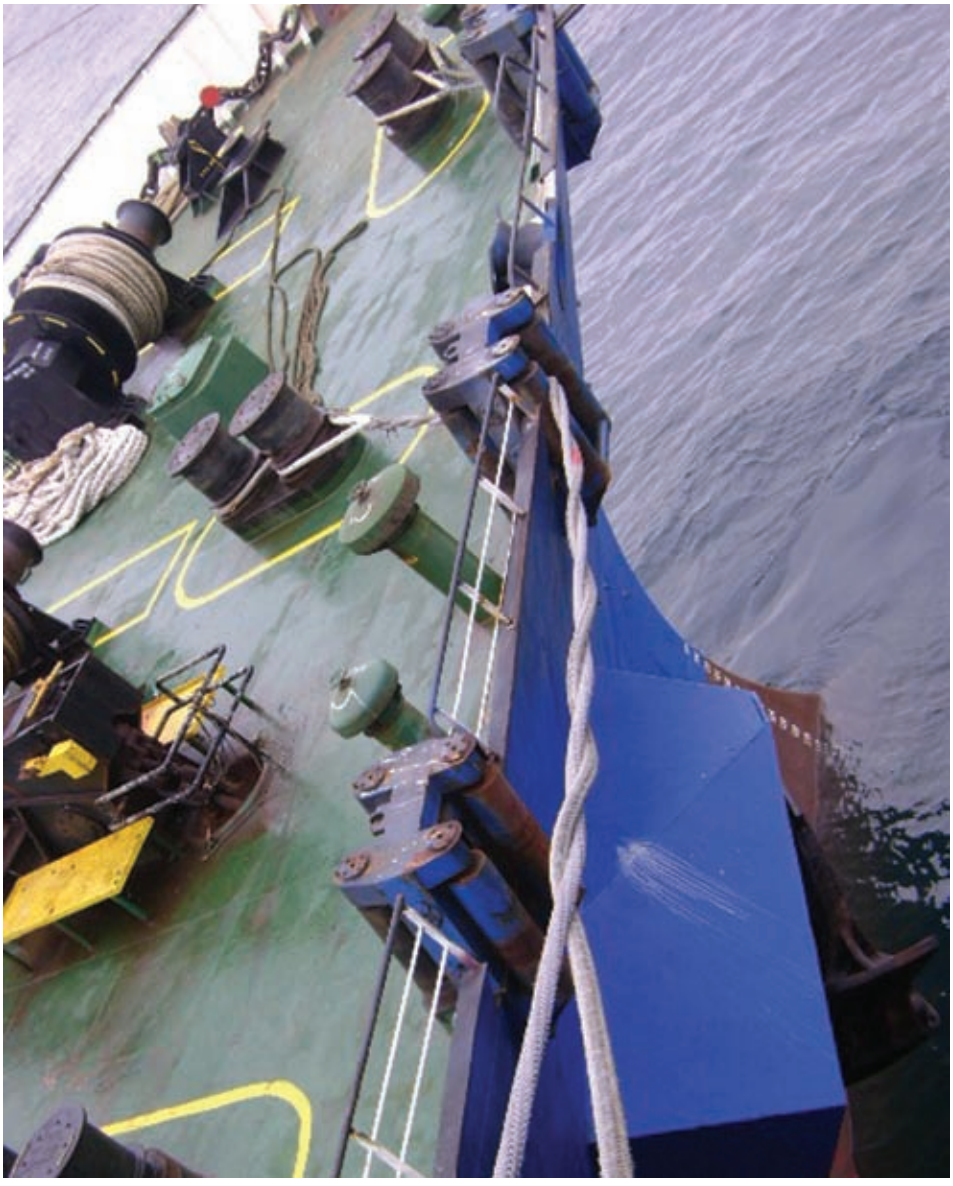
STS vetting procedures in the spotlight

Tanker owners and operators involved in ship-to-ship transfers (STS) need to be aware of future vetting procedures, a leading expert has warned.

At BLG 10/15/20-01-2006 it was noted by OCIMF/ICS that; "…STS has been proven over a significant period to be able to be conducted safely and without incident where sound management is applied in all aspects of the operation…."

Bearing that in mind and considering the new MARPOL Chapter 8 of Annex I related to regulations 40, 41, 42, as well as the fact that OCIMF/ICS is about to publish the new STS guidelines, it is clear that vetting inspections on board will take into account the STS performance of a ship, as well as management policies, in a different perspective, which will satisfy certain 'preferred criteria', the OnlineSTS team warned.



Mooring lines improperly placed, see page 35.

The obvious question raised is to what extent managers satisfy and/or fulfill their procedures as outlined in their STS plans, especially those associated with record assessment. Also to be taken into account is to what extent they exercise their due diligence to mitigate their liability, as well as their charterers and cargo owners.

It is believed that vetting inspections on board vessels will focus on two issues. First will be the evaluation of the policies and procedures outlined in the STS plan and second will be the assessment of records and how those are used for seafarers familiarisation, training and passing on KPI's.

As far as the management company audits are concerned, it is believed that the constructive assessment of records within the TMSA regime, as well as the technical support provided to their Masters prior to the commencement of an STS operation, are issues that need to be viewed in depth, OnlineSTS said.

OnlineSTS.net's screening and risk assessment service (OSIS) helps to relieve shipmanagers and their Masters from their STS record's assessment workload, KPI's and STS policies, the company claimed. The turnkey solution provided by OSIS offers added value to the screening process by providing stakeholders' past performance data.

According to OnlineSTS, some of the good practices to be adopted by shipmanagers should include:

Improper fendering for the size of the vessel.

Correct fendering, see page 35.

- Ensure that the STS policies are clear, gradeable and not in conflict.
- Develop a well documented screening process for STS nominated vessels.
- Grade the nominated vessel screening outcome.
- Keep a well documented record of the technical advice to Masters, especially with fender selection, effect of rolling, practices to prevent mooring lines breakdown, etc.
- Keep a well documented track of STS operations and the officers synthesis. This will save time when the data is requested.
- Assess the records after the completion of the STS operation.
- Create KPI's from the assessments and incorporate them at the screening procedure.

Turning to the vital role of the Person in Overall Advisory Control (POAC), this is defined in the STS plan. The POAC must be qualified and experienced. His, or her, legally binding involvement is laid down in the Manual on Oil Pollution (MOP), Section 1, the prevention of which is referenced in the STS plan. .

There are two issues that need to be considered about the POAC's significance in an STS operation, OnlineSTS warned.

The first is from the shipowners perspective. According to the MOP, the shipowner has to receive the written consent from the vessel's flag administration that the POAC is accepted by the flag state concerned and also provide the proof of consent to the STS service provider. However, the logistics of gaining approval could confuse the issue, due to the short time available for the operation's organisation.

Currently, 99% of the shipowners are not asked to give their consent of the POAC nomination from the STS service provider, or the charterer. Therefore, in cases where the participating vessels are involved in incidents during an STS, the shipowners cannot blame the POAC, since they did not provide their approval as requested.

Furthermore, in a case where the POAC's advice contributed to an incident, then the shipowners will definitely have their procedures and management questioned by their underwriters. In the case of an oil spill, the coastal state involved will also participate in the investigation and they will 'go by the book', ie by the STS plan.

For the above reasons, shipowners who participate in the onlinests.net service, the STS service providers and/or their contractors (ie the charterers) are requested in advance to complete and return the POAC questionnaire prior to the commencement of the STS operation.

In the questionnaire, the POAC must state his, or her, qualifications and past experience, as per the MOP. By adhering to this request, operators will exercise their due diligence to the best possible extent in this respect and they mitigate their exposure and liabilities.

Furthermore, on the basis that the statutory required records must be retained for three years, shipowners have the opportunity to assess them. Hence, if a POAC's services are poor and this is recorded, can the same POAC be accepted for another STS operation, or at least does the Master have the right to be aware of past POAC assessments?

If a POAC's advice results in a collision, or another incident, can the shipowner and his, or her, Master rely blindly on this POAC? For this reason, the POAC's assessment is significant and this is distributed through the company's online database - OSIS.

OnlineSTS said that the company believed that the assessment of a POAC's records also has legal significance. P&I clubs and

Table 1*

A/A	Region	% of total observed incidents	Percentage of Masters who were satisfied with the performance of the participating vessel			
			Manoeuvring perform-mance	Mooring arrange-ment	Manifold arrange-ment	Crew perform-mance
1	China Sea		100%	100%	100%	100%
2	Gulf of Mexico - Caribbean Sea - Central America		100%	98%	97%	99%
3	Mediterranean - Black Sea - Red Sea		100%	99%	100%	99%
4	Middle East - Indian Ocean - East Africa	15.8%	100%	93%	100%	100%
5	North Sea - Baltic		97%	100%	100%	100%
6	North America West & East Coast		100%	100%	100%	94%
7	Singapore Area		89%	95%	100%	96%
8	South America East Coast	4.5%	98%	97%	99%	97%
9	South America West Coast		95%	93%	100%	100%
10	West Africa	4.9%	99%	94%	99%	94%
Grading		Percentage with respect to the total STS operations in the relevant regions	Grading scale 0% (worst)-100% (best)			

Table 2*

Rank	Region rank with respect to average vessel performance	Region rank with respect to fender selection as per ICS/OCIMF guidelines compliance	
		Rank	Fender selection compliance with ICS/OCIMF guidelines *(Percentage with respect to the total STS operations in the relevant region)*
1 (Best)	China Sea	Singapore Area	100%
2	Mediterranean - Black Sea - Red Sea	West Africa	93%
3	North Sea - Baltic	Gulf of Mexico - Caribbean Sea - Central America	92%
4	North America West & East Coast	South America East Coast	89%
5	Gulf of Mexico - Caribbean Sea - Central America	North America West & East Coast	88%
6	South America East Coast	Mediterranean - Black Sea - Red Sea	83%
7	Middle East - Indian Ocean - East Africa	North Sea - Baltic	73%
8	West Africa	China Sea	67%
9	South America West Coast	Middle East - Indian Ocean - East Africa	65%
10 (Worst)	Singapore Area	South America West Coast	50%

** Data as of 17th January, 2013. Source: OnlineSTS.net*

maritime lawyers agree on this principle; however, this will be criticised in any future arbitration case.

The second issue is seen from the STS providers' perspective. They use POACs either on a part time, or full time, contractual basis. They are responsible towards their contractors (charterers) for the quality of services provided by their POACs. They are also liable for their POACs.

