Southampton SOLENT University

Global Maritime Weekly Digest

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*The **Global Maritime Weekly Digest**, based at **Southampton SOLENT University**, provides a regular flow of maritime news and analysis, of significance in a global context.*
Topics covered include shipping fleets and management, seaborne trade, ports, shipbuilding, ship recycling, maritime policy and regulations, and seafarers' labour.

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Editorial comments

- An analysis of ***shipowning company numbers and sizes*** in the global shipping industry reveals the huge number of small businesses participating, emphasising that this is a highly fragmented activity with most companies owning just a handful of vessels (item 1).
- During the past twelve months, ***international maritime policy*** has been a prominent focus of attention amid changes in the regulatory picture which are likely to have a profound impact on shipping operations (item 2). Some significant events in the period also have potential for altering maritime or related trade policies in several countries.
- In recent years ***maritime safety*** was one of the pressing issues facing industry players. Has the intensified effort resulted in any improvement? Based on one measure, ship losses (item 3), there has been a huge reduction in the number of ships lost at sea worldwide.
- Preparations are under way for the ***new digital world*** related to operational aspects of the shipping industry. It is a topic which is likely to become of greater significance during 2017, according to an assessment in item 7.
- A detailed ***plan for growth in the UK maritime sector*** has been published by the UK Chamber of Shipping, in the light of the earlier Brexit decision (item 5). Reforms to improve the attractions of the UK flag, increase officer cadet training places, and revise seafarer exams are included, as well as suggestions on customs controls, trade deals and visa changes.

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(1) Clarksons Research, 28 November 2016

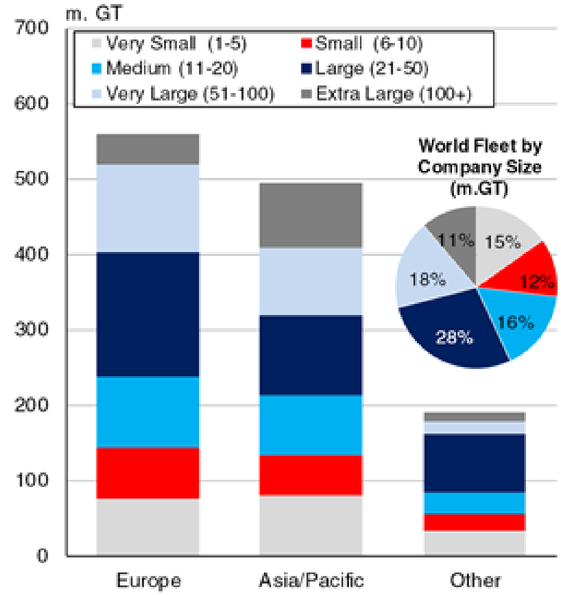
Ownership Trends: Sizing Up The World's Companies

Shipping is a truly global industry with owners based all over the world. Interestingly, ownership is also very fragmented with over 90,000 vessels owned by more than 24,000 shipowners, with an average of around four ships per owner. While there are a multitude of small owner companies, the relatively limited number of owners with very large fleets also exert a significant influence in today's shipping markets.

Graph of The Month

Today's Owners: From The Big To The Small

The pie chart shows the world fleet in GT by the size of owner companies, defined here by the number of vessels an owner has in their fleet. Companies with 1-5 ships are defined as 'very small', those with 6-10 ships as 'small', 11-20 ships as 'medium', 21-50 ships as 'large', 51-100 ships as 'very large' and those with over 100 ships are classed as 'extra large'. The bar graph breaks this down on a regional ownership basis. Ownership is based on the 'real nationality' of the beneficial owner. The 'Other' owner region includes the Americas, Africa, Middle East and South Asia.



Source : Clarksons Research

The World At Large

The world fleet currently stands at 92,867 vessels of 1.25bn GT, owned by 24,090 companies. The ownership of the fleet can be analysed in numerous ways, including, interestingly, by company size (see graph for size definitions). Globally the most common company size is 'very small'. There are 20,797 'very small' owners, with a combined fleet of 32,781 vessels. However, these owners, which account for 86% of companies, only own 188m GT, 15% of the world's tonnage. By contrast, 'very large' and 'extra large' owners account for just 1% of companies, but together own 362m GT, representing a more significant 29% of tonnage in the world fleet. This general trend holds true across the key owner regions, although some interesting differences are apparent when looking in detail.

Europe: Next Size Up?

European owners account for the largest share of the fleet in terms of tonnage. There are 7,048 European owners, who cumulatively own 30,155 vessels of 560m GT. Just 268 of these owners are 'large' or 'very large', but collectively they own 11,001 vessels of 279m GT, half of the region's owned tonnage. Many of these companies are traditional shipowners with large, well-established fleets. The average German owner, for example, has around eight vessels in their fleet, compared to the global average of around four ships. Meanwhile, 'extra large' companies account for the smallest share of European tonnage, but it is still noteworthy that just eight owners account for 7% of the region's tonnage, and 3% of the global fleet.

