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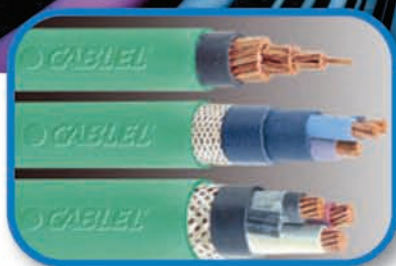
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Commissioner  
**Violeta Bulc**  
in an exclusive interview  
to NAFTIKA CHRONIKA  
(Photo:  
European Commission)

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This issue will be distributed at:  
- **Econship 2015** conference, 24-27 June, Chios  
- **Maritime Cyprus 2015** conference, 13-16 September, Limassol  
- **ALBA career forum 2015**, 15-18 September, Athens





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## Opportunism as one of the causes of current adversities

**A**lthough an upturn in the dry cargo market remains unpredictable, all analysts and many shipowners believe that 2017 may be the year we see a balance between the forces of supply and demand in market.

Shipbroking houses and analysts agree that with the existing oversupply of ships, a spectacular rise in freight rates is not anticipated before mid-2017. But even these tentative projections depend on whether older technology vessels or at least relatively old vessels will continue to exit the market at the same rate.

Of course, as mentioned by Mr. George Logothetis of G. Moundreas Shipbroking House, the downward trend in prices that has resulted in a reduction of ship supply is making many dry-cargo ship owners prefer the layup solution rather than accept the low prices that exist in all the markets. An additional reason for the



layup is to avoid the risk of renegotiations that are commonplace in times of volatility and a poor market.

In any case, the crisis that shipping is going through today differs from similar crises of the past, with the key distinctive element of this crisis being that it is a cri-

sis of principles and values as well as a "memory crisis."

More specifically, the hundreds of paratroopers that have suddenly and violently landed in all sectors of the maritime economy (shipping, brokerage, financing, shipbuilding) have brought to Greece, but also to the rest of the world, a new order which does not reflect the traditional doctrine "my word is my bond", nor the careful management of affairs by established entrepreneurs in shipping who have always based their strategies on experience and knowledge of the past.

It seems that greed, opportunism and the frantic chase of success have prevailed at the expense of past wisdom and experience.

In this context, the present crisis in the bulk shipping market is unlike any similar protracted crisis of the past.

## Talking about the crisis



### 🔍 The shipping crisis is a general

and perhaps simplistic explanation for the current situation in the freight market. The hasty generalization that the whole shipping family is suffering today does not reflect the current reality.

Cargo ships are clearly affected and bankruptcies in this sector will probably be many and painful in the next two years as

shipowners will continue to put money out of their own pockets. In the tanker market the situation is clearly better, but here too it varies depending on the cargoes, types and size of vessels. The same goes for containers where the larger ones seem to be going through better days. In the more specialized sectors where a shipowner is required to have serious fi-

nancial resources in order to enter, the LNG sector is experiencing a positive period, while in the LPG market the situation is almost satisfactory.

All the above contribute to the view that the shipowners of the future should invest in diversified fleets like shipowners did in the past. This will probably -and unfortunately- mean the shrinking of the shipowner with a small and homogenous fleet.

A not insignificant number of entrepreneurs are actually penetrating completely new sectors such as cruising, coastal shipping and other even more specialized fields, in order to allocate their risk and take advantage of new markets especially in Asia and Latin America.

Like older generations, those who invest in new markets do so in complete privacy, confidentiality and secrecy, but today-contrary to past practices- they are participating in international ventures and partnerships where specialist expertise and local political and economic interconnections are required.





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## Akti Miaouli (still) keeping a low profile

We are witnessing an almost complete absence of public appearances by Greek shipowners. At international and regional conferences we get the same speakers over and over again, while big names with a strong presence and deep knowledge of the shipping scene seem to be distancing themselves from public fora. Conference organizers and journalists feel that the exceptionally low profile of Greek ship-owners has never been this low ... and the "do not quote me" attitude is now extremely popular in the circles of Piraeus. The low performance of the BDI, the political instability in the country and anxiety over the future of trade in Europe, do not seem to inspire a mood for openness in shipping entrepreneurs. The result is that there are only few people left today to talk about Greek shipping and in particular about Greek ship-owning and some of these speakers do not always enjoy the high esteem of their colleagues. However, with so much silence prevailing, the historian of the future will find it difficult to capture the real dimensions of the problems of Greek shipping during this period. When looking back at the magazines of the 1980s with regards to the crisis of that time, we read the thoughts of G. Drakopoulos, A. Chandris, M. Peratikos, M. Kouloukountis, Str. Andreadis, N. Nomikos, Andreas Lemos, but also of those who were younger then, such as M.D.Los, Vassilis Papachristidis and Th. Martinos, as well as many other enlightened people; we don't dare think, with a few exceptions, about who is constantly talking about the current shipping situation today.

## New generation shipowners 'fighting' for the survival of our legacy

Particularly encouraging is the fact that the new generation of Greek shipowners aged 30 to 45 who have taken or are taking over the reins of traditional businesses are committed to the survival of Greek shipping and to strengthening their businesses. Educated at major institutions, some of them graduates of the Merchant Marine Academies, with deep knowledge of the Greek scene and international adversities, these young Greek entrepreneurs of the sea are following the "hands on" strategy of their fathers. Unlike previous generations, they seem very committed to their profession and determined to face challenges. It makes us optimistic that this generation is being trained during this extremely difficult period for shipping and for Greece, in which the strength and abilities of all entrepreneurs based in the country are being tested. Especially in the meetings and conferences of P&I Clubs, the new generation of Greek shipowners seem to surprise and gladden the veteran – and conservative – representatives of the renowned maritime enterprises with their seriousness, profundity and methodicalness.



## When the BDI tests the endurance of Piraeus...



The scene for Bulk carrier owners remains foggy. Especially maritime nations like Greece, which partly base their strength on shipowners with small fleets (less than 5 ships), seem to be suffering from the prolonged poor period in the freight market. The fact is that this situation was anything but unpredictable. Orders in previous years ran rampant and it was expected that ships would exceed demand. Moreover, inadequate bank financing and

the volatility of the global trade do not allow optimism. Several shipowners, especially Greek from what we hear, are trying to cut expenses wherever and in whichever way they can, while those who are more daring- and economically powerful- are converting their ships to other, more specialized categories. The truth is that this period increases dramatically the role of China in the Bulk carrier market, while it tests the endurance and patience of shipowners who are smaller in size and experience. Whether the Greek ship-owner with two or three Handysize or Handymax ships will be able to survive is unknown. There are nevertheless many doomsday prophets around who are causing great distress with their prophecies.





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## End of an era? Modern Greek A Level Exams to be abolished in England and Wales



By Dr. **Katerina Papakonstantinou**

**T**he teaching of the Greek language in England and Wales has a decades-long tradition. As early as the 1950s the first Cypriots arriving in England and Wales felt the need to organize Diaspora schools to teach their children their native language. The Cypriots residing permanently in Britain picked up the threads of Greek-language education that the Greeks had abandoned for several decades as they were gradually assimilated by British society. To this day, second and third generation Greeks and Greek Cypriots living in England and Wales send their children to Greek Community schools where they learn Modern Greek as a foreign language. Study hours are usually limited to Saturday afternoons or some other afternoon during the week. At the end of

high school, children sit exams to get their junior high school diploma in Modern Greek, known as the GCSE, and at the end of senior high school they sit exams for the A Level Certificate. Both certificates are an incentive for parents and their children to start or continue learning the Greek language.

The A Level Certificate is also a university admission criterion for students who wish to follow classical studies, medicine or law. The abolition of the A Level examination promoted by the examination body of Edexcel, the only body to conduct it so far, will be a major blow to Greek-language education, as parents and children will lose an important incentive for Greek language learning. Moreover, in the long run it will be a major blow to the existence of community schools, which serve as benchmarks for Cypriot as well as Greek immigrants arriving in Britain in recent years. The abolition comes at a time when the presence of Greeks feeds schools with children who speak fluent Greek and revives interest in Modern Greek. This move by Edexcel is part of an overall effort to restructure language teaching in the country and affects a number of other European, African and Asian languages by discontinuing not only the A Level, but also the GCSE examination, something that might also happen with Modern Greece in the future. Gradually, the multicultural nature of British society will be affected and instruction in Modern Greek will only be available to those who have the financial resources to provide home tuition to their children. The Greeks and Greek Cypriots in Great Britain have started a signature collection campaign in an effort to reverse the impending abolition of Modern Greek A Level examinations; we hope their efforts will be met with success.

## Pilot programs on cruise vessels scorned by passengers on board



**A** pilot program concerning foreigners from third countries entering European Union states is being implemented on cruise ships from the beginning of May. According to an announcement by Maritime Minister Thodoris Dritsas from the podium of the 3rd Posidonia Sea Tourist Forum, the pilot program is being implemented on the cruise ships of Celestyal Cruises on the Piraeus - Mykonos line every Monday and Friday.

As was mentioned to us by Celestyal executives, a police officer equipped with a recording system boards the ship to record the personal data of third country nationals in a database. It should be noted that the whole program is on a voluntary basis and is part of a broader effort at European level to develop a European database for non EU state citizens entering Europe. The cruise ship crew inform passengers of this category about the program and they are asked whether they wish to participate. To date

participation has been almost zero, as only 20 to 30 people per cruise are willing to have their data recorded either because they are wary of providing personal information, or because they find the entire process inconvenient, especially as it is conducted during a cruise where recreation is the prime goal. Besides cruise ships, the program is also being implemented at other EU gateways.



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## The vicious cycle of Greek maritime tourism



The fact that the last panel and last debate in this year's Posidonia Sea Tourism Forum in May was conducted in Greek is no coincidence.

As Mr Ilias Bissias stated in his speech, the Greek paradigm in maritime tourism and coastal shipping requires substantial knowledge of the particularities of the Greek economic and social reality. It also requires a fundamental understanding and familiarity with the peculiarities of the Greek political scene.

In the nearly 20 years that NAFTIKA CHRONIKA has been following the developments in Greek maritime policies, the issues of coastal shipping, maritime tourism and the cruise industry have always remained at the

forefront. For many years now, the difficulties and adversities facing the professionals of this industry do not seem to get resolved. The necessary directness and the radical political initiative required were not demonstrated by the political parties that came to power in recent decades.

The ominous atmosphere and the occasional whining and complaining recorded in magazines 20 years ago unfortunately remain alive to this day.

If yachting, coastal shipping and the cruise sector are the main pillars of Greece's domestic maritime policy, then why is it that the State and the social partners do not agree to the innovations that need to be adopted in order to modernize the institutional framework and eliminate the rigidities of the system?

Why is it, in other words, that economic prosperity is not allowed in both the business sector and in local communities, when our neighbors prosper in exactly the same fields? In our humble opinion, it is not only the many-headed Hydra of bureaucracy and the ignorance of Greek politicians that

deprive Greece from her right to develop her maritime tourism.

We dare say publicly that the familiar narrow interests, sectoral or local, that serve the desires and goals of individuals, who have nevertheless significant economic or political power, often impede healthy free competition and create dramatic market distortions. In other words, individual but omnipotent entrepreneurs with hidden agendas and local administrations with small-minded strategic objectives, combined with the Greek public sector's well-known corruption, state indolence or the ideological myopia of our leaders, do not allow the healthy entrepreneur to prosper and thus the industry to get back on its feet. A vicious cycle that leads to well-known results... Although maritime tourism could follow the successful example of ocean-going shipping, it trudges on, chained by the familiar rigidity of the Greek reality and the Greek system that seems to prefer statism, non-transparent cartels, and individual direct or indirect subsidies that are not to the country's best interest.

## PPA sale at the forefront



The selling of the Piraeus Port Authority (PPA) S.A. shares was among the major issues discussed at the press conference held during the European Sea Ports Organization conference that was

hosted in Piraeus on 21-22 May. As was said during the press conference, there isn't a one-size-fits-all solution for ports, as each port has its own peculiar characteristics. As regards the PPA case, the President of ESPO, Mr. Santiago Garcia-Mila said that the EU has several private ports operating under various organizational models. The major issue for every port is how they are managed, what model is applied and how they remain attractive. Member of the European Parliament Knut Fleckenstein said that if you are selling the majority of the shares of a port authority, it is like selling the responsibility.

As the MEP said, he can't imagine selling the majority of the shares and although he is in favor of competition, he doesn't agree with selling the infrastructure.



## Three major issues marked this year's ESPO Conference

If we want to describe the scene at ESPO Conference 2015, we can safely say that this year ESPO discussions focused mainly on three issues. The **first** was the completion of the European Union's energy market and the increase of its competitiveness through strategic investments in energy infrastructures. The **second** was the environmental impact of ports and the adaptation of the various policy initiatives, the so called decarbonization agenda. Finally, the **third** issue was the recent EU's effort to open the port market and to set transparency rules in their financing.





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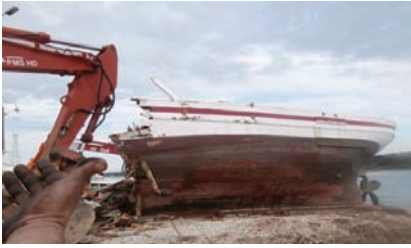
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## Bureaucracy "Sinks" Traditional Fishing Boats



Approximately 12,500 out of 17,500 wooden fishing boats have been destroyed in an effort to restrict fishing in European waters. This unpleasant story began in 1995, when economically beneficial compensations from Community funds were given to fishermen deciding to withdraw their profes-

sional licenses. The condition was that traditional boats had to be destroyed; this was done by bulldozers on land.

The complaint was made by Nikos Kavallieros, President of the Traditional Boat Association of Greece, at a press conference given recently at the Nautical Club of Greece.

The Traditional Boat Association of Greece has been giving a huge battle to prevent the destruction of these boats.

Nevertheless, the situation remains the same (the opposite would be news!) despite the ongoing efforts of the Association to turn the (approximately) 1,000 vessels that have been salvaged into floating museums. "We have sent hundreds of letters

without getting any response. We are asking the politicians responsible to take a stand so that the forbearers of our merchant marine do not become dumping places or prey to fire," was the appeal of Mr. Kavallieros.

The President of the Association has gathered all the necessary documents and Community provisions which essentially allow for their salvation, as they could remain at sea by changing use.

At the same time, the Board of the Association has unanimously decided to take legal action in the hope that something will be saved of tradition, mainly of the ship-building art of our country, which achieves only one first: our commercial shipping.

## The torture of the droplet and coastal shipping



The expansion of ferry lines beyond the Adriatic and the Aegean is being

studied by the Attica Group. This was announced by Spiros Paschalis, the ship-

ping company's CEO, at a special event held aboard the SF XII on the occasion of the twenty years since the establishment of its subsidiary, SuperFast Ferries. Mr. Paschalis said that feasibility studies are under way to determine whether to build ships smaller than the existing ones, which will be able to meet the investment plans of the Group, while there are also plans to expand the shipping company in the Mediterranean, the USA and Northern Europe.

Mr. Paschalis spoke of the negative effects the political developments in the country have on passengers, describing these developments as "inhibiting factors".

## No one in charge to direct the relevant authorities...

Piraeus Port has decided for the second time in the first half of 2015 to make diesel available to the pilot boats of the Piraeus Pilot Station so that the operation of the port is not interrupted.

According to executives of the Pilotage Department who spoke on this issue, despite the fact that this department has its own revenues from navigation fees deposited in the Bank of Greece, the corresponding sums have not been disbursed by the relevant authorities due to the bureaucratic hitches.

The Pilotage Department needs €440,000 annually for fuel, in order to operate the pilot boats that drive cruise ships and ocean-going ships safely to harbor.







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### Could Beijing's man-made islands lead to war?

Over the past 18 months China has started building new islands in the long disputed area of the South China Sea in an attempt to consolidate its presence in the region.

Beijing begun by turning reefs which are under water at high tide and therefore not considered land under international law, into permanent islands, raising major issues regarding sovereignty rights and control of sea zones according to the 1982 Convention on the Law of the Sea.

China's land reclamation is posing a serious threat not only to neighbouring countries such as Vietnam, the Philippines and Taiwan, but also to the US, who consider that the freedom of navigation in the South China Sea- one of the world's busiest shipping routes- is at stake.

For that reason, on May 21 2015, a U.S. Navy P-8A Poseidon surveillance aircraft flew over the construction area gathering intelligence. The plane received eight warnings from the Chinese and was forced to leave the area.

However, China insists that the reclamation projects are part of an effort to support civilians and shipping in an area which has both heavy traffic and difficult weather conditions, thus providing search and rescue, safety of navigation, disaster prevention and mitigation, marine scientific research etc.

China as an emerging global power is trying to rival America's dominance, but military action-reaction in the South China Sea could easily spiral out of control, leading to a broad scale clash.

## Oil prices on the rise due to cuts in U.S. production and Middle East turmoil

Oil prices in the past year have fluctuated significantly, recording a sharp fall in the oil price and reaching as low as **\$42.85 per barrel in March 2015**, the lowest price since March 2009.



**T**his has been attributed dually to the increase of the US shale oil combined with OPEC's decision to maintain its production output at significantly high levels, leading to oversupply in the market. Moreover, a decrease in global demand for oil due to the economic crisis combined with China's slowing economy have

caused weak demand.

However, recent data showed an increase in prices in May, with Brent – the global benchmark – closing at just under \$65 per barrel. The reduction in US production on the one hand and insurgence in the Middle East on the other could be to blame for this.

Furthermore, according to the Short-Term Energy Outlook of

the Energy Information Administration, the annual price of WTI crude will reach \$54.32 per barrel in 2015 and increase by \$11.25 per barrel at \$65.57 per barrel in 2016. Brent crude oil prices are projected to follow a similar pattern of falling this year (\$60.79pb) and increasing next year (\$70.49pb). Still, no one really knows where the price of oil is headed.

## China slashes import duties by 50%

### The Chinese government

recently announced its plans to reduce import taxes on several products in an attempt to boost the slowing Chinese economy. The Ministry of Finance said that it will cut duties by an average of 50% on products such as clothes, shoes and cosmetics, in order to create stable growth and push forward structural reform in the country. According to the Ministry, the reductions which take effect as of June 1 will be conducive to a reasonable expansion of imports. China is trying to drive back Chinese consumers who traditionally prefer to shop while they are abroad due to lower taxes, with the aim to enhance



the country's economy which for the first quarter of 2015 has grown by 7% year-over-year, its worst performance in six years. There are fears that a sharp reduction in import duties could ultimately result

in lower tax revenues for the state budget, but taking into consideration the importance of VAT and a series of other taxes that drive up the prices of imported consumer goods in China that seems unlikely.



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### Norway Western Europe's largest gas supplier

#### The European Union's efforts

to disengage from Russia's energy dominance in the natural gas sector have started bearing fruit, as Norway has overtaken Russia in terms of European gas supply having delivered more gas to Western Europe in the first quarter of 2015.

According to data from the two states' gas operators, in the first quarter of 2015 Norway's Gassco delivered to Western Europe 29.2 billion cubic meters of gas, while Russian Gazprom's share amounted to 20.29 billion cubic meters. Data for exports to Eastern Europe has not been released.

However, Russia remained overall the largest supplier of gas to the EU. Russian gas accounted for 42 percent of EU gas imports (reduced by 1%), according to the European Commission. At the same time, Norway's share increased from 34 percent to a staggering 38 percent in the past year.

EU-Russian diplomatic relations have been tense since November 2013 when the Ukrainian crisis began, which culminated with the annexation of the Crimean peninsula by Russia. Ever since, the EU has been trying to reduce its dependence on Russian gas supplies and differentiate its energy routes and suppliers.



### Turkey eyeing the Trade in Services Agreement



Top secret documents regarding the ongoing international negotiations for the Trade in Services Agreement (TiSA), where recently published in the Wikileaks page.

According to these documents, during the negotiations, Turkey seems to be adopting a very aggressive stance concerning the broader transportation sector (road, rail and sea networks). More specifically, according to Wikileaks, in four articles of the proposed agreement, regarding international

and regional sea transportation services, Turkey has major initiatives, in a relentless effort, to ensure its national interest in the Mediterranean. It is also noted that under Turkish law, only companies owned by Turkish citizens by at least 51% can provide services in the transportation sector.

TiSA is of major importance for the global trade. It aims at opening up markets and improving rules in areas such as licensing, financial services, telecoms, e-commerce, maritime transport, and profes-

sionals moving abroad temporarily to provide services. Currently, it is being negotiated by 24 members of the World Trade Organisation (WTO), which combined, account for a massive 70% of world trade in services.

It is worth noting that the EU has been granted the right by member-states to negotiate on a central level.

Intriguingly enough, the negotiations, have been taking place since March 2013 under extreme secrecy with no information made public. According to the European Commission's official statement: "Like any other trade negotiations, the TiSA talks are not carried out in public and the documents are available to participants only". However, that means that major changes in key financial sectors will be implemented across countries overnight, with people having no say in them.

### India and China sign billion dollar business deals

Business deals worth billions of dollars have been recently signed between India and China, signaling the further strengthening of Sino-Indian diplomatic ties. India's Prime Minister Narendra Modi held talks with Chinese Premier Li Keqiang during a three-day visit to China. Moreover, Modi attended the "India-China Business Forum" where he addressed several Indian and Chinese CEOs.

In total, 26 business agreements worth about 22 billion US dollars have been signed between the two Asian countries. According to an official statement made public by the embassy of India in Beijing, the MOUs signed span a wide range of industries including renewable energy, power infrastructure, steel and small and medium industries, and are a reflection of the strong interest of Chinese companies to invest in India. Furthermore, they will also facilitate cooperation between Indian and Chinese companies in the film and entertainment industry and will help in making Chinese audiences more aware of India's strength in this area. Despite several territorial disputes that have tested Sino-Indian relations for a long period, both India's Prime Minister Narendra Modi and China's Premier Li Keqiang seem to agree in seeking a "fair resolution" to these matters, thus promoting regional cooperation between the two Asian giants.





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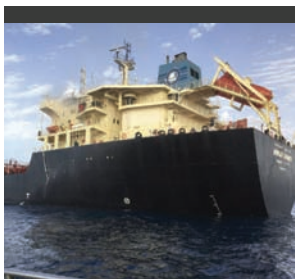


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### Another ship bombarded in Libya

Another merchant vessel was attacked in the waters off Libya as civil war still rages in the country. According to international news agencies, on 24 May 2015 the ship "Anwar Afriqya", which was carrying 25,000 tons of oil for the energy production plant in Sirte, Libya, was attacked by air and was set ablaze, resulting in the injury of a crew member and a port worker.

As announced by Saqer al-Joroushi, head of the Libyan Air Force, the ship received a warning which it ignored, resulting in the bombing. According to the Libyan government, the ship had reportedly been landing fighters and ammunition to support the rebels operating in Libya.

It is worth noting that this is the fourth incident of a merchant ship bombing by the Libyan air force in 2015. It is obvious that all commercial activities in the region have become precarious and ships calling on Libya should be on constant alert.



## Vietnam attracts the attention of foreign investors



Vietnam has started drawing the attention of several foreign investors according to data

published recently by the country's Foreign Investment Agency (FIA).

More specifically, countries of the ASEAN region have made massive investments in more than 2,600 projects in Vietnam worth US\$54.43 billion, while the average investment capital per project was \$20.9 million. Furthermore, Singapore took the lead with investments in 1,408 projects worth \$33.14 billion, followed by Malaysia and Thailand with 494 and 389 projects respectively, valued at \$11.9 billion and \$6.8 billion. Investors considered the processing and manufacturing sectors as the most lucrative ones. The real estate and construction industry performed almost equally well.

## VALE is selling VALEmaxes to cover cash needs



Brazilian iron ore mining giant Vale proceeded with the sale of four vessels in an attempt to raise much needed cash in the midst of an iron ore price slump.

According to international reports, Vale signed an agreement with the Chinese company China Merchants Energy Shipping Co (CMES) for the sale of four dry bulk type

vessels -known as VLOCs or Valemaxes – of 400.000dwt capacity. These ships are among the largest in the world and were built by the company in order to reduce transportation costs of iron ore from Brazil to China, thus addressing competition from Australia.

It is worth noting that Vale recently sold four more ships to

the Chinese company China Ocean Shipping Company (Cosco).

It seems that besides raising cash, the company is also trying to normalize its relations with the Chinese maritime community which in the past had pushed for refusing entry to Vale's ships in Chinese ports.

At the same time, the Chinese shipping companies Cosco Holdings and China Shipping Development Co (CSDC) in a strategic move recently announced the creation of a joint venture in the transport iron ore market.

According to international press reports, this joint venture, named China Ore Shipping and based in Singapore, will be 51% owned by Cosco and 49% by CSDC, while the two companies will invest \$168.3 million and \$161.7 million respectively.





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### Greece up in UNCTAD's LSCI

UNCTAD published its annual study on the Liner Shipping Connectivity Index (LSCI), which is an indicator of how well a country is connected to the global liner shipping network. According to the study, Greece is in the 27th place in a total of 159 countries. Greece's LSCI increased by 1.8 units in 2014, reaching a score of 47.2 compared to 45.4 in 2013 and 32.2 in 2011. In the first place is China with an LSCI of 165 and in second and third place are Hong Kong (with 116) and Singapore (with 113.2) respectively. In Africa, the best connected countries are Morocco, Egypt and South Africa, something that shows the importance of their geographical location. The country with the highest LSCI in Latin America is Panama, which takes advantage of the Panama Canal and its importance in the global liner shipping routes.

### Greek exports to China dropped while imports increased for 2014

In 2014 Greek exports to China dropped by 33.4% to €278.5 million compared to €418 mil. in 2014. On the contrary, imports from China increased by 13.6% reaching €2,492.1 mil. in 2014, compared to the €2,193.8 mil. in 2013. Greek exports to China are mainly oil products (14.6% of the total exports), while Greece imports from China mainly computers, vessels, aluminum products, mobile phones, toys etc.



## Iranian Navy attack on cargo ship raises tensions

A new unjustified attack on a merchant ship by the Iranian Navy took place on May 14 as tensions in the region rapidly escalate.

According to Reuters international news agency, five ships of the Iranian Navy tried to block the passage of the "Alpine Eternity" tanker while it was in international waters and then opened fire on the vessel.

As stated by the shipowning company, the Singapore-flagged ship managed to escape without suffering damage and safely reached the port of Jebel Ali in the United Arab Emirates. The 23 crew members were uninjured.

Unnamed US government sources say the move against the ship by Iran was related to financial claims as Iran considers the ship responsible for the



damage caused on March 22 2015 to an Iranian oil platform. For its part, the Maritime and Port Authority of Singapore has demanded that the Iranian Government conduct an investigation into the incident, underlining its concern about the recurrence of similar incidents in the future. It is the second time within a very short period that Iran tries to settle legal

and economic issues by committing unilateral acts of aggression against merchant ships. It has become apparent that Iran made a show of power towards Saudi Arabia and the US in an area that is vital to global shipping, with acts that contravene the rules of the international law of the sea, thus causing major concern to the shipping community.

## Clarksons study unveils the fleet structure of tramp shipping companies



Clarksons has completed a study on behalf of the European Community Shipowners' Association regarding the structure of the tramp shipping market.

Based on the study results, on February 2015 there were 14,122 shipping companies worldwide active in the tramp shipping market. 48 of these companies (0.3% of the total number of shipping companies) have more than 100 vessels (26% of world capacity). It is worth noting that 7 companies have a fleet of more than 300

vessels, accounting for 182.2 mil. dwt in total. In the European Union there are 2,235 shipping companies and only 2 of them have a fleet of more than 300 vessels. On a global scale, the majority of shipping companies have a fleet of 0-4 vessels (11,631 companies).





## High Seas Developments in the international maritime scene

### A sad anniversary

A year has passed since two women were evacuated to the hospital of Kenema in eastern Sierra Leone and were diagnosed on the very same day as the first cases of Ebola in the country.

A year later, Sierra Leone is still battling to raise awareness among citizens so that they realize that the virus is still there, while Liberia has sent a hopeful message stating that it has got rid of the virus; unfortunately, according to WHO, outbreaks in Sierra Leone and Guinea are on the increase.

### The Philippines coming up tops

This has been attributed dually to the increase of the US shale oil combined with OPEC's decision to maintain its production output at significantly high levels, leading to over-supply in the market.

Moreover, a decrease in global demand for oil due to the economic crisis combined with China's slowing economy have caused weak demand.

However, recent data showed an increase in prices in May, with Brent – the global benchmark – closing at just under \$65 per barrel.

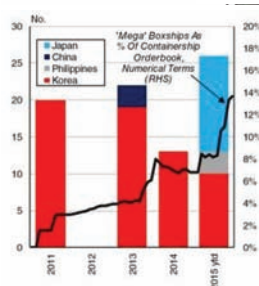
The reduction in US production on the one hand and insurgence in the Middle East on the other could be to blame for this.

Furthermore, according to the Short-Term Energy Outlook of the Energy Information Administration, the annual price of WTI crude will reach \$54.32 per barrel in 2015 and increase by \$11.25 per barrel at \$65.57 per barrel in 2016.

Brent crude oil prices are projected to follow a similar pattern of falling this year (\$60.79pb) and increasing next year (\$70.49pb). Still, no one really knows where the price of oil is headed.

### Graph of the Month

#### How Has 'Mega' Boxship Contracting Expanded?



The bars on the graph show the number of contracted 'mega' boxships (17,500 TEU and above) by builder country. The line shows the percentage of the containership orderbook (in numerical terms) accounted for by 'mega' boxships.



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# The Commission is fully aware of the global competitive environment in which ship-owners operate

An interview with EU Commissioner Violeta Bulc to Ilias Bissias

Violeta Bulc is the EU's Transport Commissioner since November 2014 and she will be leading the European Commission's initiatives in the field of Transport for the next 4 and a half years. Commissioner Bulc is in charge of all areas of policy regarding EU Shipping, and of safeguarding European maritime competitiveness and knowhow. A relatively unknown entrepreneur in the shipping community, the new Commissioner is an award winning and talented businesswoman in her homeland, Slovenia.

**M**rs. Bulc's exclusive interview to Naftika Chronika is her first public dialogue with the Greek shipping community through the Greek Media. The Commissioner answers eleven questions that were developed and submitted to her after consultations with the magazine's advisory board. The answers that follow are an indication of how the College of Commissioners proposes to safeguard this industry's competitiveness in the following years and of their approach to recent developments and initiatives within the shipping community and at the international maritime fora.

## **Social Image of Shipping**

**The European Maritime Day is an initiative that attracts the attention of local commu-**

**nities and the European maritime world, but has not drawn the attention of the larger public. Why do you believe the citizens of Europe ignore or underestimate the importance of the shipping community to European trade and employment?**

Shipping is more visible in coastal regions and island countries for historical and geographical reasons, and less in the hinterland and continental Europe. However, in general there is certainly a lack of awareness of the importance of the shipping community to European trade and employment. We all take our standard of living for granted without realising how much it relies on shipping. