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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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- At a recent ***International Maritime Organization*** annual Assembly, a new strategic plan and vision statement were adopted (item 2). Several aspects of the global maritime scene are a particular focus: marine plastic pollution, Polar code second phase, extension of IMO's ship identification number scheme, port state control procedures, carriage of harmful substances.
- Aspects of the vexed question of what constitutes ***safe manning of merchant ships*** were debated at a recent conference. It is argued that this topic is more than an issue of numbers of seafarers needed: a comprehensive risk assessment is required as well (item 3).
- One notable achievement is ***China's first 'smart ship'***, a ship defined as able to record in real time data about the ocean environment, logistics, ports and the ship's own equipment (item 4). Advantages claimed are safer movements and reduced fuel consumption.
- Despite a revival this year from very low levels, the ***bulk carrier freight market*** is still vulnerable to overcapacity problems (item 5). Looking ahead to next year, the strength of current trade growth may prove difficult to sustain. And there is uncertainty about fleet expansion, although current signs point to a markedly slower capacity increase.
- What ***perspectives from maritime history*** can be applied to today's world shipping scene? An analysis suggests relevant aspects (item 8). Fifty years ago momentous changes were starting or under way which have shaped the present era and may have implications for the future.

Richard Scott MA MCIT FICS
editor (email: bulkshipan@aol.com)

(1) Clarksons Research, 8 December 2017

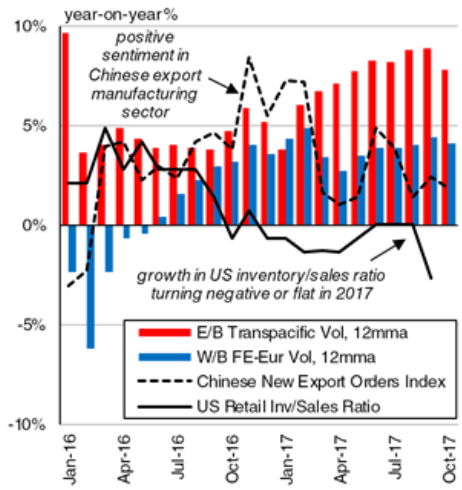
Plenty Of Gifts For Container Shipping This Year…

The festive season is coming closer, and for many of us the time to get the seasonal shopping done is running out. For the containership sector, however, the peak shipping season was back in the summer, giving us a chance to reflect already on how consumer and manufacturing trends have left box shipping looking back on a busy year in terms of volumes.

Graph of the Week

Pulling And Pushing Along Santa's Sleigh At Speed

The bars on the graph show the 12-month moving average of the year-on-year growth rate in peak leg Transpacific and Far East-Europe container trade volumes since the start of 2016. The lines on the graph show the year-on-year growth rate of China's New Export Orders Index (one of China's monthly PMI sentiment indicators) and the US Retail Inventory/Sales ratio (seasonally adjusted) over the same period. A range of seaborne container trade statistics are available on the *Shipping Intelligence Network*.



Source : Clarksons Research

Gifts In Boxes

It is currently projected that growth in global seaborne box trade will accelerate to 5.2% in full year 2017, up from 3.9% in 2016, and the slump to growth of 2.2% seen in 2015. That's good news for container shipping lines and boxship owners, and like Santa's sleigh being pulled rapidly through the snow, box volumes in 2017 have been driven speedily along by a range of factors. Foremost amongst them has been trade on the Transpacific route, where US consumer activity and retailers stockbuilding have pulled along a strong performance in eastbound volumes from Asia. Year-on-year growth in the key inventory/sales ratio in the US has largely been negative (see graph), following expansion last year. This has supported continued expansion in inbound volumes, supported by the US economy growing by its fastest rate since Q2 2015 in the third quarter this year. Overall in the first nine months of 2017, eastbound transpacific trade grew by 8% year-on-year.

Push And Pull

On the Far East-Europe trade, volume growth on the westbound leg, though not as robust as on the Transpacific, increased by 5% y-o-y in the first three quarters. Trends on the supply side in Asia clearly remained fairly resilient, pushing volumes along on the mainlanes. This has been illustrated by the performance of China's monthly New Export Orders Index in which y-o-y growth has remained in positive territory this year (see graph). Elsewhere, North-South trade has provided a welcome bonus too, with projected growth of 4.6% in 2017 surpassing initial expectations, and intra-Asian container trade growth is expected to hit 6.6%, the fastest rate since 2013.

Reindeer Tiring?

Looking beyond Q3, however, raises some concerns. The autumn closure of a number of factories in some areas of manufacturing in China has had a negative impact, though volumes remain far from collapse. In fact, allowing for the additional day of Golden Week holiday this year, and the usual slowing into October (less pronounced in 2016), the drop in growth appears to be not much more than might have been expected (peak leg Transpacific and Far East-Europe volumes combined fell by 0.6% y-o-y in

October). The impact so far isn't a major drag on the global picture this year, even if the full effect is still unclear and it remains an issue to watch going forward.

Feeling Festive

So, much of this year may have felt a bit like Christmas every day for container trade, including the peak season for shipping festive goods. Factors pulling volumes along have been a gift for overall seaborne trade too, with box trade accounting for almost 20% of the projected growth in tonnes this year.