Therefore, their policies and procedures with respect to POAC recruitment, assessment, training, evaluation, etc are directly associated with part of the quality of the services provided. Do they request the shipowners' consent of the nominated POACs?

In 99.9% of client cases analysed, OnlineSTS found that consent had not been requested. The reason being - it is the shipowners' statutory duty to request same. In some cases, when a request is made to complete the POAC questionnaire, STS service providers feel insulted and they find it very hard to co-operate. However, they finally adhere to the request, when it is also presented to the charterer, the company said.

Cases have been seen where the nominated POAC has shown very poor performance. In some cases, OnlineSTS has evidence of this. In the first picture on page 33, the mooring lines have been improperly placed, twisted with each other and in the second photo on page 34, improper fendering was provided for the size of participating vessel, resulting in a small scale collision. Correct fendering is shown in the third photograph.

So the question is - how will shipowners protect their interests, their ships and their crew if they do not receive any feedback on the POAC's poor performances?

Eventually, when the case goes to arbitration, who will support the shipowners?

Statistics published

In January, OnlineSTS published regional statistics taken from its OSIS database with respect to STS vessel performance.

This is claimed to be the first time that such consolidated data has been produced on the basis of the post assessments received by onlinests.net members. The assessment data received included evaluations from all members that participate in both the STS screening and STS assessment services.

In Table 1, the statistics for all STS regions are shown giving the average performance of participating vessels associated to manoeuvring, mooring lines, etc.

In Table 2, the STS regions have been

ranked by the average vessel performance, as well as fender selection compliance in conjunction with the number of STS operations conducted in the relevant regions.

The objective of this analysis is to assist shipowners in their STS risk analysis when planning an STS transfer in those regions. For members of onlineSTS.net, more analytical data is available. The data is relevant to assessments received up to 1st January 2013. However, the company pointed out that OSIS is dynamic and as more data enters the database then the statistical output will be adjusted accordingly.

In general, STS operations are considered safe. However, it has been noticed that a large number of near misses, or minor incidents, occur. It is strongly recommended that technical management provide adequate resources and means to support Masters with prudent technical analysis and proposals for risk mitigation measures.

Although the percentages shown on both tables are close to the best performance (100%), these should be considered in parallel with all associated parameters that control the performance of the STS operation. TO

Fender selection procedures

OnlineSTS has also prepared a booklet entitled *Fender Selection Policy.*

This publication has been prepared on a ship specific basis in order to provide the Master and deck officers with detailed information on the adequate fendering scheme and lashing procedures on the basis of vessel size and type of STS operations.

Characteristics of the fenders are on the basis of ISO 17357:2002 and approved fender manufacturers.

ICS/OCIMF guidelines provide general fender selection criteria for calm weather conditions and normal lightering operations.

As general guidelines, this work provides limited information on fender selection and advice on which to consult STS service providers and/or fender manufacturers.

The latter is normally not feasible due to time constrains in decision making, OnlineSTS said. Although ANNEX II provides a detailed calculation on the basis of berthing energy, Masters do not have resources to cross-check the supporting fendering scheme.

Since the STS operation is at Master's liability and risk, the Master should have further support on the proper fendering scheme, which should be handy and comprehensive.

This publication provides information for STS operations in calm, moderate, heavy weather conditions for normal and reverse lightering operations, the company said.

It includes sufficient information to be considered for an STS risk assessment and due diligence procedures when participating vessels are nominated. All the data is presented in tabular format for quick access. According to the company's OSIS statistical results, some 9% of the conducted STS operations were not conducted according to ICS/OCIMF guidelines.

The 34 page guide is priced at €150. A pdf copy is also available. ■

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'Simplicity is the key to Success'

Do we need a thorough analysis?

Overleaf is a simplified guide for Masters and a comprehensive checklist for compliance, compiled by SafeSTS and used by shipmanagement concerns, such as Thome.

Other companies talking with *Tanker Operator* said categorically that there should be no deviation from OCIMF's guidelines, which are what all STS operators should comply with.

Operators must also get major oil company approval by means of vetting, as the base for equipment compliance, office for procedure compliance and offshore for the mooring Master's competence.

Nobody can afford not to follow the guidelines to maintain their reputation, or that of their companies, or to maintain their reputation in the industry.

The STS industry is small between tanker owners and charterers (oil majors and traders) and does not need to be policed by an individual private company, as the relationship between the STS operators and customers is usually very good, one company said.

"At the end of the day, we are in a commercial business dealing in an industry with a very strong safety record historically, being handled hopefully by experts and experienced people in the field, as one major incident could affect the whole industry, which I am sure all the operators are aware of," a company spokesman said.

"In the modern era, we have the ability to have people better trained by the use of simulators, but this must not be a substitute for the real thing, as nothing will replace experience," he said.

Too much emphasis is put on the so called mooring Master/superintendent, or POAC, one respondent said. It is a matter of team work between the ships' Masters and whatever the hands on person is called, be it a mooring Master, STS superintendent, or POAC. The ingredients for a safe operation are having the right people and the OCIMF-related correct well maintained and certified equipment.

The optimum is that the client trusts the operator to handle the STS requirements, based on historical relationships. However, any shipowner who does not have a historical relationship with an operator feels he, or she might need the assurance of analysis, etc. TO

New ICS/OCIMF Guidelines

An ICS spokesman told *Tanker Operator* that the new ICS/ OCIMF STS Guidelines should be published before the summer.

As well as updating current best practice, they will consolidate the existing ICS/OCIMF Guidelines for tankers with the ICS/OCIMF/SIGTTO STS guide for gas tankers, plus new advice for chemical tankers produced with help from CDI.

Much of the new guide will be taken up with generic best practice advice with annexes for different ship types.

> "In the modern era, we have the ability to have people better trained by the use of simulators, but this must not be a substitute for the real thing, as nothing will replace experience,"

New Chapter 8 to Marpol and Annex I Compliance checklist

– prevention of pollution during transfer of oil cargo between oil tankers at sea

✓	Documentation	POAC / STS Service provider	Notes
☐	Notification	Notification to Coastal State should be given or permission for the STS from the local authority should be obtained.	*Copy of the notification or permission should be retained.*
☐	Local Area Information document	Local information related to STS transfer such as currents, tides, weather, support craft, permissions.	
☐	Local Area Risk Assessment	The STS provider should be supply an area specific STS Risk Assessment in line with the guidance in the IMO Manual on Oil Pollution and OCIMF STS Guide.	
☐	POAC CV / Experience	POAC should be suitably experienced in line with vessel STS plan requirements.	
☐	POAC Certificate of Competence	Copy of management level CoC should be provided on request.	*The certificate should be in date and valid.*
☐	POAC Dangerous Cargo Endorsement	Copy of DCE should be provided on request.	*The DCE certificate should be in date and valid. A Tanker Safety Course certificate is not a DCE.*
☐	POAC Oil Spill Response Training	IMO level 2 (On Scene Commander). Copy of certificate should be provided on request.	*This course is designed for all managers or supervisors who will lead or supervise oil spill response teams and those with support responsibilities within an incident command or emergency team.*
☐	Certificates for Hoses	Hoses should have a valid certificate of test showing that the hoses have been tested within the last 12 months.	*Electronic copies of the certificates should be obtained from the STS Service Provider or carried by the POAC when they arrive on board.*
☐	Certificates for Fenders	It is recommended that fenders are constructed in line with ISO 17357. Where fenders are fitted with safety relief valves, these should be tested in line with manufacturers guidelines, normally every two years.	*Electronic copies of the certificates should be obtained from the STS Service Provider or carried by the POAC when they arrive on board.*
☐	STCW (Working Hours Plan for vessels and POAC)	The POAC is required to comply with STCW requirements.	*Work hours planning should be requested in order to integrate into the vessels watch-keeping routine.*
☐	Mooring Arrangement Plan	The final mooring arrangement will be decided in consultation with the POAC.	
☐	Fender Rigging Diagram.	Diagram should be supplied and fender requirement cross checked against the OCIMF / manufacturers requirements	
☐	ERP (Emergency Response Plan)	Vessels ERP should be supplemented with local area information.	*Where necessary this may include a standby vessel which may be rigged for pollution response.*
☐	Joint Plan of Operations	Documents relating to the Joint Plan of Operations are collated by the POAC.	*Retaining copies of the information contained in the Joint Plan of Operations, which includes the completed checklists, help to keep a comprehensive record of the operation that was carried out.*
☐	Oil Record Book accurately updated		
☐	ISM Documents	The vessel's STS Plan may require vessel specific information to be compiled.	*For example company checklists for specific operations (permit to work etc).*

The above checklist is a guide to assist the master to ensure he has sufficient evidence of compliance to avoid any problems in the future. The list does not claim to be exhaustive and additional information may be required by the vessels Flag State Approved STS Plan.

Source: SafeSTS

Managing tankers in the 21st century

Incorporated in the Republic in 1963 as an agency, Thome Co Pte Ltd and establishing Thome Ship Management's Singapore headquarters in 1976, the company said that it attributed its longevity and reputation to combining the best from two worlds - generations of family experience in Scandinavian shipping tradition, plus the modern drive of a fully integrated Asian private business enterprise.

Since its founding, Thome has grown to become one of the top 10 managers globally.

With more than 300 vessels either crewed, or under full technical management, around 10,000 seafarers employed and offices all over the world, the group continues to pledge personal service to owners combined with an ability to deliver high value, bespoke technical and operational services.

Thome Group, the first independent shipmanager to establish in Singapore, celebrates its 50th anniversary this year.

In more recent times, Thome Group has expanded its ship agency business, moved into the offshore oil and gas sector and seen its maritime consultancy arm score notable successes in the area of newbuilding supervision.

At the start of this year, Thome Group chairman and CEO Olav Eek Thorstensen spoke about what he would like the company to achieve in the next 12 months and beyond. He said: "Thome Group has come a long way in recent times. Two major developments in that expansion have been the growth of Thome Oil and Gas and our decision to expand our presence overseas. While Singapore remains our home base and Manila our main crewing and training centre, more recently we have extended our global reach via new offices and joint ventures."

Thome most recently launched a joint venture crewing operation in India together with several partners, including Doehle Danautic.

"We have also set up operations in Indonesia, Thailand, Croatia and other shipping centres, plus a recent joint venture in Korea. All are beginning to produce great value for Thome," Thorstensen added.

Looking ahead, he said the global shipping market would most likely continue to face a tough time in 2013, although things look brighter for the oil and gas sector. He said: "The outlook remains hard for global shipping.

Chairman and CEO Olav Eek Thorstensen.

Owners rightly continue to seek value from the managers they entrust with their assets. At Thome we shall continue to deliver the highest quality management service with the focus on safety and a flawless operation."

He said one of the aspects of Thome's development has been the continuous high level of investment in training and education, and this will continue into 2013 and beyond.

"We firmly believe in the human element in our training. Our focus is on developing our shore-based and seagoing talent as this is something, which truly sets us apart from our competitors," he added.

This year will also see Thome build its presence in China. Thorstensen confirmed there is growing interest in third-party shipmanagement services among Chinese owners.

Tanker Operator spoke with Carsten Ostenfeldt, CEO Thome Ship Management about the company's involvement in the tanker sector. As mentioned, Thome offers crewing, part and full technical management. In addition, the company is involved with newbuilding supervision and pre-sales inspections.

Ostenfeldt disclosed that Thome's shipmanagement arm looks after some 115 tankers, ranging from 6,000 dwt bitumen tankers to VLCCs and LNGCs.

Among the tanker companies putting vessels with Thome Ship Management are Sinokor, Ardmore, Maersk Tankers, Marinvest and Frontline, plus others. Sinokor is currently expanding its fleet by ordering a series of MRs in South Korea, all of which will be managed by Thome.

Ostenfeldt said that any potential new clients are vetted to ensure that they share the same views on quality and safety as Thome.

Although the newbuilding market has experienced a downturn recently, he said that he is keen to expand the consultancy side of the business, especially in the field of pre-sales inspections, which are likely to grow this year, whereas newbuilding supervisions are likely to remain static for the time being.

One of the major crewing management undertakings is with Jo Tankers in a joint venture with a Philippine crewing agency.

Indian opportunities

Ostenfeldt confirmed that the crewing/training segment of the company's services was very important. As an illustration, he said that the company will take on 220 cadets this year. He saw the joint ventures undertaken in India, such as with Doehle Danautic, as a way of raising the company's profile in that country, which now has considerable shipping interests and is a significant source of seafarers.

Doehle Danautic will help to expand Thome's pool of Indian officers for its tankers and other vessel types. The company said that it already had a long track record of successfully deploying Indian officers for its fleet, via two main Indian manning companies. Existing manning companies' relations will continue and be further strengthened in parallel to the new joint venture.

Currently around 10% of Thome's total officer complements deployed on its 300 plus managed vessels are from India and Sri Lanka. As the Thome managed fleet continues to grow, the intention is to maintain the 10% officer supply ratio, as a reoccurring strategic objective, the company said.

Answering the question as to whether size does matter, Ostenfeldt concluded by saying a shipmanagement concern must be of a certain size to be able to offer a quality service and pay for specialist personnel to gain more efficiency in a structured manner with the proper support systems in place. This helps the company deliver a more personalised service. However, he conceded that a major constraint was the fixed fee for managing, or crewing a vessel. TO

Maersk Tankers in pilot projects to save cash

To try to help try to reduce costs in a dire market for large tankers, Maersk Tankers recently took the decision to layup two VLCCs and upgrade a 2012-built VLCC.

The VLCCs to go into layup are the 307,300 dwt 2007-built *Maersk Nucleus* and the 2006-built sistership *Maersk Nautilus.* They will enter cold layup in Brunei Bay during the first quarter of this year.

Tanker Operator spoke with the head of the technical organisation -Tommy Thomassen - about the plans and hopes for the future.

Thomassen explained; "We currently only have plans for laying up two VLCCs. However, we continuously evaluate the situation and if we consider it necessary, we will consider laying more vessels up.

"We have regretfully considered this a necessary action because of the severe situation on the market. We need to protect our earnings and since we cannot dictate market conditions, we have to focus on what we can do ourselves," he said.

He also confirmed that both vessels currently operate in the Nova Tankers pool, thus reducing the number in the pooled fleet by two.

Maersk Tankers is also embarking on a pilot project to upgrade the 2012 VLCC *Maersk Ilma.* She will enter drydock in a so far unspecified yard for a six to seven day upgrade, including equipment retrofits/installations, during the second quarter of this year.

The cost was thought to be in the region of $1.8 mill and when contacted Thomassen said that the company was in dialogue with the relevant shipyards.

He also explained that the pilot project would entail:-

- The fitting of a Mewis duct to improve the vessel's propulsion efficiency. He explained that the flow to the propeller is improved by accelerating the hull wake into the propeller and produces a net ahead thrust. This installation will provide the main saving, and is also the installation requiring the drydocking.
- By installing a PBCF - propeller boss cap fin, which is a small fin fitted on the central part of the propeller – it is possible to enhance efficiency by reducing efficiency loss caused by the hub vortex – in popular terms the 'noise' - created behind the propeller.
- An auxiliary engine waste heat recovery system that turns waste heat into usable energy is being considered, together with variable frequency drives to improve electrical efficiency.
- Also a variety of electrical and mechanical improvements covering everything from LED lighting to modification of main engine turbocharger, will be undertaken on board the VLCC.

Thomassen explained; "By installing these different devices, the ships fuel efficiency is improved, ie we burn less fuel to do the same work. Our estimated improvement for this particular ship type is an overall improvement of about 7%, which corresponds to around $800.000 per year – not to mention the 7% reduction in CO2."

He confirmed that the *Maersk Ilma* will be Maersk Tankers' pilot ship to test different technologies.

"When the retrofits/modifications are done, we anticipate it will take two to three months to measure performance and confirm savings potentials. After this we will expand the scope to include other relevant ships in our fleet. We see potential to apply different fuel saving technologies to up to 40 of our ships, predominantly the larger units but also down to MR/Handysize," he said.

He also said that Maersk Tankers was following the different newbuilding yards new so-called ECO-designs. "Obviously, new designs can be matched optimally to the current market scenario, ie built with less power and to slower speeds. On the other hand, our calculations show that we to a large extent close the gap between new and existing designs by decisively upgrading the existing ships' fuel efficiency. In a market hit by a massive surplus of capacity it's a viable alternative to building new vessels," Thomassen said.

He concluded by saying that the recent vessel sales, including the small chemical carriers and gas carriers, have released capital for future investments and the first capital release will be used for the VLCC retrofitting project. TO

Maersk's VLCC *Maersk Ilma* is due to enter drydock during the second quarter of this year.

New system unveiled to manage vetting and inspections

Newly established company OceanFile has set up shop to offer tanker operators an automated and structured approach to vetting and inspections.

The company said that it started this service to drive up quality, identify, measure and reduce risks and to eliminate costly man-hours associated with performance and inspection results analysis.

Tanker operators, who have struggled for nearly 20 years to deal with SIRE and other inspection regimes, can now take advantage of what is claimed to be a world class software application.

OceanFile is the culmination of a three-year development project to develop software to ease the burdens associated with oil company vetting programmes and inspections.

It is a web-based application, integrating all of the key functions associated with the major tanker inspection programmes. Of great importance, OceanFile discounts the widely-held industry obsession that counts the number of inspector observations as a critical KPI, the company said.

OceanFile is claimed by its founders to go to the heart of risk assessment; using tools that both forecast the 'potential risk' associated with the inspection report questions and measure an 'assessed risk' that scores the actual words of each inspector observation.

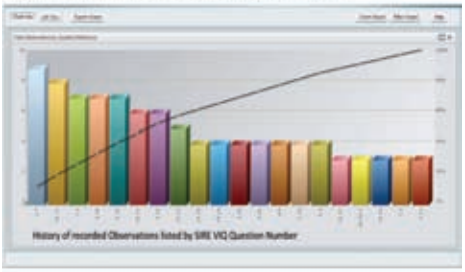
A comprehensive range of user-defined charts are simply created using the OceanFile Chart Wizard, with filters to select date range, IMO vessel types, sister vessels, personnel, etc.

The problems of keeping track of historical report observations (and equally importantly, the operator comments that responded to them) are eliminated with the OceanFile observation history tool that lists every instance of observations associated with each inspection report question, the company explained.

The ability to search and display performance results for individual vessels, sisterships, vessel types, regional managing offices and personnel responsibilities, are just some of the system's many features.

Like its charting functions, the OceanFile reporting tool offers numerous user-defined management reports to demonstrate performance across many aspects of vetting, inspection, vessel, fleet and personnel.

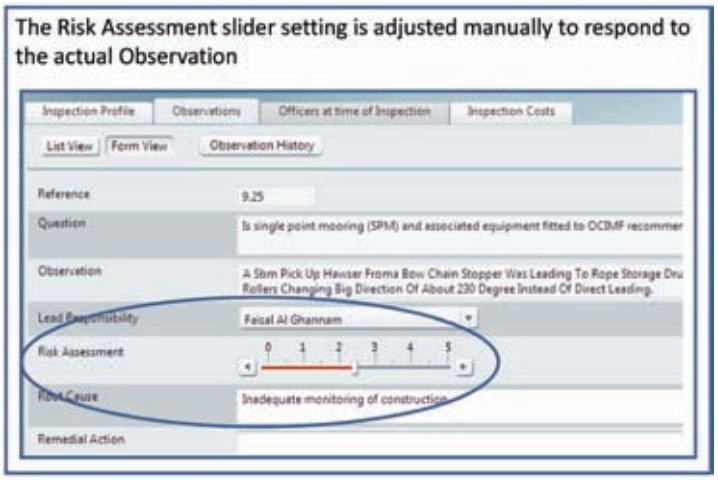
The Oceanfile Chart Wizard generates numerous user-defined charts



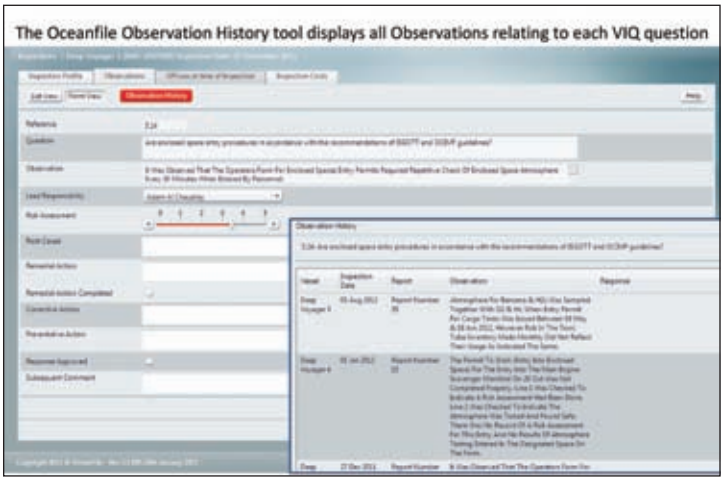
When charterers pose the "Show me!" "Prove it" questions to demonstrate performance and quality, this no longer need induce a frenzy of effort to turn out graphs and reports, as the answers are just a click, or two away, the company claimed.

OceanFile has already enjoyed a very positive reception. "The number of operators who have already subscribed to OceanFile since its launch tells us that it delivers what the operator needs. We have had a great deal of very positive feedback and with suggestions for additional features already coming in, regular enhancements will be made

The Risk Assessment slider setting is adjusted manually to respond to the actual Observation



The Oceanfile Observation History tool displays all Observations relating to each VIQ question



during the coming months," said co-founder David Savage.

OceanFile is a subscription-based product and available for free trial at www.oceanfile.com. A standard package can be offered, which can be designed to suit a particular operator and his or her fleet.

Both the company's co-founders- Savage and David Sanderson - were previously involved with the SIRE database.

As part of their remit, they used to visit many tanker operators' offices when undertaking Lloyd's Register's vetting and inspection courses and found just how many man hours this was taking up with little, or no, automation.

The prototype was launched last September then a production model was trialed during the first week in January this year.

Rather than compete with SIRE, the new database complements it to help tanker operators in vetting, risk assessments, etc on a recall basis with details of previous SIRE inspections, inspectors observations, etc. Operators comments can also be incorporated, the company explained. TO

OceanFile's key features

Vessel Manager - Organises the entire fleet with key details of vessels, management offices, class societies and P&I clubs.

Inspections Summary - Manages all details of inspections conducted on each vessel, listed by the inspecting oil company, together with the names of the inspectors. Reports can be viewed in PDF format.

Approvals - Although oil companies do not use this term, its use is appropriate to indicate acceptance of a vessel, as far as it is possible. The duration term of 'Approval', or date when a re-inspection is due, is included.

Management - Details of both ship and shore staff are entered and responsibility at all levels of management assigned for each vessel. OceanFile takes a collaborative approach to the development of operator comments to ensure that all personnel who hold responsibilities for the vessel are involved.

Inspection Detail - The full record of inspection details and reports are collected in one place, together with the name of the inspector. Inspector observations are listed and operator comments separated to provide root cause, corrective and preventative actions.

Analytics - The power of OceanFile is demonstrated with charts and graphs that capture and present in vivid detail, all aspects of fleet and vessel performance that are demanded by management and charterers.

Planner - Forgetting important tasks that involve requesting inspections, responding to observations or submitting subsequent operator comments can have expensive consequences and impact on the bottom line. The OeanFile Planner assists to ensure that timely reminders are made when actions are needed.

Additional features will be added to OceanFile on a frequent basis. Plans for a forthcoming release are already in hand including an **Inspection Costs Manager** and **Audit** tools to facilitate self-inspections and navigation audits. ■

Inmarsat's dawn of a new era

Inmarsat is about to enter a new era with the introduction next year of Global Xpress (GX), the company's new satellite communications offering.

Those companies already signed up to the current services Xpresslink and SEVSAT service will be able to switch to the new service via a pathway. The package includes a free VSAT terminal upgrade from Ku-band to Ka-band and double the bandwidth speeds, at the same fixed price on GX.

Currently, Xpresslink offers a fully-integrated Ku-band and L-band solution with VSAT and FleetBroadband terminals (FB500 or FB250). The service offers unlimited data for a fixed monthly fee, which includes FleetBroadband data usage. High speed broadband can also be switched to the new service giving twice the bandwidth.

As of the end of the third quarter of last year, FleetBroadband numbered over 32,000 active SIMS with 26,000 passing traffic in any one day, Frank Coles, president Inmarsat Maritime said at a recent presentation.

Xpresslink and SEVSAT have around 350 active customers and 158 and 125 backlog of orders respectively, which will be converted to the new service when it becomes operational in 2014 at no extra charge.

Coles said that Inmarsat's strategy for this year was to produce the most reliable service. By the middle of February the uptime was around 99.84%, he claimed. Inmarsat is still the provider of the global GMDSS service, which gives the satellite company a degree of stability.

Another target is the introduction of price packages to suit the end user through the service providers. Inmarsat has increased its price levels recently and Coles admitted that the services were not the cheapest but he claimed they were the best in terms of return on investment over a period of time.

He gave an example as to where potential cost savings and revenue increases could accrue by proper use of satcoms services, which for an average vessel could hit $198,000 per year.

"Communications is a value, not a cost," he said, "We have to educate the end users to a changing world. Many customers are confused by various offerings in the communications market, so we need to simplify communications for the whole shipping industry. In other words, we have to find better ways to undertake business for the customers. We need to sell value, rather than compete on price."

Inmarsat Maritime president Frank Coles.

Next year, GX will mainly offer unlimited communications packages, while FleetBroadband will offer bulk and pay as you go (PAYG) type contracts. The larger packages will make the most sense for Internet use, Coles said and savings can be made in the various service areas.

Enhancements

Inmarsat is working on various enhancements to its services, including a SIM suspension capability, a multi-voice individual handset billing concept, a waiver of early termination fees for recycled vessels and the use of FleetBroadband and FleetPhone for anti-piracy services, enabling the phone system to be used in a vessel's citadel in an emergency.

The quoted company is working with its development partners – CISCO, Boeing, iDirect - plus service providers – Thrane & Thrane, SeaTel, JRC and Intellian - to offer satellite, communications, ground, network, shipboard and service enablement infrastructures offering the best and most flexible service to the maritime industry, Coles said.

For example, GX will be able to multi-cast to all the vessels in a fleet, to vessels bundled into a grouping and/or by geographical areas, or vessels in a particular service/route pattern in a form of dynamic prioritisation, given its highly flexible design.

Applications will be accepted from third parties wishing to develop and manage their own bandwidth where they will become a certified application provider (CAP). Coles said that numerous dialogues had commenced with various service providers on board ship, including those involved in the supply of integrated bridge systems, engines, weather routing services, etc.

The amount of data going from ship to shore for analysis is growing, as vessel owners and managers seek to monitor the performance and condition of their vessels and equipment on board to reduce fuel costs and emissions. Planned maintenance is another area that could benefit from such a service. The first CAP partners were expected to be certificated by the middle of this year, Coles said.

In addition, by offering a subscription-based, or a one-off payment type package, seafarers can gain much more access to news, compressed videos, etc.

Despite the general price increase kicking in on 1st March this year, a complete package will only cost around $100 per day while the whole IT sector is still thought to come to less than 1% of a vessel's operating costs.

Coles also revealed that Inmarsat has no intention of phasing out the Inmarsat-C terminals, as these were still vital for the worldwide GMDSS service. TO

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Sail Safe

Almi's VLCCs to be powered by a world first

The world's first MAN B&W 7G80ME-C9.2 passed its official shop test on 16th January 2013 in South Korea.

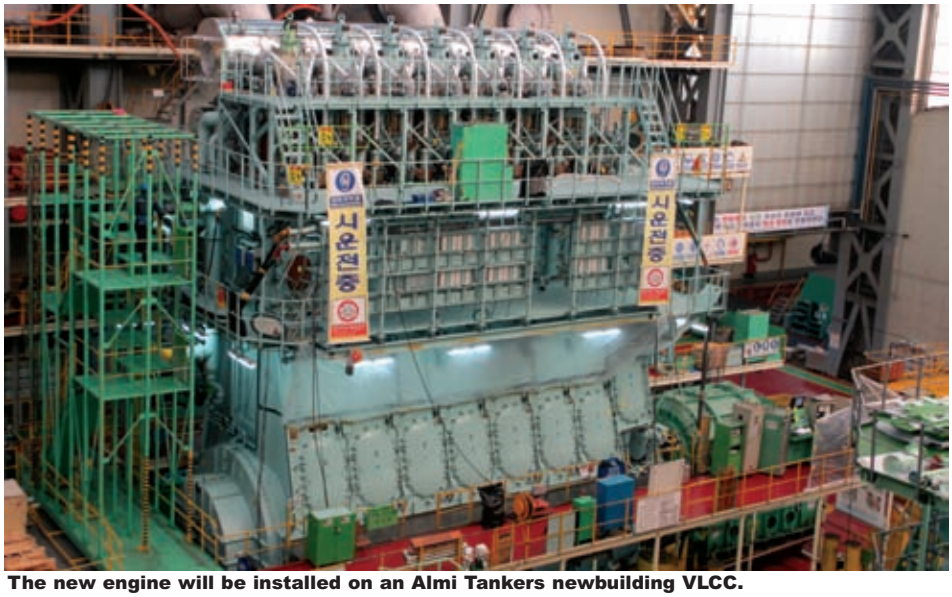
This was achieved at the premises of HHI-EMD, the engine and machinery division of Hyundai Heavy Industries.

The MAN Diesel & Turbo licensee reported that the shop test proceeded as expected and was a success. Engineers from MAN took part in the entire prototype process, culminating with the very first engine start on 10th January, the official shop test on 16th January and an overhaul inspection the following day.

The engine is bound for a Greek shipowner – Almi Tankers – and will power a VLCC, due for delivery by Daewoo in May of this year with sea trials taking place in April. The new engine is the first of two in an identical packages ordered by Almi, the second was for another VLCC scheduled for delivery in December of this year.

Speaking at the time of the initial announcement of the Almi order, Ole Grøne – senior vice president low-speed promotion & sales – MAN Diesel & Turbo said: "Traditionally, super-long-stroke S-type engines, with relatively low engine speeds, have been applied as prime movers in tankers.

"Following the efficiency optimisation trends in the market, the possibility of using even larger propellers has been thoroughly evaluated with a view to using engines with even lower speeds for propulsion of particularly VLCCs. We also see a clear trend with focus on fuel optimisation.



The new engine will be installed on an Almi Tankers newbuilding VLCC.

We now have around 100 G-type engines on order, including the container and bulker segments, which is a successful introduction.

"VLCCs may be compatible with propellers with larger propeller diameters than current designs accommodate and thus higher efficiencies can be achieved following an adaptation of the aft hull design to accommodate the larger propeller. The new, ultra-long-stroke G80ME-C9 engine type meets this trend in the VLCC market," he concluded.

It is estimated that these new designs offer potential fuel-consumption savings of some 4-7%, and a similar reduction in CO_2 emissions. Simultaneously, the engine itself can achieve a high thermal efficiency using the latest engine process parameters and design features.

The G-type programme was introduced to the market in October 2010 with the G80ME-C9 model. MAN Diesel & Turbo subsequently expanded the ultra-long-stroke programme in May 2011 with the addition of G70ME-C9, G60ME-C9 and G50ME-B9 models.

They are designed to follow the principles of the large-bore Mk-9 engine series that MAN Diesel & Turbo introduced in 2006. Their longer stroke reduces engine speed, thereby paving the way for ship designs with unprecedented high efficiency, the engine manufacturer claimed. TO

On board carbon capture – a step nearer

Det Norske Veritas (DNV) and Process Systems Enterprise (PSE) have released the results of a maritime CCS (carbon capture and storage) research and development project.

The result is a concept design development for on board chemical CO_2 capture.

It consists of a chemical absorption plant that separates CO2 from flue gases, a liquefaction unit where the captured CO_2 is compressed and condensed using a refrigerant and two storage tanks in which the liquid CO_2 product is temporarily stored until discharge into transmission and storage facilities at the next suitable port.

The results showed that the concept is technically feasible and capable of reducing ship CO_2 emissions by up to 65%. For a VLCC, this could correspond to capturing more than 70,000 tonnes of CO_2 per year, transforming them from emissions to a tradable product.

"In response to more stringent environmental regulations and complex market conditions, we see an increased demand for innovative solutions towards higher efficiency and greener operations," says Dr Nikolaos Kakalis, head of DNV Research & Innovation Greece. "Our R&D activities, such as the carbon capture initiative, which is completely new in the field of maritime transportation, pave the future towards next-generation solutions for achieving more energy-efficient, environmentally friendly and sustainable maritime transportation".

Prof Costas Pantelides, PSE managing director, said; "This has been a challenging design problem with tight constraints. Applying a model-based engineering approach has been key to exploring the process decision space rapidly and effectively and developing technically feasible and economically viable solutions."

Maritime CO_2 emissions are estimated at over 1,000 mill tonnes per year, or 3% of total emissions. They are expected to reach 2,000 to 3,000 mill tonnes by 2050.

The UK government has included maritime emissions in the reduction targets set by the Climate Change Bill and the IMO is expected to drive a reduction in emissions from international shipping. Because ship emissions are concentrated – unlike other forms of transport – the potential to capture CO_2 at source has been the key focus of this particular project.

It was jointly financed by the two partners - the UK's Technology Strategy Board and the Research Council of Norway - under the EUROSTARS initiative. The project took into account the unique challenges posed by the maritime environment – constant movement, limited space and access to utilities, stringent safety requirements and the need for energy efficiency, DNV explained. TO

Energy use software tool developed

Tecnitas, the consultancy arm of Bureau Veritas (BV), has launched a powerful new software tool - E2 - aimed at optimising energy usage for both individual vessels and across fleets.

E2 is claimed to be a user-friendly tool, which enables shipowners to maximise the gains in energy efficiency and emission reduction that can be obtained through proper use of IMO's Ship Energy Efficiency Monitoring Plan (SEEMP).

Claude Andreau, head of engineering, Tecnitas, said, "The SEEMP seeks to improve a ship's energy efficiency through four steps: planning, implementation, monitoring and measurements and self-evaluation and improvement. We hear a lot about energy saving devices, which can be fitted and operational savings, which can be made, but in our experience shipowners do not know which measures provide the best savings simply because they don't have the right information to base decisions on.

"E2 solves that problem by collecting and evaluating all the information needed to make energy saving decisions. It then produces KPIs and benchmarks individual ships, or whole fleets against them," he explained.

E2 has different modes. Initially it can be used by vessels' crews in the acquisition mode to monitor, measure and record actual consumption on board in a variety of different cargo and navigation conditions. The software can then calculate the corresponding fuel KPIs and emissions KPIs.

Two additional modes are available for running E2 software: the simulation mode and the benchmark mode, both of them providing decision-making tools for the vessel, or charterer's operational management.

In simulation mode, E2 will give access to reference values for a given voyage and to the corresponding calculated reference fuel KPIs. Data collected in the on-going acquisition mode can then be compared with the simulation to deliver the information needed to implement improvement measures and calculate the annual Energy Efficiency Operating Index (EEOI).

The purpose of E2's benchmark mode is to benchmark, follow up and monitor the energy efficiency performance of different vessels within the fleet, or of the same ship for different voyages.

The combination of acquisition mode, simulation mode and benchmark modes mean that E2 software is able to deliver useful information for defining the fleet management strategy for energy efficiency.

Development work is underway on an upgrade, which will acquire the inputs automatically through flow meters and GPS. These new capabilities will enhance the accuracy of the data acquisition and will give access to more advanced analyses and diagnosis.

Its use can be licensed either for acquisition mode only, typically in the context of an individual ship SEEMP, or for acquisition, simulation and benchmark modes. TO

New turbocharger- a quantum leap in technology

ABB Turbocharging has claimed that its recently introduced A200-L generation of single-stage turbochargers for low-speed two-stroke engines represents a quantum leap in the technological development of turbochargers.

The A200-L's compressor stage has been optimised to enable significantly more additional volume flow. In comparison to previous models, the A200-L has up to 30% additional volume flow, which to date is fully the equivalent to one size smaller in a series of turbochargers, the company said.

"Our latest technical findings from development are very promising," said ABB's David Ruch, who has been heading up the technological development of the A200-L, "This model represents a real departure from the past model because it's allowing us to ensure greater volume flow without making the concessions on efficiency that we used to have to make."

Michael Lok, general manager low speed segment, added, "We are even looking at a model that potentially makes no compromises on the three key variables – that is, efficiency, pressure ratio, and volume flow – used to measure performance in a turbocharger. No one's ever been able to do that, at least as far as I know. That's a puzzle that engineers have had to wrestle with for as long as there have been turbochargers. If we're able to achieve that with the A200-L, we will have made a hugely important contribution to the turbocharging industry as a whole."

In effect, the power density of the turbocharger compared to other models is significantly higher. The turbocharger is often one of the heavier components to service on a ship, so the A200-L's lighter design also makes it much easier to maintain, ABB said.

Benefits

The benefits of the A200-L's additional volume flow are many. First, the A200-L's compacter frame makes it possible to use a smaller turbocharger on a wide range of two-stroke engines. For customers, this translates into lower weight and more space, which in turn have a positive impact on the bottom line in the form of lower service costs, a lower first cost and a lower total cost of ownership. And since less material is used to make the A200-L, the impact to the environment is also reduced.

"The savings in service costs alone amount to at least 25% in many models, and in some cases even more," said Arie Smits, ABB's senior general manager, global turbocharging projects.

The company has already sold its first units and is currently in production. The first turbochargers will be tested on engines at the beginning of May.

"This technology is going to change what it means to be, and stay, competitive in the turbocharging industry," said Axel Kettmann, senior vice president. "The A200-L series is much more efficient and so much more cost-efficient than what we have seen before. Companies who choose not to develop their products in a similar direction will lose business, because in this market, customers are focusing on what will save money, particularly in the long-term." TO

> "This technology is going to change what it means to be, and stay, competitive in the turbocharging industry,"
>
> **- Axel Kettmann, senior vice president, ABB**

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A year of change

There has been a complete turnaround at the top end of *Tanker Operator's* Top 30 companies based on figures taken up to the end of last year.

Some major tanker operators have slimmed down in the face of increasing losses, while others have gained tonnage on the back of the number of shipyard deliveries seen in 2012.

The main sufferers in terms of shedding tonnage were Frontline, Teekay and MOL, plus Overseas Shipholding Group (OSG), which entered Chapter 11 bankruptcy protection. It is still not clear if some of OSG's fleet listed is still trading, as the vessels were timechartered-in and the company had said that it would return some chartered tonnage to their owners in an effort to curb outgoings.

A major tanker powerhouse has emerged in the Middle East with the merger of the fleets of Bahri (National Shipping Co of Saudi Arabia) and Vela, the tanker arm of Saudi Aramco. All the vessels will be operated by Bahri.

Sovcomflot continues to climb the rankings and will no doubt figure in the top five again next year with the delivery of its first VLCC, as will MISC subsidiary AET on the back of more deliveries.

There must also be a question mark over NITC, as the vessels seem to be spread far and wide under different names and flags, since being badly hit by the US and EU sanctions against doing business with Iran.

One company that still seems to be hanging on despite a string of disastrous results is TORM. The company recently gained a stay of execution by effectively selling off its shares to stakeholders, including its financial backers and timecharter partners.

Chinese tanker owners are obviously ones to watch, as if you believe the reports coming out of China, domestic owners could order up to 100 VLCCs. There is no doubt that some were ordered last year and more will follow in 2013.

BP Shipping looks to be instituting a fleet replacement programme with several Suezmax and Aframax orders placed. There are also recent rumours that the UK oil major's shipping arm is close to ordering a tranche of MRs.

A new entry was Kuwait Oil Tankers (KOTC) on the back of large tanker deliveries last year.

Deliveries to stabilise

This year, total tanker deliveries are expected to stabilise at around the 2012 level, which was significantly less than the number delivered in 2011, Gibson Research said recently.

Nevertheless, this still means that tanker supply will continue to rise and the market will inevitably continue to suffer from the effects of the previously swollen orderbook.

Off the 318 new tankers (25,000 + dwt) originally scheduled to enter service in 2012, just 215 were actually delivered. The majority of the remaining 103 vessels (32% of the original orderbook) will slip into 2013 deliveries, although it is likely some will never see the light of day at all.

Breaking the 2012 deliveries down further by size, only 54% of the scheduled MR deliveries appeared, while LR1/Panamax deliveries were just 63%. For larger sizes, delivery rates were higher, but typically only 70-80% of the tonnage originally due.

These 'in-built' delays (and cancellations) are a general feature of today's market, Gibson said.

To forecast this trend into 2013, the broking house researched a range of a maximum number accounting for the delay case and a minimum number representing a combined delay and cancellation case.

The result was that the delivery profile of product tankers of below 80,000 dwt will increase this year. LR1 and MR deliveries are estimated to increase to around 200 and between 75-90 vessels, respectively. This increase has come on the back of the rise in orders seen over the last 18 months, especially in the MR segment.

> "This year, total tanker deliveries are expected to stabilise at around the 2012 level, which was significantly less than the number delivered in 2011, Gibson Research said recently."

In contrast, the delivery profile for crude tankers is expected to decline; VLCC deliveries are expected to slow to between 35-40 vessels in 2013, in comparison to 49 delivered in 2012, according to Gibson's figures. Suezmax deliveries are expected to be in the range of 35-45 this year, while Aframax/LR2s are forecast to be around 25.

Thus, in total, tanker deliveries in 2013 are forecast to be in the range 190-220, compared with 215 last year, but Gibson's main message for this year is 'more product tankers, less crude tankers'.

As the 2015 phase-out of single hull tankers draws closer, scrapping is anticipated to accelerate from last year, with the greatest upsurge coming in the product tanker markets where owners are already building up MR fleets and also potentially looking to acquire new 'Eco' type tonnage.

Despite the increase in deliveries in these sectors, scrapping will hopefully have an impact in slowing the supply growth.

At this stage, any improvement in tanker fundamentals is likely to be limited; but the prospects for 2013 do not seem to be worse than last year's levels, Gibson concluded.

According to Fearnleys' weekly report, around 16 VLCCs and 14 Suezmaxes were sold for recycling last year. TO

TANKER *Operator's* Top 30 Tanker Companies

Taking the usual format, this list has been compiled in descending order of total deadweight tonnage per tanker company. The figures were extracted from company websites, the Equasis database and the companies themselves. We have purposely excluded FSOs, FPSOs, LNG and LPG carriers from the total tonnage for each company.

NYK Group

(12.5 mill dwt)

1 **As of March 2012, the end** of the last fiscal year, the Japanese controlled conglomerate marginally claimed first place by virtue of the group's 34 VLCCs, five Aframaxes, five LR2s, 23 MRs and nine chemical tankers.

In addition, the group directly controls 10 LPG carriers, one ammonia carrier and 28 LNGCs, although with its numerous shares in gas vessels, this figure is much higher.

Last December, its was announced that NYK and an affiliate of Thai Oil had agreed on a three-year charter of the VLCC *Tateyama* to ship crude oil primarily from the Arabian Sea to Thailand.

Thai Oil operates one of the largest refineries in Thailand, and as mentioned last year began its business relationship with NYK in February 2011 with the establishment of a joint venture that purchased the VLCC *Tenyo* from NYK and then chartered it to Thai Oil under a 10-year contract.

Thai Oil said that it was particularly impressed by NYK's crew management, which allows for career advancement through seafarer development at the NYK-TDG Maritime Academy in Manila and NYK's crew training centre in Singapore.

One of the strategies contained in NYK's medium-term management plan 'More Than Shipping 2013' is to remain focused on meeting the growing demand for transport to and from Asia, the company said.

NYK is also involved in a joint venture with Knutsen OAS called Knutsen NYK Offshore Tankers, which was founded in December 2010.

This mainly involves the operation of newbuilding shuttle tankers in the North Sea and Brazil. ■

NYK operated VLCCs are often used for transfer operations.

Frontline Group

(12.47 mill dwt, plus 312,000 dwt newbuildings)

2 **The group, which includes** Frontline Ltd and Frontline 2012 has slimmed down somewhat since our last listing.

Around 10 VLCCs, three Suezmaxes and four OBOs have left the fleet, either owned or commercially managed, while the entire newbuilding VLCC programme of five VLCCs have either been cancelled, or converted to other vessel types, leaving just two Suezmaxes on order at Rongsheng.

However, since the figures were compiled, Frontline has ordered a couple of LR2s and John Fredriksen has said that he will invest in the product tanker market.

According to the company's website, seven VLCCs and four Suezmaxes are owned by Frontline 2012. These are commercially managed by Frontline Management.

In total, the group has 33 VLCCs, 15 Suezmaxes and one OBO, either owned by the group, Independent Tankers Corp (ITCL), or commercially managed by Frontline Management. ITCL is 83% owned by Frontline Ltd.

Those leaving the fleet last year included the four OBOs, which were sold during the second half of the year by Ship Finance following the termination of their charters.

The last two were the *Front Viewer* and *Front Guider* whose long term charterparties with Ship Finance International were terminated in late December 2012 and during the first quarter of this year respectively. Ship Finance has sold the *Front Viewer* and expects to sell the *Front Guider* at the time the charterparty terminates, the company said.

In October, 2012 Frontline terminated the bareboat charters on the two single hull VLCCs *Ticen Ocean* (renamed *Front Lady*) and *Ticen Aries* (renamed *Edinburgh*) and the vessels were delivered to their respective buyers at the end of November 2012 and January 2013.

The tankers were the last remaining single hull VLCCs in the fleet.

In the company's third quarter results presentation, it was said that at the end of next year, Frontline would control, or manage 53 vessels. Indeed, Frontline 2012 has recently raised $310 mill in a private placement.

The money raised will be used to finance existing orders – including the four VLGCs and four Capesize bulk carriers, as well as "(leaving) capacity for significant further contracts", the Oslo-based company told the UK's Financial Times. ■

***Onoba* seen at Europoort. The Thome-managed VLCC has since been renamed *Front Force*.**

Maersk Tankers

(12.47 mill dwt)

3 **Maersk Tankers has shot up** the rankings by virtue of several deliveries to its various commercially operated pools.

In a busy year, Maersk Tankers has integrated Brostrom's operation into its Copenhagen headquarters, sold its 50% of its small tanker fleet to its partner Erik Thun and started to implement its slow steaming and fuel savings policy, which will also include the laying up a couple of VLCCs.

The total deadweight tonnage shown above for Maersk Tankers includes all the units in the various pools, commercially operated by Maersk, except the Nova Tankers pool, which is run as a separate entity.

Included in the figures are 15 Maersk-owned VLCCs, 29 LR2s operating in an LR2 pool, 96 MRs and Handysize tankers operating in the HandyTankers pool, 22 intermediate clean tankers, 17 intermediate dirty tankers, 13 Singapore-based intermediate tankers and five small intermediate tankers also based in Singapore.

At the end of last year, Nova Tankers pool consisted of 44 VLCCs. Out of these, the *Maersk Nautilus* and *Maersk Nucleus* were due for layup until the current large tanker market turns around, which at the time of writing shows no signs of coming out of the doldrums.

As for the small Northwest Europe fleet, all the units have been sold to Swedish-based shipowner Erik Thun. Some 12 of the 13 tankers in this segment were already owned 50% by Thun and 50% by Broström, while the remaining vessel was wholly owned by Broström.

At the time of the announcement last October, Hanne Sørensen, CEO Maersk Tankers, said: "It is part of Maersk Tankers strategy to constantly look at how we can optimise our portfolio and our business. We are now in a process of simplifying and streamlining our business, which includes focusing on fewer segments going forward and this divestment opportunity comes at the right time and under the right conditions." ■

***Maersk Ilma* will soon be the subject of a pilot project.**

Sovcomflot Group (SCF)

(11.45 mill dwt, plus 0.76 mill dwt newbuildings)

4 **The SCF Group operates** around 135 tankers in all size ranges up to Suezmax, out of a total of 159 vessels of all types.

The final piece in the jigsaw- VLCCs – will be slotted in soon, as the group has two 320,000 dwt newbuildings to come.

In addition to the tankers, the group has three Panamax drybulk carriers; six LNGCs, plus four newbuildings; two LPG carriers, plus another two under construction, plus a specialised fleet, including harbour tugs.

As for the tankers, SCF operates three asphalt/bitumen carriers, eight small IMO II tankers, 42 Aframaxes, 18 Suezmaxes, seven Handysize, five LR2s, nine LR1s, 30 product tankers, eight Aframax shuttle and five Panamax shuttle tankers.

The newbuilding tankers include the two 320,000 dwt VLCCs, plus an 118,000 dwt LR2.

SCF lays claim to a number of world firsts. For example, the world's No 1 Aframax operator and No 2 in the Suezmax and product carrier segments. In the shuttle tanker league, SCF said that it ranks No 3, but No 1 in the Arctic region. In addition, the group said that it is No 1 in the list of Ice Class LNGC operators.

New Sovcomflot tankers, which were constructed and operated under supervision of Lloyd's Register, were assigned the additional class notation 'EP' (Environmental Protection), starting from 2005. ■

SCF has considerable experience in Arctic transits.

Teekay Corp

(11.4 mill dwt, plus 940,000 dwt newbuildings)

5 **The reduction in the total** tonnage recorded this year was mainly due to omitting the five FSOs from the calculation.

It was thought that once their long term charters had terminated, they would not resume commercial trading but rather be re-chartered as FSOs, or recycled.

The four companies making up the Teekay Group – Teekay Offshore Partners, Teekay LNG Partners, Teekay Tankers and Teekay Parent – between them own, or commercially operate under long term charters 34 shuttle tankers, mainly in the Aframax and Suezmax size ranges, 30 Aframaxes, 24 Suezmaxes and five product tankers.

A Teekay North Sea shuttle tanker seen at Fawley.

The newbuildings include four Suezmax shuttle tankers and one VLCC, in which Teekay has a 50% stake. As mentioned last year, the shuttle tankers are being built on the back of 10-year charters to BG Group for operation in Brazil. Attached to the charter contracts are extensions and vessel purchase options.

Not included in the figures are five FSOs, nine FPSOs, plus one under construction, five LPG carriers and 27 LNG carriers, plus two newbuildings.

Teekay has embarked upon a number of cost saving initiatives, including the redelivery of chartered tankers under the terms of their contracts and the establishment of Teekay Marine – a new in-house shipmanagement subsidiary.

All the employees and systems were transferred to the new subsidiary in the third quarter of last year, as was the transfer of the technical management for the Teekay-owned conventional fleet.

Around the same time, the group started a re-organisation project involving its onshore shuttle tanker operations, which is expected to provide further savings upon its completion during the middle of this year. ■

AET Tankers

(11.39 mill dwt, plus 1.52 mill dwt newbuildings)

6 **This global MISC subsidiary** operates 13 VLCCs, four Suezmaxes, 55 Aframaxes, two DP shuttle tankers, one Panamax and five CPP tankers.

In addition, the company has three VLCCs and two DP shuttle tankers on order, or under construction

To look after its shuttle tanker interests, AET has a comprehensive lightering operation based in Galveston, Texas, to manage its US Gulf ship-to-ship transfer business.

AET took delivery of the first of its four new lightering support vessels (LSV) in 2011, with the remaining three delivered last year.

AET entered into a long term contract with the Norwegian energy major Statoil to operate the two specialists DP2- type shuttle tankers currently on order. Norwegian shipmanagement concern OSM will manage the vessels.

When the two new AET shuttle tankers are delivered in 2015, they will serve oilfields in the Norwegian sector of the North Sea/Barents Sea. The charter contracts, with options for extensions, will last for up to 20 years.

The two twin-skeg 120,000 dwt shuttle tankers will be built at Samsung Heavy Industries. Due to the unique, adverse operating environment, they will be built to a superior specification that exceeds any other DP shuttle tanker currently in operation around the world, shipmanager OSM claimed

They will be fully capable of operating in a harsh environment and will have high power thrusters and engines. There are also options for the vessels to be built with LNG dual-fuel powered engines.

One of the VLCC newbuildings – *Eagle Vancouver* - was delivered in January of this year and was claimed to be one of the first large newbuildings to be fitted with a ballast water treatment system. ■

AET's latest edition, the VLCC *Eagle Vancouver.*

NITC

(11.39 mill dwt, plus 1.24 mill dwt newbuildings)

7 **Another concern to shoot up** the rankings is NITC, formerly National Iranian Tanker Co.

The company is still very much as going concern but the tankers are facing increasing difficulty in gaining employment, due to the sanctions imposed by certain countries against undertaking business with an Iranian company.

Many of the vessels have been renamed, reflagged and have lost their insurance/P&I cover. Some are thought to be acting as storage vessels lying off the Iranian coast.

According to the Equasis database, there were 30 VLCCs in service at the end of last year with at least four more due to be delivered this year.

In addition, there were nine Suezmaxes, five Aframaxes and three MRs listed.

How many will remain as owned by NITC by the time this list is compiled next year remains to be seen. ■

National Shipping Co of Saudi Arabia (Bahri)

(11.04 mill dwt, plus 0.08 mill dwt newbuildings)

8 **Bahri announced last year** that Vela's tanker fleet was merging with its Saudi counterpart to form a large fleet of over 50 vessels.

The new concern will control 31 VLCCs, one Aframax, four MRs and 23 chemical tankers under the NCC banner. Vela also brings a VLCC FSO to the table, which has not been included in the figures.

There is also an LR1 under construction at Daewoo for delivery this year. She will also come under NCC's operation.

We have combined the fleets, although the final handover is not complete as yet, as it would have been misleading to list both companies as before.

This move gives Bahri access to the lucrative Saudi Aramco oil shipment business, as Vela was the Saudi oil major's shipping arm. A shipment contract has been signed for 10 years, using the combined VLCC fleet.

All the vessels will be technically and commercially managed by Bahri, which also has tie ups with SABIC and Odfjell in the chemical tanker sector, while the company has a 30.3% stake in LPG carrier operator Petredec.

Bahri's fleet technical management is provided by wholly-owned subsidiary Mideast Ship Management. ■

NSCSA has taken on a new identity.

Maran Tankers Management (MTM)

(10.15 mill dwt, plus 0.96 mill dwt newbuildings)

9 **MTM is part of the** Angelicoussis Group and is represented by London-based Agelef as agents.

This shipmanagement concern has 24 VLCCs, 12 Suezmaxes and eight Aframaxes on its books, either under direct management, bareboat chartered, or third party managed.

In addition, MTM has three newbuilding VLCCs due for delivery in 2013-2014. ■

Dynacom Tankers Management (DMT)

(9.97 mill dwt)

10 **George Procopiou's Dynacom** took delivery of several large tankers last year, which formed part of the company's newbuilding programme.

This followed a period of selling off older units in the fleet.

In total, DMT manages 14 VLCCs, 27 Suezmaxes, 16 Panamaxes and one Aframax.

Many of the vessels are ice class. ■

Dynacom's Panamax *Sovereign* seen in the River Medway.

Overseas Shipholding Group (OSG)

(9 mill dwt, plus 220,000 dwt newbuildings)

11 **Despite declaring Chapter 11** last November, OSG is still a going concern.

Some of OSG's chartered-in vessels and older tonnage has been sold, or redelivered back to their owners and there is no doubt still more vessels will leave the fleet in the near future.

OSG owns, operates, or has interests in a diverse fleet of tankers, ranging from articulated tug/barges (ATBs) to VLCCs and LNGCs*.

Not included in the figures are two of the largest tankers still afloat, which are owned in a 50:50 joint venture with Euronav. Both of the 440,000 dwt vessels were converted to FSOs and are on long term contracts, operating in the Persian Gulf.

A third ULCC is still shown as part owned by OSG. The VLCCs and the one ULCC not being used as an FSO, operate in the Tankers International Pool.

The fleet list at the time of the bankruptcy protection agreement included 12 VLCCs/ULCC, three Suezmaxes, eight Aframaxes, nine Panamaxes and five lightering vessels, operating in the Gulf of Mexico. In addition, there are two newbuilding Aframaxes due for delivery this year.

In the products segment, OSG has six LR1s and a relatively large fleet of 38 Handysize and MR products tankers, not including the Jones Act vessels. The US flag fleet numbers 12 Handysize product tankers, all of which have been chartered in long term.

At the end of January, American Shipping Co said that it was still receiving the charter hire on time for its Jones Act vessels operated by OSG.

The ATB fleet includes seven clean and three lightering barges.

OSG also has interests in four LNGCs.

In February of this year, OSG announced today that Morten Arntzen has resigned as president and CEO and as a director of the Company.

Capt Robert Johnston has replaced Arntzen. He was previously senior vice president and head of US flag strategic business unit.

"The Board thanks Morten Arntzen for his service, including during recent challenging times," said Michael Zimmerman, chairman of the board. "The board is pleased that Bob Johnston is available to lead the company through the next stages of its Chapter 11 reorganisation."

*This fleet list was taken from OSG's website dated 31st October, 2012. ■

China Shipping Development

(8.51 dwt, plus 0.15 mill dwt newbuildings)

12 **China Shipping Development** has taken delivery of most of its newbuildings, except for a series of MRs, three of which are due for delivery this year.

However, there could be more VLCCs to come due to the conflicting reports coming out of China, as to just how many have been ordered for the country's own use.

According to Equasis, the company has 14 VLCCs; eight Aframaxes; 20 Panamaxes, both LR1s and crude carriers; 29 MRs and 10 Handysize tankers. There is also a fleet of smaller coastal vessels. ■

A China Shipping Handysize seen at Fawley.

MOL Group

(8.22 mill dwt)

13 **As with last year's listing,** we have only taken figures for the vessels managed by Mitsui OSK Lines (MOL), as shown on the Equasis database.

MOL also manages more than 20 LNGCs and LPG carriers and also charters in tonnage.

This leaves 16 VLCCs, nine Aframaxes, 13 LR1s, 22 MRs, five Handysize and one smaller chemical/products tanker. ■

Ocean Tankers

(7.72 mill dwt)

14 **Another tanker company to** take delivery of a number of newbuildings last year, including five VLCCs, was Singapore-based Ocean Tankers.

At the end of last year, the company controlled 14 VLCCs, one Suezmax, 13 LR2s, five LR1s, 16 MRs, six IMO III type tankers, six IMO II type chemical tankers and 19 smaller tankers.

Ocean Tankers is a partner in the Nova Tankers pool, together with Maersk Tankers, Samco and Mitsui OSK.

The company also controls a number of small craft operating in and around the Singapore area. ■

TORM

(6.73 mill dwt)

TORM has successfully negotiated a restructuring programme.

16 **TORM has slimmed down** its time charter-in operations following a restructuring agreement signed in 2012.

The out-of-court solution was agreed with the banks and main time charter partners, in return for a 90% shareholding in the company.

TORM managed to negotiate a stay of execution with its banks and a huge reduction in the charterparty terms, which should see it generate cash even at today's levels.

During 2012, the company also completed the closure of the commercially operated LR1 pool and redelivered the vessels to partner Reederei Nord, leaving the company with 13 LR1s, according to TORM's website.

TORM is still a partner in the LR2 pool in which there are 31 Aframaxes.

In addition, the company operates 11 Handysize tankers, of which seven are ice classed and 43 MRs, of which six are ice class.

The company does not have any newbuildings at this point in time, having cancelled all the previous contracts. ■

Euronav

(7.59 mill dwt, plus 0.16 mill dwt newbuilding)

15 **Antwerp-based Euronav has** been slowly selling off tonnage to help alleviate large losses incurred during the current downturn.

Despite the sell-offs, the company still operates 11 VLCCs and one ULCC, plus 21 Suezmaxes, plus one newbuilding.

Euronav also has 50% stake in another two ULCCs, which are currently being used as FSOs in the Persian Gulf.

The company is a partner of Tankers International Pool, where many of its VLCCs are commercially operated on the spot market.

Some of the Suezmaxes are ice class, as they regularly trade into the St Lawrence River, as far as Quebec, in winter.

After successfully implementing a strict slow and super slow steaming policy whenever possible, Euronav retrofitted a VLCC, with a Mewis Duct, improving propeller efficiency, which demonstrated to be the most efficient energy saving device.

The same retrofitting will be undertaken on at least four Suezmaxes this year.

Furthermore. the company will install electrical fuel oil heaters on 10 Suezmaxes, which can decrease the consumption by up to 20% when the ship is under super slow steaming. Finally, Euronav said that it will deploy fuel oil mass flow meters to monitor and improve the consumption more accurately.

Altogether, the company estimates that such new designs offer potential fuel-consumption savings of some 10% and a similar reduction in CO2 emissions. ■

Oman Shipping Co (OSC)

(6.32 mill dwt)

17 **OSC has also shot up the** rankings by virtue of several VLCC deliveries last year, which complete the company's current tanker investment programme.

In total, the company now has 17 VLCCs, two LR2s, one LR1, two MRs and two small chemical tankers.

Some of the VLCCs are operating in the Singapore-based VL8 pool, while others were redelivered from NITC bareboat charters about 18 months ago, due to the threat of sanctions.

In addition, OSC has LNGC and LPG interests, plus several VLOCs in service and some still to be delivered. ■

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Thenamaris Ships Management

(5.87 mill dwt, plus 0.43 mill dwt newbuildings)

18 **Thenamaris is another** company to benefit from newbuilding deliveries and the purchase of secondhand vessels.

According to the company website, the Athens-based company has two VLCCs, six Suezmaxes, 17 Aframaxes/LR2s and 12 MRs/Handysize chemical/products tankers.

In addition, there are a further two Suezmaxes and two MRs to come this year.

Thenamaris also has interests in drybulk carriers and a containership. ■

The Aframax *Isabella* seen at Europoort in the rain.

BW Maritime

(5.52 mill dwt)

20 **Singapore-based BW** Maritime operates 12 VLCCs, 17 products tankers and two chemical tankers, which are included in the figures.

They are technically managed by BW Fleet Management, which also looks after the 17 LNGCs, including three newbuildings and 32 LPG carriers, which have not been included in the total.

In addition, the company manages 16 FPSO/FDFSO/FSOs, all of which were converted tankers. ■

The VLCC *BW Edelweiss*. Photo credit – BW Maritime.

Dalian Ocean Shipping

(5.82 mill dwt)

19 **A member of the COSCO** group, Dalian Ocean Shipping operates 33 tankers, according to the Equasis database.

There are no doubt more to come as China ramps up its domestic shipbuilding programme.

Included in the figures are 13 VLCCs, three Suezmaxes, three Aframaxes, 11 Panamaxes and three MRs.

In addition, there is a large fleet of gas carriers. ■

Minerva Marine

(5.1 mill dwt)

21 **Athens-based Minerva** Marine has also moved up a couple of places due to vessel deliveries and secondhand purchases.

According to the website, the company manages three VLCCs, five Suezmaxes, 25 Aframaxes and 13 MRs. ■

SK Shipping

(4.94 mill dwt)

22 **With recent VLCC deliveries,** SK Shipping has risen a few places up the league table.

According to the Equasis database, the South Korean company manages 15 VLCCs, two Aframaxes, three MRs and four small chemical tankers.

In addition, SK Shipping has interests in several LNGCs and LPG carriers. ■

Associated Maritime Corp (AMC)

(4.72 mill dwt)

23 **There is no change to AMC's** fleet since last year's entry.

The total number of vessels remains as 13 VLCCs, one Suezmax and seven Aframaxes.

AMC is a subsidiary of Hong Kong Ming Wah, itself part of the giant China Merchants conglomerate. ■

Shipping Corp of India (SCI)

(4.6 mill dwt, plus 0.63 mill newbuildings)

24 **Figures produced on SCI's** website for January of this year showed that the company owned four VLCCs, 19 other crude carriers, 15 product tankers, and one chemical carrier.

Last year, SCI took delivery of six LR1s, two LR2s and four Aframaxes, while at the same time disposed of six other tankers.

The company still has two VLCCs building at Rongsheng. ■

Tsakos Energy Navigation (TEN)

(4.38 mill dwt, plus 0.31 mill dwt newbuildings)

25 **TEN's total has fallen** slightly mainly due to the sale of two elderly VLCC, which was finalised in January of this year.

This leaves the company with one VLCC, 10 Suezmaxes, eight Aframaxes, three LR2s, nine Panamaxes, six MRs and eight handysize tankers.

In addition, there are two DP2 shuttle tankers newbuildings set for delivery this year built for long term charters to Petrobras.

TEN also has an LNGC and another on order. ■

BP Shipping

(BP Shipping)

26 **BP Shipping appears to be** in throws of a fleet replacement programme, as the oil major's shipping arm shook the shipping world by recently ordering 10 Aframaxes and three Suezmaxes at South Korean shipyards.

In February of this year, brokers were saying that the company was also in negotiation for a series of MRs, but this could not be confirmed at the time *Tanker Operator* went to press.

The larger units are thought to be replacements for less economical units in the BP fleet. Indeed, the Aframaxes *British Hawthorn* and *British Laurel* were reported by broking sources as sold in January by their Greek owners to another Greek concern, thought to be Hellenic Star.

It was believed that they had left BP's fleet last November. Another VLCC will leave the fleet this year following the termination of a bareboat charter from Independent Tankers.

As at the end of last year, the UK oil major operated four VLCCs, 18 Aframaxes, 17 MR/Handysizes, plus the shuttle tanker *Loch Rannoch.*

The management is also involved in LNGCs and LPG carriers. ■

BP's Handysize *British Esteem* seen outward bound in the River Thames.

Tanker Pacific Management

(3.83 mill dwt, plus 0.2 mill dwt newbuildings)

27 **Singapore-based Tanker** Pacific has continued to shed tonnage, while absorbing some of its newbuildings.

At the beginning of this year, the company managed two VLCCs, five Suezmaxes, 14 Aframaxes four LR1s and 13 MRs.

In addition, there are still another four MRs to come next year. Several of the newbuildings mentioned in last year's listing were delivered late last year and in early 2013. ■

Chevron Shipping

(3.52 mill dwt)

28 **The US oil major subsidiary** has eight VLCCs, four Suezmaxes, two Aframaxes and four Jones Act MRs on its books.

Chevron also has interests in LNGCs and LPG carriers. ■

Kuwait Oil Tankers (KOTC)

(3.31 mill dwt)

29 **We welcome the return of** KOTC to *Tanker Operator's* Top 30 listing on the back of VLCC deliveries.

According to the company's website, KOTC now operates eight VLCCs, five Aframaxes, two Panamaxes and four Handysize product tankers, plus a couple of small bunker tankers.

The Kuwait Petroleum Corp subsidiary also has interests in LPG carriers. ■

A KOTC Handysize seen alongside ASRY's new repair quay.

Nordic American Tankers (NAT)

(3.12 mill dwt)

A NAT Suezmax seen transiting the Bosporus.

30 **Herbjorn Hansson's NAT is** unchanged from last year's entry with 20 Suezmaxes on its books.

Last September, NAT announced that it was acquiring the remaining interests in the Orion Tanker pool, previously operated in a 50:50 joint venture with Frontline. This took effect on 1st January this year when Orion became a NAT subsidiary.

NAT and Frontline established Orion in the autumn of 2011. Since then, Orion has managed the chartering operations of the 20 NAT Suezmaxes and the nine Frontline Suezmaxes using the spot market.

Orion arranged voyage charters to end users, such as oil majors and major trading houses. For example, last year, Orion entered into an agreement with a subsidiary of ExxonMobil that NAT expected to remain in place following NAT's acquisition of 100% of the pooling operation. ■

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- Stylianos Mavrelos, technical director, Capital Ship Management
- Georgios Poularas, chief operating officer, Enesel SA
- Emmanuel Vordonis, formerly executive director, Thenamaris Ship Management Inc
- Kostas Gkenes, naval architect, ENESEL
- Chairman: Dimitris Lyras, director, Lyras Shipping

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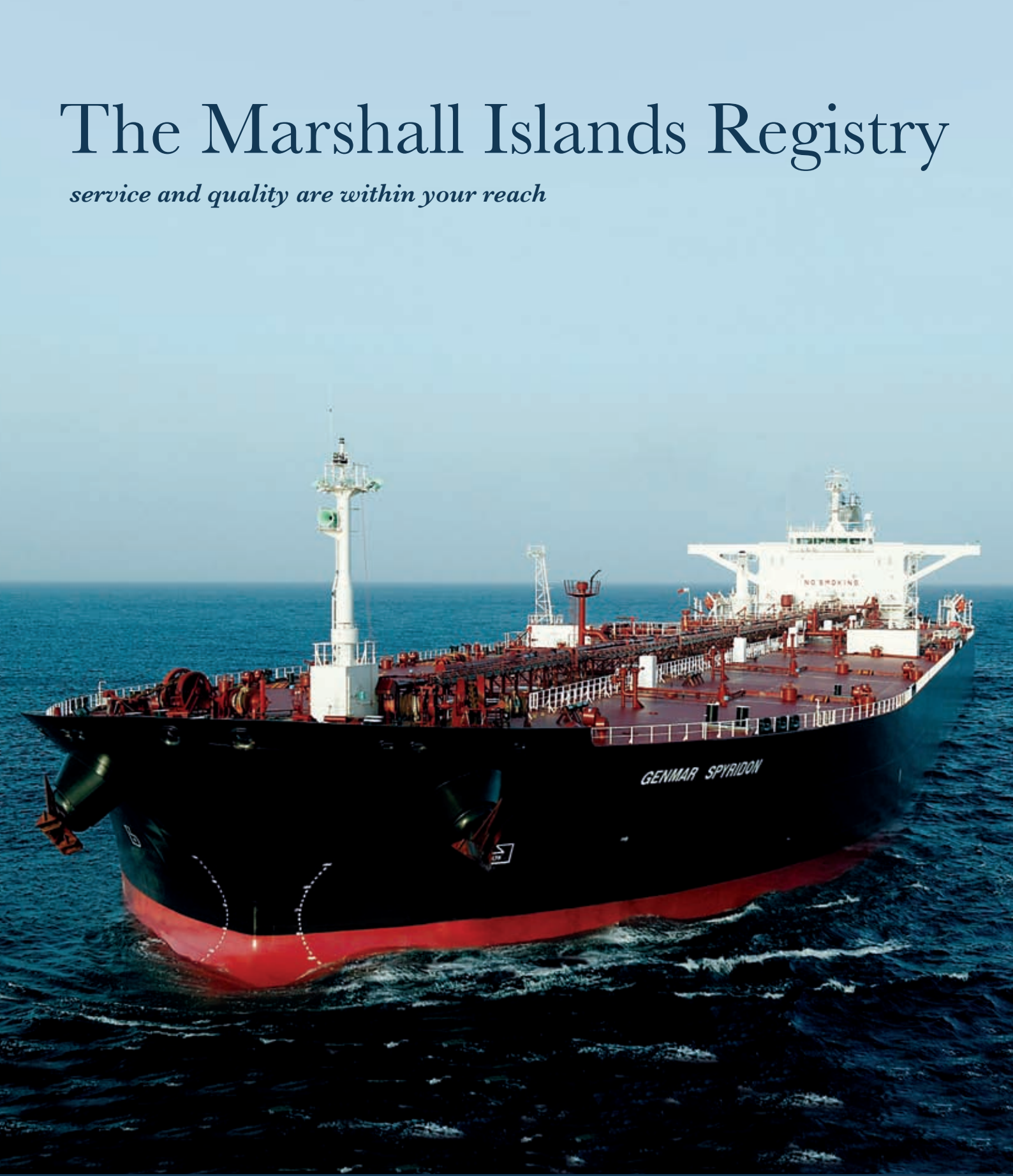

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