Asia: Slim Fit Or Supersize?

While the fleet owned by Asia/Pacific companies is slightly smaller than the European fleet in GT, the region accounts for a larger number of owners (11,632). This reflects the many 'very small' Asian companies, with the average Asia/Pacific company owning a fleet of around three vessels, lower than the

global average. However, 'extra large' companies still play a major role. Half of the world's 'extra large' owners are Asian, and just 12 companies control 17% of Asia/Pacific owned tonnage and 7% of the global fleet. Four of these companies are shipping arms of major Japanese conglomerates, and alone represent 12% of the Asia/Pacific owned fleet. Meanwhile, in other owner regions, 'large' owners account for the greatest share of the fleet (41%). However, 'very large' and 'extra large' owners have a much smaller presence than in Europe and Asia.
So, ownership in the shipping industry is extremely fragmented. In Europe, the fleet is dominated by the larger companies, but in Asia both the 'very small' and 'extra large' companies are key. Overall, whilst most companies globally own just a handful of vessels, the limited number of much larger owners clearly have a big overall influence too.
Source: Clarksons
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(2) Lloyd's List, 30 November 2016

The good, the bad and the ugly

2016 was a good year for regulatory decision making — the next few will demonstrate how industry reacts to it

SHIPOWNERS have an uneasy relationship with regulation, especially when it is unclear, opaque and uncertain — nearly all the time then. The last meeting of the Marine Environment Protection Committee offered some clarity. The US election has not.

In 2016 there were a number of regulatory highlights. The ballast water convention came into force and decisions were made over outstanding issues relating to compliance. Decisions were also made at the International Maritime Organization regarding greenhouse gas, sulphur emission rules (the introduction of the global reduction to 0.5% will remain at 2020), and a decision on the North and Baltic Sea NOx Tier III emission control area.

Then there was the US election and the Brexit referendum.

Trumplandia

Donald Trump's seemingly more positive approach to fossil fuels may benefit or torment the shipping industry, depending of course on the sector and the level of climate change ambition.

Lobbyists for the oil and gas majors have the ear of Trump, who has financial stakes in infrastructure. His promises, regardless of his ability to deliver, offer hope for US manufacturing, notably automobile production, and for energy production.

A Trump-led Republican administration focused on domestic industry will likely create opportunities, though to what extent will remain unclear until he is in the Oval office and his team of advisers get on with their jobs.

It may have been a republican, in the form of John McCain, that recently attempted to abolish the protectionist Merchant Marine Act of 1920, commonly known as the Jones Act, but Trump seems at the moment to be anything but an ordinary Republican. The coming year will be more about international agendas than US domestic ones and here Trump may have a harder time.

The Trump presidency could easily create additional regionalism. His dislike of the Trans-Pacific Partnership — and desire to disband it — is widely known. How much he can achieve in softening American-Russian hostility and easing sanctions will be one of the big questions, as of course will whether he will live up to his own anti-Iranian rhetoric and roll back the sanctions there.

The US is also a notable player at the IMO, a multinational UN body that a Trump administration could well distance itself from. There has often been an uneasy relationship between the IMO and the US and it seems widely expected that things will not improve.

The US Coast Guard is set to issue type approvals of ballast water treatment systems over 2017, easing the installation headache for owners of US-bound vessels, though the threat by Trump to restructure or disband the Environmental Protection Agency may have repercussions.

Brexit

Uncertainty over how an eventual Brexit will impact shipping has remained high ever since the summer's shock referendum result. However, shipping remains resilient and, as the UK is after all an island nation, one expects the ships to continue to sail. But what of London with its significant maritime services hub?

There are signs of nervousness, but with the high courts being brought into the story, there is likely to be just as much conjecture at the start of 2017 as there was at the end of 2016.

Ballast Water

A lot has been written about ballast water, particularly with regard to whether the convention will lead to more scrapping.

The convention will come into force in 2017 and owners will have about five years to have systems installed. The only remaining uncertainty is whether this period may be expanded, maybe by two years, given that type approval process for equipment has been tightened and owners may seek systems that have been approved under the new tougher specifications.

The US has its own agenda and will soon approve treatment systems, under a standard similar to that which the IMO has now adopted. Vessels coming into US waters will increasingly be expected to have systems installed, though for a while exemptions and the ability to use other systems that have a temporary certificate, recognising them as an alternative management system, will be permitted.

CO2

The behind-the-scenes discussions at the November 2016 Marrakesh meeting of the UNFCCC, a year after the much publicised Paris meeting and Agreement, have focused on any potential new approach to global greenhouse gas targets that the Trump administration may have.

But the momentum of Paris seems to be building. The Agreement has been signed by hundreds of signatories and will lead to assessments in 2018 and a review in 2020 as pressure to keep global warming to under two degrees intensifies.

The decision by The IMO's MEPC to set 2018 and 2023 as dates for an outline and more comprehensive strategy will align with the UNFCCC roadmap and offer a way for shipping to be accountable alongside member states.

This roadmap could be seen as one of three prongs to the IMO's ongoing tackling of shipping's greenhouse gas emissions, all of which will develop further in 2017.

The second is the review of how much more efficient ship designs in the future should be. The IMO and industry were pleased when the structure of the Energy Efficiency Design Index was agreed, along with how much future newbuildings would be improved. Depending on when they are built, vessels must be of a percentage better than the EEDI for their type and size. In the agreed IMO text creating this regulation, there is scope to review these targets. Lobby groups have data to show that the targets are too easily achieved and therefore need to be tightened. This is still under review but was not resolved in the Autumn 2016 MEPC meeting, with decisions likely to be made in 2017.

The EEDI targets are still under review, but the 2020 phase II target of 20% will remain in place, leaving future targets after that to be tackled. It could be that the phase III 2030 target is brought forward and a tougher phase IV is introduced.

The IMO's third emissions prong is data collection. There is a long history of political squabbling and stalling behind this, with a decision to collect data being the easiest and least problematic first step for the collective members of the IMO to take. It has now agreed to start mandatory collection from 2019, including each ship's CO_2 emissions data and cargo data. This will be available to the IMO only.

In the background there remains a drive to bring shipping into the European Union Emission Trading Scheme, which is geared towards heavy industry and currently under review in the European Parliament.

MEPs active in its environment committee are still contemplating if and how shipping can be drawn into this, either directly or with a financial exemption, by paying into a European shipping fund that some think could be used to help decarbonise shipping. This of course helps Europe meet its carbon targets under the Paris Agreement.

Transport and Environment and Seas at Risk, members of the Clean Shipping Coalition, support this move, saying that while it will be regional it will put pressure on the IMO to up its game.

Shipowners will need to decide this coming year how they will collect shipboard data operating to, from, or between European ports. Under the European emissions monitoring, reporting and verification requirements, they need to collect and submit verified CO_2 and cargo data into a European database. Owner groups are worried as this database, unlike the planned IMO one, will be publicly available, potentially allowing customers and other interested parties to see how good or bad each vessel is.

The commission has said it will review the IMO developments and potentially submit an amendment to the European MRV rules to align them with the IMO's. However this potential amendment will have to go through the European Parliament to be approved.

The voice of shipping in 2017

The International Chamber of Shipping has been the more vocal of the shipping lobby groups on the climate action perspective, and that is likely to continue into 2017, even if not all are on board with the direction the ICS is heading.

Among its members of national shipping associations there is, according to Lloyd's List sources, an unofficial "coalition of the willing", keen to meet these increasing societal demands on shipping to tackle its CO_2 emissions in a robust manner, while there remain those that are far less enthusiastic.

Pressure is also growing behind the scenes for the shipowners groups, ICS, Intertanko, Intercargo, IPTA, BIMCO, all with a seat at the IMO committees, to speak more with one voice, especially when it comes to pushing the industry forward on a carbon reduction trajectory.
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(3) Clarksons Research, 28 November 2016

The Shipping Industry: Safer Than The Olden Days?

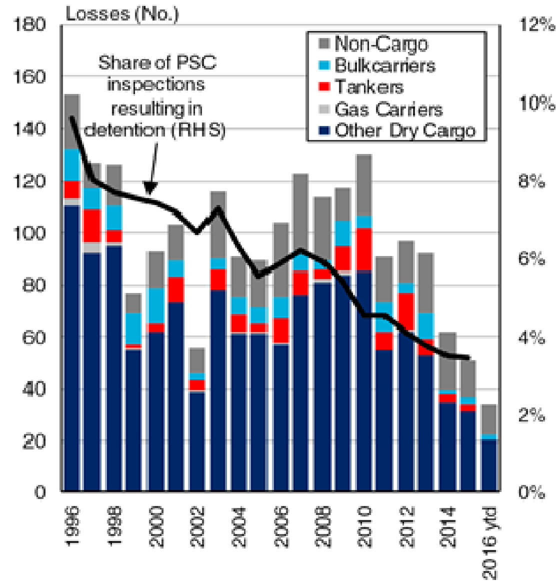
Today's Shipping Intelligence Weekly comes on the 896th anniversary of what was, back then, one of the most catastrophic losses to hit shipping for many years. On November 25th 1120, the sinking of the so-called White Ship off the French port of Barfleur killed the heir to the English throne and prompted a civil war between the forces of Matilda and Stephen. Fortunately, ships are safer today!

Graph of the Week

Losses On A Declining Trend

The *Graph of the Week* shows the number of losses by type of propelled sea-going merchant vessels 100+ GT recorded by Clarksons Research (left hand axis).

It also shows the vessel detentions made by the Port State Control MoUs (Paris, Tokyo, Viña del Mar, Caribbean, USCG, Abuja, Mediterranean, Black Sea and Riyadh) as a percentage of the total number of inspections made by member authorities.



Source : Clarksons Research

White Ship On The White List?

According to the historical record, the White Ship had been "recently-refitted", although it seems unlikely that standards in the yards would have been on a par with the present system of special surveys. Today, the industry has an interlocking network of regulatory bodies dedicated to preventing casualties and losses. These include flag states, class societies, port state control bodies and others.

The loss of Prince William Adelin's White Ship was blamed at the time on "excessive drunkenness and overcrowding" amongst the crew: not something that would be tolerated by today's port authorities. Back to the 21st century, the Graph of the Week shows the number of total losses recorded by Clarksons Research by ship type. Over the long term, the trend is downward: 153 losses were registered in 1996, but only 51 have been recorded so far for 2015 (ships 100+ GT).

It is possible that a more systematic approach to safety and environmental monitoring has helped to ensure that only well-maintained ships put to sea. In 1996, the MoUs collectively performed just over 30,000 inspections, 9.6% of which resulted in a detention. By 2015, the number of inspections had risen to more than 80,000. But detention levels have consistently declined, to 3.5% of vessels inspected in 2015. The most likely explanation for this is that fewer vessels with deficiencies serious enough to warrant detention are being encountered.

The reduced trend in losses has been particularly marked since 2009, driven by fewer losses of small general cargo vessels. 1,817 general cargo vessels have been scrapped since the start of 2009. This has removed elderly breakbulk tonnage (which hung on in the boom) from the market, possibly reducing losses.

A Big Loss

Of course, although losses have become less frequent in numerical terms, a persistent fear for the industry is a high profile casualty (as the White Ship was). Analogous modern-day examples might include the Costa Concordia ($1.2bn salvage cost) or Rena ($0.7bn). The ability of salvage operators, hull & machinery insurers or P&I clubs to handle a larger loss of an ultra-large containership or cruise ship has been much debated.

Accidents Happen…

The grounding of the rig Transocean Winner off Scotland in August shows that even in the modern maritime world of the 21st century, vessels still get into difficulties. Fortunately, this was not a disaster: minimal oil was spilled, and the drilling unit was speedily salvaged. The indicators on the graph suggest that the industry may be becoming safer. In numerical terms, only 0.05% of the world fleet 100+ GT was

lost in 2015, down from 0.26% back in 1996. These are positive signs, but, as much of the English government discovered aboard the White Ship, the sea always needs treating with respect. Have a nice day.
Source: Clarksons
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(4) Hellenic Shipping News, 24 November 2016/ Evening Standard

London's shipping captains see threats and opportunities amid Brexit storms

London has been the centre of the world's shipping industry for hundreds of years. In the time of Empire, the City and what we now call Docklands would throng with stevedores unloading ivory from Africa, tea and spices from India and rum from Jamaica.
While the ships and docks may be long gone, the financiers and brokers who keep the trade in motion remain. But for how long? Despite generations of City dominance of the lucrative business of broking, insuring, financing and drafting contracts for ships and their cargoes, the industry's captains warn of serious trouble on the bridge.
Tough conditions for global trade, Brexit and upstart rivals including Singapore mean London's status is under the most serious threat in recent memory. The industry's ongoing importance to the UK economy is clear. In 2012, the maritime sector contributed £11 billion — and employed thousands of skilled workers.
Little wonder, then, that former Lord Mayor Lord Mountevans made it a key goal to bring the crisis of London shipping to the Government's attention, urging that it should not be allowed to sink into oblivion.
An independent report led by Mountevans made it clear who was to blame for the situation.
"A perceived lack of government leadership, co-ordination and interest is felt to be impacting on the UK's status as a world-leading centre for maritime activity," the report concluded. Considering the study was commissioned by the Government's own Department of Transport, that was a stinging claim.
London's position was already suffering before Brexit but the referendum result has thrust the battered and bruised industry, which still conducts 90% of the world's trade, back into the spotlight.
A series of hijackings by Somali pirates plunged the whole industry into crisis at the start of the decade. Although the number of such incidents has since fallen dramatically, the targeting by West African pirates of ships working on offshore oil rigs is on the rise.
For those not on deck, rock-bottom freight rates, caused by crippling overcapacity, for dry bulk (transporting raw materials such as iron ore and coal) and container ships are the main concern. The weak general market led to South Korean giant Hanjin's collapse this year and forced Danish containers behemoth Maersk into a painful restructuring in September. That was before Donald Trump threatened to rip up US trade agreements and slap steep tariffs on goods imported from China. It's also, of course, before Britain leaves the European Union.
#David Balston, director of policy at the UK Chamber of Shipping, says: "The importance of making London as competitive as possible in maritime terms is trebly important now in a post-Brexit world because clearly we need to make the UK offering on all sectors and industries as attractive as we possibly can."
Other cities have been eyeing up the capital's status as top dog in shipping services amid the torrid conditions in recent years. Balston says Singapore "would love to steal that crown from London", and has reeled in business from these shores with lucrative tax breaks for shipping-services firms relocating there.
There were 15 shipping groups in Singapore in 2000; that number had grown to 130 by 2014.
It is no coincidence that London's venerable Baltic Exchange, which benchmarks global shipping rates, was this month snapped up by the Singapore Exchange in an £87 million deal. The Exchange's departing boss Jeremy Penn explains: "Singapore are keen to develop their business in the West and use the Baltic as a platform for that — perhaps attracting financing business."
The Department for Transport last week met the group behind the Mountevans-chaired study for the first time since Britain voted to leave the EU, putting trade ties with our closest neighbours under pressure.
Transport Secretary Chris Grayling, Trade Secretary Mark Garnier and Brexit Minister Lord Bridges heard that unless the shipping industry is given more Government support after Brexit, London is at risk of

losing its number one status. Mountevans, a shipbroking veteran himself, was backed at the talks by other industry experts including UK Chamber of Shipping chief executive Guy Platten and Mark Dickinson of trade union Nautilus.
The industry's demands of how government can help are many. They include:
Ensuring maritime services are in new free trade agreements struck by Liam Fox's newly formed Department for International Trade.
More Government help in promoting the industry around the world.
A bigger push globally of British engineering and manufacturing to help exports by sea.
A commercially oriented shipping register, which would promote British shipping worldwide.
Ensuring that quitting the EU means the UK is more free to offer tax breaks to shipping firms.
Helping attract more investment into UK ports and talent into the sector.
If such assistance is made available, all is not lost for London's industry, say its practitioners.
An insider at last week's talks says it was "a very positive meeting", adding: "We were impressed by how ambitious the Government is for the future, and they were genuinely listening and learning and we are quietly optimistic."
James Kidwell, chief executive of shipbroker Braemar argues that London has other "soft" advantages such as the time zone and "the fact it's generally a very liveable city".
Kidwell adds: "You have to take your hat off to Singapore in the way they've created a lot in the last 20 years, but I don't think London's in any danger of being leapfrogged imminently."
Most in the maritime industry are sanguine about Brexit although, as the Baltic Exchange's Penn points out: "You don't work in shipping unless you're an optimist. Shipping is all about trade and if you think Brexit enhances trade and pushes Britain to trade more widely, then that's going to be good news for shipping."
Another potential positive of leaving the EU is the potential to cut red tape. Shipping leaders argue that the British tonnage tax regime, which offers shipping firms a lower tax environment, has been constrained by EU state aid rules.
The UK Chamber of Shipping says that once this stranglehold ends, the number of cargo ships in Britain will start to grow again.
The question now is whether the Government can negotiate the deals that the shipping industry needs so desperately.
Source: Standard.co
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(5) Lloyd's List, 22 November 2016

Blueprint for Growth

A summary of the UK Chamber of Shipping's pre-Brexit plan

THE UK Chamber of Shipping has tabled its 'Blueprint for Growth' to the British government ahead of the autumn financial statement. Here we provide a summary of its key points.

Customs controls

The UK Chamber has been very vocal in lobbying for the free flow of exports and imports post-Brexit. The removal of customs controls simulated huge growth in trade between the UK and the European Union between 1992, the last year of customs controls, and 2015, the Chamber says. The number of heavy good vehicles through Dover grew by 150% to 2.5m, representing 17% of the UK's international trade in goods, worth about £120bn annually.

Growth in Irish trade, using the UK as a land bridge to European markets, has grown even more steeply, especially on high-volume routes servicing Dublin. The number of HGVs through Holyhead grew 627% and Liverpool 273% since customs controls were abolished.

“The maintenance of current trade volumes is critically dependent on traffic continuing to pass through ports freely,” the Chamber says. “The reimposition of significant customs checks will have a profoundly negative effect on the ferry sector — and on the UK’s ability to trade with the European continent.”

Trade deals

UK shipping must be positioned to take advantage of new and emerging market opportunities, and to retain its existing market share in Europe. New trade agreements should include access to maritime services, and target major economies with which the EU has negotiations pending such as India and Brazil, or Canada, which has concluded an EU trade deal. It should also look to other major economies with which the UK would want to establish trading links such as Australia and New Zealand. Emerging economies should also be targeted where possible bilateral agreements could be agreed more rapidly than EU multilateral ones.

Visa reforms

Pulling no punches, the Chamber says that the awkward, slow and unpredictable UK visa regime makes it excessively difficult for UK shipping companies to recruit personnel from outside Europe, or to bring in personnel from their overseas offices. Several shipping companies have relocated skilled marine roles away from the UK and others have not located skilled marine functions to their UK offices because of the visa regime.

The UK must introduce visas comparable with competitor jurisdictions, such as Singapore and Dubai, to “facilitate rather than obstruct the transfer of skilled personnel around the global shipping industries’ offices”.

“The visa process needs to be simple, straightforward, predictable and stable.”

The same is true for the maritime education sector, which currently falls foul of Tier 4 of the points-based system with many officer trainees from oversees prevented from studying in the UK.

Overseas students make up 40% of the student body, paying £7m per annum in fees. Without overseas students there will be fewer courses available to British students as they would no longer be viable.

The Chamber suggests that educational visas be measured over the duration of college time only, with the time spent at sea outside the UK not included.

Tourism

Tourism within Europe depends on the ability of passengers to travel when they wish, free from any requirement to obtain a visa in advance. At present, this is guaranteed by the EU Treaty, which may no longer apply after Brexit.

Cruise itineraries are typically scheduled at least two years in advance, leaving that sector at particular risk of any changes to travel visas.

“The UK Government should affirm that Europeans will continue to be welcome to travel to Britain and will not need to obtain a visa (or equivalent authorisation) in advance. It should seek reciprocal assurance in respect of Britons travelling to neighbouring countries.”

UK Ship Register

The Chamber has called for a number of reforms to the UKSR. If these are borne out it has promised to work closely with the government to promote the UK flag to international companies.

Through its own research, and by speaking to shipowners both in the flag and outside of the flag, the Chamber has identified that the UK flag remains attractive to shipping companies and its fees are competitive. However, its disproportionately small share of the work fleet — 0.8% of global tonnage — is attributable, in large part, to the poor service provided by the Maritime and Coastguard Agency.

“Its levels of service consistently compare unfavourably with those of other ship registers, particularly in relation to its core function of flag-state surveys and technical advice of statutory requirements. A much stronger focus on customer service is needed if the MCA is to compete with other ship registers and attract tonnage to the UK register.”

The chamber has called on the UKSR to improve its registration process, “which does not involve the MCA questioning the judgement of its counterparts or demanding that the ship be modified”.

The MCA should guarantee that a surveyor will attend a UK-flag ship within six hours of a request from a shipowner, and issue ships’ certificates immediately after successful completion of a survey.

Specialist advice on regulatory requirements should be given promptly and accurately.

Cadet training

The chamber is calling for double the existing spending on cadet training under the Smart Plus programme to £30m, and an increase in cadets to 1,200 per year by 2020.

The government would cover the costs of academic courses including foundation degree, Scottish professional diploma and higher national diploma, plus related accommodation and subsistence.

Employers would commit to employing newly qualified seafarers for at least one year. “That will take them through to their second certificate of competence, which is the point at which we know seafarers find it easier to find work.”

Government contracts

The chamber wants a “level playing field” for UK companies in the oil and gas sector, including owners and operators of offshore supply vessels. It wants the government to consider the economic benefit to Britain when awarding contracts for work, such as how HM Treasury will benefit from tax revenue and reduced spending on social security.

“If contracts are awarded to foreign companies — even when the UK companies have been available to carry out the work — the funds invested by the government are going overseas, instead of being ploughed back into the UK economy through increased employment and income. Bidders should be required to set out the minimum UK supply chain content that they would use as a condition for entering the tendering process.”

Training infrastructure upgrades

Block funding grants for facilities upgrades are needed for the UK’s maritime training facilities, many of which are dated and lacking modern technology such as ship simulators.

Salaries should be boosted at these institutions in order to attract the best-qualified staff, many of whom have to take significant pay cuts when transferring from ship to shore.

Overhaul seafarer examinations

Administrative procedures can delay oral and written examinations for UK seafarer certification, which can hold up career progression. Written tests could be remodelled similar to the DVLA’s multiple choice test for a UK driving licence.

Transform apprenticeships

The chamber wants existing training systems to be recognised as apprenticeships with access to the new levy funding. It fears that the current Scottish government consultation on the wider use of such levy monies could funnel money north of the border and lead to reduced opportunities for young English nationals to embark on a career in the industry.

The existing Trailblazer apprenticeship is hugely bureaucratic and has rigid policy requirements that are predicated on ideological dogma and are not differentiated to provide for industry requirements.

The current requirements and process take no account of existing good practice, and employers have to jump through hoops of differing — and constantly changing — size. These bear no relation to the practicalities of realities of the industry, which operates within a strict international regulatory regime and employs seafarers from all parts of the UK, as well as from overseas.

Protection of employees

Directive 2015/1794 was developed by the European social partners for the maritime transport sector and has the strong support of the UK Chamber. It gives protection to employees after their employer's insolvency and means that when a company sells a ship, the crew are not transferred with the vessel.

"Any requirement that the crew must transfer with the ship will reduce the attractiveness to a buyer and will not suit members of the crew if the ship is to be put to use in another part of the world.

"It is very important that this directive is implemented while the UK remains a member of the EU. The transposition deadline is 10 October 2017."

Cut regulation red tape

Brexit presents the UK with an ideal opportunity to review all the EU-specific regulations and remove those that place an unreasonable burden on industry without adding true advantage. The chamber wants the shipping industry to continue to be regulated by the International Maritime Organization and for EU 'gold plating' of regulations — when it believes they do not go far enough — to be scrapped. Examples of such gold plating include the Athens Convention, the STCW Chapter VIII-1, EU MRV and The Sulphur Directive.

More flexible tonnage tax

UK tonnage tax regime is constrained by EU state aid rules. Commission guidelines on state aid to maritime transport make it impossible to offer an attractive tonnage tax option for ship management companies. They discriminate against ships flagged in the Red Ensign Group registries outside the UK and remove the freedom of tonnage tax companies, when acquiring additional ships, to choose a flag that suits the needs of the business.

EU state aid rules will cease to apply once the UK is outside the European Union, and full advantage should be taken to introduce greater flexibility into the UK tonnage tax regime.

A tonnage tax training commitment could increase the number of cadets in training should more vessels join the regime.

M Revenue & Customs could open new election windows for companies to opt for tonnage tax, or vary the spread of training obligations across cadets, rating trainees or junior officers studying for a second certificate, making it more responsive to market developments and to shipping companies' evolving needs for personnel.

UK voice at IMO

"The UK should regain a position of leadership and influence within the IMO."

As a member of the European Union, the UK cannot publicly contradict the EU at IMO plenary discussions, including environmental regulatory debates, safety and employment. Should the UK no longer be bound by this requirement, it could take a contrary view, such as Norway, which seeks to influence EU regulation by taking a strong position in the IMO.

Mutual recognition

The UK must retains reciprocal arrangements under EU directives on mutual recognition of professional qualifications. Certificates of Competency are accepted for service on ships registered in all member states of the European Economic Area.

This is to the advantage of UK shipping companies and UK seafarers. Shipowners must have a pre-specified number of crew onboard, so frequently need to recruit crew with little notice. The ability to recruit from any EEA member state is essential, because it not only ensures that ships are able to operate in accordance with their schedules, but also that they can be kept on the UK flag.

UK officers benefit from working on ships under any EEA member state flag.

Seafarer earnings deduction

All UK resident seafarers should be entitled to reclaim the income tax paid on their earnings as seafarers. At present they are required to be outside the country for 183 days in a year to make a claim.

This excludes many seafarers working on ferries, in coastal trades and in the UK's offshore energy sector.

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(6) Hellenic Shipping News, 29 November 2016/ CNBC

Panama Canal widening brings new headaches for Panamax owners

Container ships less than a decade old are potentially on the block for scrap value as a widening of the Panama Canal earlier this year plays havoc with a market already under strain from a crash in freight rates.
An expanded Panama Canal opened in June to ships three times bigger than those previously called Panamax – a designation assigned to the biggest vessels that could pass through the locks cutting through the Central America isthmus. The makeover for the more than century-old shortcut between the Atlantic and Pacific oceans has already been giving the Suez Canal a run for the U.S. East Coast – Asia's shipping route of choice.
In response, many shipping firms are now weighing whether smaller ships are obsolete, as options to find new opportunities narrow and costs outweigh fees earned from operations, said shipping information provider VesselsValue.
Finding new uses for the classic Panamax ships has been difficult, including the ships actually being too big to ply container feeder routes, said VesselsValue associate director, Claudia Norrgren.
The development has sent the value of container ships down on-year, she said, with news rocking the industry of a 7-year-old container ship under negotiation for sale that was valued just above scrap value at $5.87 million, after its value fell 62 percent this year alone, according to VesselsValue.
The ship's owner, Singapore Exchange-listed Rickmers Maritime, said the sale had not been completed, but confirmed talks were ongoing, the trustee-manager said in a statement to the Singapore stock exchange.

Even so, in September a 10-year-old Panamax-size ship was scrapped as overcapacity weighs on the industry. In 2011, the average age of container ships scrapped was 19 years old.
There have been 151 container ships scrapped this year to date, double the number in 2015 and more than the 134 scrapped in 2014, according to VesselsValue. There were 164 such ships scrapped in 2013.
Shippers that own Panamax vessels also face headwinds from sharp drops in rates for bulk commodity shipments in the past few years and an overall slowdown in global trade that has hit container traffic, sending freight rates to record lows.
As well as tanking freight rates, new environmental regulations requiring new installations and retrofitting may contribute to more young vessels getting scrapped.
"Many people in the industry think that lots of the overcapacity will be got rid of, as you will never make your money back from the expense to add all these systems on the vessel," said Norrgren.
Source: CNBC
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(7) Lloyd's List, 25 November 2016

2017 will be the real digital dawn for shipping

Shipowners and operators that ignore the digital march will start to be left behind

Vast amounts of onboard data will come online

IF ONE can cut through some of the hype surrounding smart ships, perhaps with a digital knife, one will still see that the connectivity agenda is set to continue in 2017 as vendors and developers push their data-related products onto the market for both onboard and onshore maritime business.

Digital platforms such as Clearmetal, Xeneta, Hive Maritime, and some of what Rightship has been pushing out, are offering a more connected, more data-savvy vision of shipping.

The key driver to this is the ability of some very smart programmers to write analytic algorithms that can make sense of the vast amount of data becoming available, thus offering customers actionable information.

Rightship chief executive Warwick Norman, for example, sees a future where data can predict the future probability of a vessel becoming a casualty.

Automatic Identification System data will be increasingly used to better understand global fleet positions. Our own parent company, Informa, has invested vast amounts of money in improving its AIS coverage this year, including more positioning beacons in more locations around the world.

Shore-based data analysis of rates, freight assets and vessels will increasingly allow cargo owners and shippers to get a better and more immediate picture of shipping and logistics chains as they increasingly seek out financial efficiencies. This ability gives charterers much more power in their discussions with owners.

Ship to shore connectivity will increase

Increased levels of communication between ship and shore is set to revolutionise this connectivity. UK-listed Inmarsat will spend 2017 pushing its Fleet Xpress service relentlessly after finishing the launch and deployment of its fifth set of satellites in 2016.

Inmarsat entered the K-band market with Ka-band satellites, which, combined with its L-band, offer resellers and shipowners more communication options.

In a bid to recoup the $1.6bn investment, Inmarsat is targeting a new maritime customer base — the technology companies that are incorporating the cost of connectivity in their offering to shipowners.

Tie-ups between land-based communication service providers, such as Ericsson, and maritime service providers are likely to continue. Over the last two years Sweden's Ericsson has worked with Inmarsat, PoleStar and Speedcast as it targets the as-yet untapped shipping market with its Maritime ICT Cloud solution.

This is a promise of what is to come more than a reality at present, but as these ICT solutions largely borrow from successful land-based services, there is every reason to expect success, barring of course shipowners that remain steadfast in taking a more traditional approach to technology development.

These digital services will likely succeed for two reasons.

First, there is a relatively lower research and development investment demand from service providers, which is useful as many are seeing lower revenues and profits from traditional engineering sales and need to develop a life-cycle service orientation. It is notable that Wärtsilä, a company that has been driving forward with this, employed its first board-level chief digital officer in 2016. One expects to see more of these roles appointed in 2017.

The second reason, and one that 2017 will likely witness, is a higher take-up of data connectivity by shipowners.

Shipyards, desperate for more orders, could even get on board. Their shaky financial status has pushed them to make huge changes over the past 10 years. They no longer tell shipping what ships they can get, but are being forced to listen to change. This gives shipowners, designers, system developers and integrators a much better chance of getting what they want in newbuilding designs.

Engineering investment will still count for something

Low oil prices over 2015 and 2016 have severely dented interest in fuel-saving technologies, but many experts recognise this as a temporary lull, albeit of an unknown duration.

The regulatory landscape, already being shaped by rules that are in force and about to come into force, will compel owners to invest in technologies such as ballast water systems and exhaust gas cleaning systems.

There remain questions regarding the robustness of the technologies of course and the agreement by the International Maritime Organization to increase the testing standards for ballast water treatment systems is aimed at easing those concerns.

While exhaust gas cleaning system sales (for newbuildings and retrofits) may begin to rise — thanks to the decision by the IMO to confirm January 1, 2020 as the date when the global sulphur in fuel cap drops to 0.5% — there is no doubting how relatively low bunker prices and the lower spread between fuel oils and low sulphur blends and distillates have stifled shipowner interest.

Interest in using liquefied natural gas as a fuel has also dipped, though given the drive by some organisations, such as some of the class societies, this could be short lived.

LNG won't save the planet

There has been an increase in criticism of promoting LNG as a panacea for shipping's global warming challenge. As it is free of sulphur it meets the sulphur emission rules and it produces fewer NO_x emissions than most liquid fuels, and some engine makers have gas-fuelled engines that meet the IMO's Tier III emissions limits. But there is a growing question about 'methane slip'.

LNG-fuelled engines reportedly emit less CO_2 than their equivalent sized liquid fuel engines, but as methane is a substantially more destructive greenhouse gas than carbon dioxide there are questions surrounding its overall benefit.

Engine makers naturally point to the low levels of methane slip, while detractors of LNG point to the total LNG supply chain and the slippage in it to demonstrate the risks.

For some, LNG is a stepping stone to a hydrogen-fuelled shipping economy, but questions still surface regarding the lengthy vessel life cycle, some 30 years, and the lack of time the industry and society have to turn all industries around and meet the overall greenhouse gas targets of society.

The debate for 2017 will be whether LNG is a technological dead end or really a suitable step to a decarbonised shipping industry.

There are initiatives to address some of this transition. The IMO initiative to create a series of maritime technology co-ordination centres in 2017 aims at stimulating technology transfer and interest in some of the developing regions of the world. With European funding, the MTCCs will be used to create a platform for research and knowledge sharing that will develop into technology clusters and actively drive investment into a low-carbon shipping future.

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