Source: Clarkson

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(2) IMO, 11 December 2017

IMO Assembly adopts vision and strategic directions

As well as a new strategic plan, the Assembly adopted three resolutions which focus on IMO's capacity-building work to support the implementation of the UN Sustainable Development Goals. A key strategic direction for IMO is to improve implementation – ensuring regulations are effectively, efficiently and consistently implemented and enforced..

The IMO Assembly met for its 30th session at IMO Headquarters in London, United Kingdom (27 November to 6 December). The Assembly was the largest-ever gathering at IMO Headquarters in London, attended by some 1,400 participants, including 56 at the ministerial level, from 165 Member States, as well as observers from inter-governmental and non-governmental organizations.

Strategic directions and vision adopted

The Assembly adopted its strategic plan for 2018-2023, including a revised mission statement, a vision statement (included for the first time) and seven newly-identified strategic directions for IMO, placing the Organization firmly on route to supporting the implementation of the United Nations Sustainable Development Goals and the 2030 Agenda for Sustainable Development.

The strategic directions are:

- Improve implementation – ensuring regulations are effectively, efficiently and consistently implemented and enforced.
- Integrate new and advancing technologies in the regulatory framework – balancing the benefits derived from new and advancing technologies against safety and security concerns, the impact on the environment and on international trade facilitation, the potential costs to the industry, and their impact on personnel, both on board and ashore.
- Respond to climate change – developing appropriate, ambitious and realistic solutions to minimize shipping's contribution to air pollution and its impact on climate change.
- Engage in ocean governance – engaging in the processes and mechanisms by which the use of the oceans and their resources are regulated and controlled.
- Enhance global facilitation and security of international trade – addressing things like arrival and departure formalities, documentation and certification, and generally reducing the administrative burdens that surround ship operation.
- Ensure regulatory effectiveness – improving the actual process of developing regulations, to make them more effective; gathering more data, and being better and smarter at using it to make decisions; getting better feedback from Member States and the industry and improving the way IMO learns from experience and feeds those lessons back into the regulatory process.
- Ensure organizational effectiveness – increasing the overall effectiveness of IMO, including the Member states, non-governmental organizations, donors, the Secretariat –all the many stakeholders in the Organization as a whole.

Vision statement:

"IMO will uphold its leadership role as the global regulator of shipping, promote greater recognition of the sector's importance and enable the advancement of shipping, whilst addressing the challenges of continued developments in technology and world trade; and the need to meet the 2030 Agenda for Sustainable Development.

To achieve this, IMO will focus on review, development and implementation of and compliance with IMO instruments in its pursuit to proactively identify, analyse and address emerging issues and support Member States in their implementation of the 2030 Agenda for Sustainable Development."

Support for UN SDGs through technical cooperation

The Assembly adopted three resolutions which focus on IMO's capacity-building work to support the implementation of the SDGs.

The first resolution covers the linkages between IMO's technical assistance work and the 2030 Agenda for Sustainable Development and requests the Technical Cooperation Committee to give high priority to those activities which not only promote the early ratification and effective implementation of IMO instruments but also contribute to the attainment of the SDGs, taking into account the special needs of the least developed countries (LDCs) and small island developing States (SIDS) and the particular maritime transport needs of Africa.

The second outlines guiding principles of IMO's integrated technical cooperation programme in support of the 2030 Agenda for Sustainable Development. It urges Member States to ensure the integration of maritime issues within their United Nations Development Assistance Frameworks (UNDAF) which will determine their national priority areas of funding and support for maritime technical assistance activities.

The third covers financing and partnership arrangements for an effective and sustainable integrated technical cooperation programme. It invites Member States, international and regional organizations, non-governmental organizations and industry to engage actively in the support of technical cooperation activities through voluntary cash donations to the TC Fund; financial allocations to IMO multi-donor trust funds; multi-bilateral arrangements; voluntary donations of interest earnings under the Contributions Incentive Scheme; and in-kind support through the provision of no-fee consultants, hosting of technical assistance events and the donation of equipment.

Focus on marine plastic pollution

The Assembly recognized that the ongoing problem of marine plastic pollution required further consideration as part of a global solution within the framework of ocean governance. This is in line with the UN SDG 14 (Conserve and sustainably use the oceans, seas and marine resources for sustainable development) which has a target to prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution by 2025.

IMO's MARPOL treaty addresses garbage under its Annex V, which bans the discharge of plastics from ships into the oceans. The treaties which regulate the dumping of wastes at sea (London Convention and Protocol) also have role to play in addressing plastic in the oceans from land-based sources.

The Assembly recognized the role that the Organization has and continues to play in addressing this problem. The Assembly encouraged Member States, Parties to MARPOL Annex V and international organizations to submit concrete proposals to the next sessions of the Marine Environment Protection Committee and the meeting of the Parties to the London Convention and Protocol which meet during 2018.

Polar code second phase welcomed

The IMO Assembly welcomed the planned work within the IMO Maritime Safety Committee (MSC) to build on the already-adopted Polar Code and move forwards with looking at how vessels not currently covered by its requirements might be regulated in future.

The Polar Code, which entered into force on 1 January 2017 under both the SOLAS and MARPOL treaties, provides additional requirements for safe ship operation in polar waters and the protection of the polar environment.

The work on the second phase, to address other vessels, including fishing vessels and smaller ships not covered by the SOLAS treaty, will be initiated at MSC 99 in May 2018.

IMO number scheme extended to fishing vessels and other vessels

The Assembly agreed to extend the IMO Ship Identification Number Scheme to more vessels, on a voluntary basis, to support ship safety and pollution prevention by being able to more easily identify vessels.

The number scheme applies to ships over 100 GT and is mandatory for passenger ships of 100 gross tonnage and upwards and all cargo ships of 300 gross tonnage and upwards. In 2013, the Assembly agreed to voluntary extension to fishing vessels over 100 gt. Further voluntary application is now extended to fishing vessels of steel and non-steel hull construction; passenger ships of less than 100 gross tonnage, high-speed passenger craft and mobile drilling units, engaged on international voyages;

and to all motorized inboard fishing vessels of less than 100 gross tonnage down to a size limit of 12 metres in length overall authorized to operate outside waters under national jurisdiction of the flag State. Identifying and tracking fishing vessels operating at sea and being able to establish their ownership is an important part of ongoing work to tackle illegal, unreported, unregulated (IUU) fishing. IMO is working closely with the Food and Agriculture Organization of the United Nations (FAO) and the International Labour Organization (ILO) as well as other stakeholders, to tackle IUU fishing.

IMO is also encouraging States to ratify the Cape Town Agreement on fishing vessel safety, to bring this important treaty into force.

Port State Control – revised procedures adopted

Port State control plays a crucially important role as the second line of defence against sub-standard ships. The Assembly adopted revised Procedures for Port State Control.

The resolution contains a comprehensive compilation of guidelines relevant to Port State Control. It updates the previous Procedures for PSC adopted in 2011 (resolution A.1052(27)). The revisions include, in particular, guidelines on the ISM Code; the certification of seafarers, hours of rest and manning; and procedures regarding voluntary early implementation of amendments to the 1974 SOLAS Convention and related mandatory instruments.

Ratification of 2010 HNS Protocol urged

The Assembly adopted a resolution calling on States to consider ratifying a key treaty which will provide a global regime for liability and compensation in the event of an incident involving the international or domestic carriage by sea of Hazardous and Noxious Substances, such as chemicals, LPG and LNG.

The resolution calls on States to consider ratifying, or acceding to, the 2010 HNS Protocol and to implement it in a timely manner. It also urges all States to work together towards the implementation and entry into force of the 2010 HNS Protocol by sharing best practices, and in resolving any practical difficulties in setting up the new regime.

Delegating the authority of issuing certificates of insurance

The Assembly adopted a resolution to allow for the delegation of authority to issue certificates of insurance under the International Convention on Civil Liability for Oil Pollution Damage, 1992 (the 1992 Civil Liability Convention) and the 2010 HNS Convention.

Unlike the Bunkers Convention 2001, the 2002 Athens Convention and the 2007 Nairobi Wreck Removal Convention, the 1992 Civil Liability Convention and the 2010 HNS Convention do not provide an explicit framework for the delegation of authority to issue certificates of insurance.

The resolution confirms that a State Party to the 1992 Civil Liability Convention or the 2010 HNS Convention can authorize an institution or an organization recognized by it to issue the certificates of insurance or other financial security required by these Conventions.

It also reminds States Parties that the delegation of authority to issue the certificates of insurance or other financial security required by the 1992 Civil Liability Convention and the 2010 HNS Convention would not affect the potential liability the delegating State may have in relation to those certificates.

Launching missiles without warning condemned

The Assembly endorsed the decision of the IMO Council to strongly condemn recent missile launches by the Democratic People's Republic of Korea which posed clear and serious danger to the safety of shipping in international trade.

IMO budget adopted

The Organization's results-based budget and work programme for 2018 to 2019 was adopted by the Assembly. The budget includes an assessment on Member States of £31,864,000 for 2018 and £33,242,000 for 2019.

Election of the IMO Council

The Assembly elected the 40-Member IMO Council for the next biennium 2018 to 2019 (see Briefing 35/2017).

The Assembly directed the Council at its 120th session in June 2018 to examine the processes and procedures of the Assembly and Council, with a view to making suggestions for reform.

Election of Council Chair

The newly elected Council met on 7 December and elected Mr. Xiaojie Zhang (China) as Chair for 2018-2019. The election of the Vice-Chair was postponed until July 2018. The Council expressed its deep appreciation for the outstanding efforts and achievements of the previous Chair, Mr Jeff Lantz (United States).

Full list of resolutions adopted:
A.1110(30) Strategic plan for the Organization for the six-year period 2018-2023
A.1111(30) Application of the strategic plan of the Organization
A.1112(30) Results-based budget for the 2018-2019 biennium
A.1113(30) Revision of the Organization's financial regulations (effective 1 January 2018)
A.1114(30) Presentation of accounts and audit reports
A.1115(30) Arrears of contributions
A.1116(30) Escape route signs and equipment location markings
A.1117(30)) IMO Ship Identification Number Scheme
A.1118(30) Revised Guidelines on the implementation of the International Safety Management (ISM) Code by Administrators
A.1119(30) Procedures for Port State Control, 2017
A.1120(30) Survey Guidelines under the Harmonized System of Survey and Certification (HSSC), 2017
A.1121(30) 2017 Non-exhaustive list of obligations under instruments relevant to the IMO Instruments Implementation Code (III Code)
A.1122(30) Code for the transport and handling of hazardous and noxious liquid substances in bulk on offshore support vessels (OSV Chemical Code)
A.1123(30) Implementation and entry into force of the 2010 Hazardous and Noxious Substances Protocol
A.1124(30) Delegation of authority to issue certificates of insurance or other financial security required under the 1992 Civil Liability Convention and the 2010 Hazardous and Noxious Substances Convention
A.1125(30) Relations with non-governmental organizations
A.1126(30) Linkages between IMO's technical assistance work and the 2030 Agenda for Sustainable Development
A.1127(30) Guiding principles of IMO's integrated technical cooperation programme in support of the 2030 Agenda for Sustainable Development
A.1128(30) Financing and partnership arrangements for an effective and sustainable integrated technical cooperation programme
A.1129(30) World Maritime University and International Maritime Law Institute students visiting IMO Headquarters
A.1130(30) Charter of the World Maritime University

IMO Assembly

The 30th Assembly of IMO met in London at IMO Headquarters from 27 November to 6 December 2017. It was attended by some 1,400 participants, including 56 at the ministerial level, from 165 Member States, as well as observers from inter-governmental and non-governmental organizations and from the World Maritime University (WMU), the International Maritime Law Institute (IMLI).
The Assembly normally meets once every two years in regular session. It is responsible for approving the work programme, voting the budget and determining the financial arrangements of the Organization. It also elects the Organization's 40-Member Council.
Source: IMO
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(3) Lloyd's List, 8 December 2017

The numbers game

by Michael Grey

The shipping industry's idea of what constitutes safe manning levels has little consensus but it is more than a debate about headcounts

BACK in Hong Kong for a few days last month, taking in some of the SAR's Shipping Week, stuffed with different attractions and interestingly, offering some for the general public. There is a sensible belief that if the maritime sector is to remain important, it needs to sell itself hard, notably to young people who have a lot of different choices in this exciting location.

The Nautical Institute has a very busy branch in Hong Kong. It had organised a well-attended conference on “safe manning”, something that can give rise to lots of controversy once you start to assess the definition of “safe”.

It is, for a start, more than a numbers game and while a safe manning certificate may specify the various skills that are required, it might be suggested that this is very much a minimum requirement and an owner who operated without any leeway, might be accused of sharp practice. The certificate is issued by the flag state and respectable flags treat this exercise as a proper risk assessment, considering all the tasks and duties that the crew must carry out, both in normal and emergency situations.

As with any risk assessment, there will be a desired outcome and this needs to be the safe operation of the ship and protection of the marine environment.

The responsible flag will undertake this assessment professionally, employing suitably experienced staff able to identify potential problems and who are sufficiently flexible to understand when manning proposals are unconventional and demand alternative solutions.

They will not be swayed by some operator trying it on and suggesting that he can get a far better deal at that more accommodating register down the road. They will hopefully be alert to changes in trading circumstances, such as the authority that told me of some English Channel operator who thought that voyages to West Africa required no extra people aboard. It is, basically, common sense, but it does need the exercise of judgement and experience and sometimes a firm hand.

Skillsets for masters

We explored the vexed issue of ships on which the master is forced to keep a watch and may have just one mate to work with him, against which the NI has been valiantly opposing for years. That of course, brings up the problem of keeping ships competitive, notably where even the employment of an extra officer will see the ship losing out to the road hauliers.

It was not a conference in which mariners spent a lot of time complaining about hard-hearted owners with no sense of responsibility.

At the same time, there was recognition that the role of the master has become one burdened by bureaucracy and that this important professional is multi-tasking to a ridiculous degree. Ports, we heard emphasised, were “killers” in terms of the level of additional demands upon ships’ personnel. There appeared to be a reluctance to use modern business systems that might ameliorate the lot of the pressurised master and the queue of officials wanting to see him.

There is a need, it was emphasised, to support the master against these external challenges, or at least to recognise the pressure he or she is often under. We heard about the effects of stress, the lack of good sleep, the insidious effects upon health and the fact that fatigue can lead to a dramatic decline in efficiency. The effects of tiredness are worse than that of excessive alcohol, it has been frequently repeated, although to what effect I am not sure.

Devising oversight

Should the manning of ships be the responsibility of the IMO?

This was the subject of a spirited debate, in which the particular knowledge of operators to determine the manning was weighed against the idea of the IMO producing a sort of matrix, on the grounds that it would be easy to do and far harder to argue about. Curiously, the audience, of about 120 people, was split down the middle, so the result was less than conclusive!

What do mariners think about these matters? They seemed to think that the determination of a safe manning document was more than a mere bureaucratic or clerical task and deserved a professional approach. There was a need for seafarers themselves, wherever they appeared on the manning certificate, to be highly skilled and adaptive people, so it was certainly not just a matter of numbers.

There was a demand for the numbers themselves to be managed more constructively and we were reminded, by reference to a number of high-profile casualties, how the human factor plays into the issues of reputation and competition, when it all goes wrong. It is a crucial matter, this business of crewing.

There were strong words said about the effects of stress, the burdens of responsibility and the need for shore side management to realise just what was at stake. There were endorsements of the contribution of leadership and the important role of the Nautical Institute in providing what might be described as “best manning practices”.

Safe manning, it seems, needs a lot more thought and is rather more than a rather hasty exercise to provide a certificate that will satisfy somebody’s tick-box requirements. Manpower matters and we shouldn’t be deflected by clever automation or even hints of autonomy.

That’s what they said in Hong Kong, anyway+++++++++++++++

(4) Hellenic Shipping News, 15 December 2017/ Shanghai Daily

China's first 'smart ship' is making waves

The concept of "smart," which has become ubiquitous in our daily digital life, has also started sailing along in the shipping industry.

At the just-concluded Marintec China 2017 exhibition in Shanghai, the first Chinese-made "smart ship," named Great Intelligence, debuted to show the nation's world-first achievement in this area.

It is dubbed the world's first smart ship, a name coined by its developer China State Shipbuilding Corp, as it is the first ship awarded the "cyber-safe," "cyber-perform" and "cyber-maintain" smart-vessel classifications by Lloyd's Register. It has also been classified an "intelligent ship" by the China Classification Society.

In the China Classification Society's definition, smart ships are those able to capture data covering the ocean environment, logistics, ports and their own equipment in real-time, which helps them autonomously pick and adjust routes and manage and maintain equipment and cargo on board in real time.

That helps ships sail safer and reduce energy consumption. And that trend in shipbuilding is spreading worldwide.

Alongside China, South Korea's Hyundai Heavy Industries in July launched its Integrated Smart Ship Solution, a collection of information technology systems aiming to optimize navigation by collecting real-time data.

Global race

Three ships built by another Korean shipyard, Hanjin Heavy Industries and Construction Group, have been certified "cyber-safe" by Lloyd's.

Japan, meanwhile, has set smart ship development as the key task for its shipping industry for the coming five years. In December 2012, the nation started a research project on smart ship applications by bringing together 29 organizations and companies including its ship classification society, Nippon Kaiji Kyokai.

In November 2015, Norwegian classification agency DNV GL started a project with Japanese shipping giant NYK group to collect and monitor maritime data. Since then, four of the group's container ships have delivered data to DNV GL's digital platform, which created a "digital twin" to simulate the ships' operations and will help monitor and predict maintenance in real time.

DNV GL announced at the Marintec China exhibition that it will launch a sector — specialized in digital shipping solutions next year.

But smart ship development is still in its infancy worldwide, said Arthur Brunvoll, owner and chairman of Brunvoll, a Norwegian ship equipment builder.

"There even aren't unified rules on these ships, with only a few classification societies having released standards," he said.

"Shipyards and ship equipment builders are eager to participate in this trend, but most of us would only add digital technologies in production and equipment maintenance, without knowing accurately how to define a smart ship."

The key to whether a ship is smart currently may be how many "smart" functions it has.

The "cyber-safe" ships from Hanjin Heavy Industries and Construction Group, for example, cannot be considered smart ships, said Gu Yiqing, a chief designer of smart ships at the Shanghai Merchant Ship Design and Research Institute, as they don't meet all conditions such as real-time maintenance.

Lloyd's Register and the China Classification Society are the only two societies which have released standards for smart ships so far.

"(But) other nations and companies are surely accelerating design rules or developing smart ships," said Fang Quan, vice president of the research institute.

"They may not be willing to publish anything right now as rules on ships are complicated and important for national strategies, but smart ships have become an inevitable trend for the coming decades, a key sector to upgrade nations' manufacturing competitiveness."

Although there is no specific research or data on the potential market size for smart ships, the concept will definitely boost the global shipping industry if it takes off, said Martin Stopford, president for research at Clarksons, the world's largest ship broker.

"While Uber has changed transport on land, boosting the frequency of taking taxies, connecting ships worldwide will significantly enhance global logistics and ensure shipping safety," he said.
"That will greatly bolster the recovery of the shipping industry from the downturn seen over the past decade, especially if Asian countries try digital solutions to connect ports — it's the region where most of the world's people are."

Connected ships

"Connection," as he mentioned, will become the next phase of smart ships. Ships with smart functions worldwide have remote control rooms behind them, which analyze their statistics and feed back whether to change routes or if equipment needs maintenance.
The data collection is thanks to the development of the Internet and satellites, which help transmit and receive signals on machinery, ocean conditions and locations worldwide in real time.
Although China has developed the world's first smart ship, its remote control "back office" is limited by the fact it has only one ship to serve and receive data from, Fang said.
"But it is open to all ships which are willing to connect and will be in charge of more smart ships in the future," Fang said.
Before ships as a whole become smart, advanced shipping equipment companies have already added "connection" to their suite of services to win leading positions in the market.
Also during the Marintec China exhibition, Swedish-Swiss multinational ABB opened a remote control center in Shanghai named the Collaborative Operation Center, which is able to monitor its equipment onboard on time all over the world.
Apart from its own equipment such as turbocharging systems, motors and propellers, ABB has also been working with other equipment makers to extend digital services.
The company had eight such centers across the world before opening the Shanghai Center, connecting more than 700 ships. By 2020, it expects to monitor equipment in 3,000 ships around the globe.
"Smart equipment is the basis for smart ships," said a shipping engineer at a classification society who asked not to be named.
A single smart ship is just a start to show a nation's progress in smart shipping, Fang said.
Helped by digital technologies, the ship will avoid accidents caused by manual operations — "which account for over 80 percent of the total globally" — and will save energy and costs, as shipowners will be alerted to maintenance requirements in time instead of regularly overhauling and maintaining equipment.
"I bet in future most new ships will be smart ships," Fang said. "They are the key for the coming smart shipping market, encouraging nations worldwide to take a leading role in the trend."
Source: Shanghai Daily
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(5) Hellenic Shipping News, 11 December 2017

Too much capacity can hinder the dry bulk market's recovery in 2018

The dry bulk market looks to be on a tight rope as it balances its way out of the doldrums. Overcapacity will still linger on as 2018 is about to enter the foray. In an exclusive interview with Hellenic Shipping News Worldwide (www.hellenicshippingnews.com), BIMCO's Chief Shipping Analyst Peter Sand says that demolition levels are set to fall, compared to 2017, as rates are improving, while trade levels aren't expected to return to the height of the current fourth quarter, before the third quarter of 2018.

The second half of the dry bulk market can easily be regarded as one of the best since the start of the decade, fueling hopes of a sustained recovery moving forward into 2018. Which have been the main factors which triggered this rebound?

BIMCO: Q4 is always the strongest season, 2017 being no exception to this. It's the usual suspects Iron ore and coal, with soybean, general grains and fertilisers in supports acts. Sailing distance have played an important part this year – with longer trades also kicking into a higher level of demand in 2017 – than (I'll guess) most people expected.

As regard to 2018 – we have to remain cautious – we are not going to see volumes being transported to the same extend as in Q4-2017 before we get into Q3-2018. Remember that, the first half of 2018 presents a task for owners and operator to slow down service speed if possible and remember that oversupply is still very much a present challenge.

Do you share the view of many shipbrokers and analysts that this rally can be sustained well into the first quarter of 2018?

Our view is that Q1-2018 will see much lower volumes around to be shipped. In order to keep the 'rally' around a much lower operational speed level must be applied. We would welcome a continued 'rally' very much but encourage the industry to prepare for headwinds to occur.

How's the supply side of things looking, moving forward?

Manageable, at least on the nominal DWT-surface. Our current estimates point to a nominal fleet growth of 1%. Expecting demolition to go down from 2017 – as markets are improving for the year as such.

Do you expect any turbulence in terms of demand, which could shift momentum backwards once again?

As already mentioned, owner and operators must brace somewhat for the lower volumes during the early parts of the year. Moreover, winter closedowns of heavy industrial production facilities in China is likely to dampen imports of key commodities.

An option could be to fix on a 6 month T/C if possible to manage the risks that first half of 2018 may bring around.

Are you afraid that this surge in rates can lead to a backwardation from scrapping activity, which in turn could provoke a new cycle of tonnage oversupply?

The lower level of scrapping came almost instantly around, when capesize rates took-off in Q3-2016 (becoming profitable for a couple of days – that is). A bit early – but it reveals quite clearly, that parting with your ship is difficult.

In coming years, demolition activity will stay quite low around 10-15m DWT, while the oversupply of the market is determined by the new ships ordered right now. And we have seen 24m DWT being ordered this year alone.

We are working with too much capacity – that's a fact – the level of it is what changes. 2018 seems as the year, where the fundamental balance can improve – and it needs to, as 2019 could become a year where supply growth and demand growth match each other.

Which dry bulk ship classes offer the best prospects in terms of their fundamentals at the moment?

Demand growth is biased towards the larger ship sizes, cape and PMX. The smaller sizes being lifted as a part of the overall market gaining traction.

Nikos Roussanoglou, Hellenic Shipping News Worldwide

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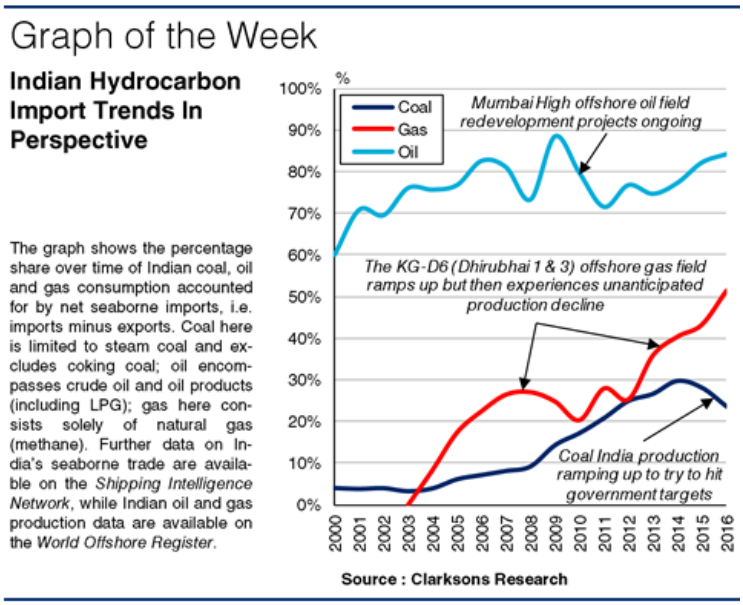
(6) Clarksons Research, 1 December 2017

Surveying India's Seaborne Energy Trends

A key driver of seaborne trade growth over the last two decades has been the spectacular economic rise of China. With the Chinese economy likely to gradually mature, the idea of the "next China" for shipping has been often discussed, and India has often been put forward in this context. There are many factors to consider, but in any evaluation of this possibility, trends in India's energy sector are highly significant.

Energetic Expansion

In 2016, Indian total primary energy consumption reportedly exceeded 720m toe, accounting for almost 10% of non-OECD energy demand. In comparison, Chinese energy demand in 2016 represented 40% of non-OECD energy demand. Evidently India has significant catch-up potential. To an extent, this is being realised: while Chinese primary energy demand rose with a CAGR of 3.5% in the decade to 2016, India's grew with a CAGR of 4.9%. Indian seaborne fossil fuel imports, meanwhile, grew with a CAGR of 7.7% in the ten years to 2016, to account for 40% of Indian energy consumption, up from 30% in 2006. However, the government has initiated a raft of reforms aimed at enhancing energy independence by raising domestic coal, gas and oil production, with potential implications for shipping.



King Coal Usurped?

Indeed, Indian steam coal imports fell by 13% y-o-y to 145mt in 2016 (still 16% of global steam coal imports though), as Coal India began moving towards a government output target of 1,000mt in 2020. Indian coal imports as a share of demand fell (to 24%). That being said, Coal India has missed targets before, the government is pursuing an ambitious electrification agenda, and private miners are still looking abroad for new reserves (for example in Australia's Galilee Basin). The future of Indian seaborne coal imports is thus still very much subject to debate.

A Fuel For The Future?

LNG trends appear encouraging. In 2016, India became the fourth largest LNG importer globally, with volumes rising by 30% to 19mt and imports equating to 50% of gas demand, up from 20% a decade ago, in part reflecting domestic production issues (see graph). India has vast reserves of gas (including 104 untapped offshore gas fields) that reforms aim to utilise. But even so, domestic output may struggle to keep pace with expected rapid demand growth. Moreover, Indian LNG import capacity is set to expand by 70% by end 2018, helped by FSRU projects.

The Mirage Of Self-Sufficiency?

In 2016, India was the world's fourth largest seaborne oil importer and accounted for 5% of global refinery capacity. Imports have tended to be modulated by Mumbai High offshore oil output rates but have usually met 70-80% of consumption. Many fields are yet to be developed but given firm Indian oil demand trends, it is not clear that reform-led oil output growth could outpace demand growth.

So the precise trajectory of India's future seaborne energy mix remains subject to some debate. But it does appear that, despite government reforms, potential for healthy growth in India's imports remains. As far as a new star in the East is concerned, trends in India's energy sector are clearly worth watching closely.

Source: Clarkson

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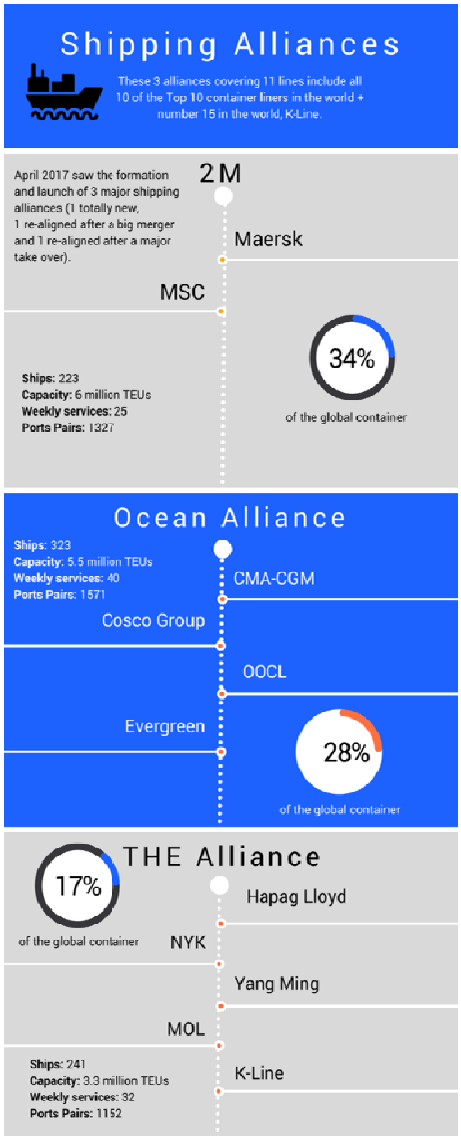
(7) Hellenic Shipping News, 12 December 2017/ Xeneta

Update: Global Container Shipping Alliances

Here it is just in time for Christmas 2017. An updated handy overview to help you stay on top of shipping alliances. A short summary of the alliances' impact on the container market and some thoughts on who is benefiting in the industry.

April 2017 saw the formation and launch of 3 major shipping alliances as below (1 totally new, 1 re-aligned after a big merger and 1 re-aligned after a major take over).



Shipping Alliances 2017

Alliance	Members	Details of the Alliance
2M	MSC, Maersk, HMM	223 ships with a capacity of around 6 million TEUs operating 25 weekly services globally covering 1327 port pairs
Ocean Alliance	CMA-CGM, Cosco Group, OOCL and Evergreen	323 ships with a capacity of around 5.5 million TEUs operating 40 weekly services globally covering 1571 port pairs
THE Alliance	Hapag Lloyd, NYK, Yang Ming, MOL, K-Line	241 ships with a capacity of around 3.3 million TEUs operating 32 weekly services globally covering 1152 port pairs

These 3 alliances covering 11 lines include all 10 of the Top 10 container liners in the world + number 15 in the world, K-Line.

Container Shipping Alliances' Impact on Global Container Market

Based on the current Alphaliner ranking of all the shipping lines, these 3 alliances collectively account for 79% of the global container market leaving 21% for the other smaller global/regional carriers.
This is broken up as below:

2M	34%
Ocean Alliance	28%
THE Alliance	17%
Others	21%

Hyundai Merchant Marine signed up for a strategic cooperation with the 2M partners which gave HMM access to the 2M network. If we consider HMM to be part of the 2M then that alliance's share goes up by 2% to 36% reducing the market share of Others to 19%.

2M + H	36%
Ocean Alliance	28%
THE Alliance	17%
Others	19%

So, what does our crystal ball show as far as the future of global and regional shipping alliances is concerned?
While the crystal ball is hazy in this regard, looking back at history, based on the many merger rumors thrown around in the market, and working on balance of probabilities we may dare to make an assumption as below.
If we look back at history, out of the top 25 container shipping lines that were present in 2000, only 15 remain in 2017 with 10 container shipping lines having either disappeared like Hanjin, Cho Yang or merged or acquired like CSAV, UASC.

Who Benefits The Most From Mergers

The European carriers like Maersk, CMA-CGM, Hapag Lloyd have been the major beneficiaries of these mergers and acquisitions and this probably was the wake-up call that the sleeping giant China needed. Cosco which was number 7 in 2000 has recently seen itself move to #1 after Q3 2017 earnings. It beat out Maersk in the most recent quarter. However, the cyber attack from the summer of 2017 had a huge impact on Maersk's bookings. As The Loadstar writes:
"And adding soon-to-be-acquired OOCL, which carried 1.6m teu in Q3, suggests 2018 could see the Chinese liner as a permanent fixture at the top of the liftings league."
So, should we expect any further consolidation in the container shipping market? If the CEO of AP Moller-Maersk is to be believed, there will be. As perSoren Skou's statement to the Financial Times, the industry is expected to consolidate further leaving about 5-6 major global carriers in the next decade or so to run the market.
Source: XENETA
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(8) Article by Richard Scott, GMWD editor, 12 December 2017

Below are the introductory paragraphs and the final section of a much longer article looking at events in global shipping a half century ago and how these connect to, and are relevant to, trends and patterns that we see today. Please contact the GMWD editor if you would like a copy of the full article. There is no charge. A version of the article was published by Hellenic Shipping News on 15 December 2017.

Fifty years ago and today in world shipping: some insights from maritime history

Events of half a century ago may seem remote, almost ancient history. Yet events in the global shipping markets happening in 1967, and several trends then under way, shaped the future we see today in 2017-18. Momentous changes occurring in the late 1960s merit a review of aspects of maritime history. These have some parallels in, and possible lessons for, changes currently taking place which, in turn, have implications for the next half century ahead.

What was happening in the global shipping industry fifty years ago that connects to today's markets? Some noteworthy changes were taking place, and hindsight enables these to be seen in a longer term context of trends and patterns:

- **liner trade containerisation** affected both liner (regular services) and tramp (bulk commodity shipments) markets, because fully-cellular container ships were specialised and not interchangeable between the two markets as previous liners and tramps had been
- **dry cargo tramp replacement:** a perceived need to replace old Liberty ships
- **bulk carriers** (and ore carriers) displaced traditional dry cargo tramp ships
- **tankers** led the efficiency improvements and rapid advance in ship sizes
- **combined carriers** evolved into a prominent sector (eventually disappearing)
- **shipping market cycles** were erratic, occasionally distorted by unforeseen events
- **maritime regulations** after a notable tanker disaster became tighter

Heritage highlights
What aspects of shipping market trends and circumstances prominent today in 2017-18 can be traced directly back to changes starting or already under way fifty years ago, in 1967? From these historic events and subsequent linked changes over a half century period, observations can be attempted which seem highly relevant to the present day.

One lesson underlined by history is difficulties involved in assessing shipping market cycles, still an essential analytical exercise. Both future demand for, and supply of, shipping capacity was often hard to forecast. Despite great improvements in the availability of up-to-date information and enhanced analysis techniques, predicting market movements correctly - whether in the short or longer term - frequently remains elusive.

At intervals the impact of unforeseen dramatic changes was amply demonstrated. A classic example at the period's outset was the 1967 Suez Canal closure, which greatly altered ship's global trading patterns. This semi-permanent feature disrupted market cycles.

Another observation is that adoption of technological advances is sometimes much quicker than foreseen. The rapid pace at which containerisation was embraced in international seaborne liner trades, starting around 1967, provides a striking example.

Linked with such upheavals is the hazard of investing in what proves to be yesterday's model. Investments in the late 1960s in traditional cargo liners, and also dry cargo tramp replacements (subsequently affected by bulk as well as liner trade changes) often proved unsuccessful. Also, combined

carriers appeared and became a substantial market feature, achieving some success, but eventually no longer fulfilled the role envisaged and have now almost disappeared.

Changing aspects of shipping economics were accompanied by changing maritime policies. Severe pollution from the *Torrey Canyon* casualty in 1967 stimulated a regime of progressively tightening environmental regulations still prevailing and tightening further today.

Although the full course of maritime progress over the past fifty years has not been covered in this article, connections with events half a century ago are visible. Some conclusions or lessons may be useful, at least partly, as a guide to what could happen in the future. But market sentiment and psychology, notoriously difficult to anticipate, is likely to have a big influence on the outcome. Moreover, many global events with possible major effects are a matter for speculation rather than prescriptive analysis.

source: Richard Scott, 12 December 2017
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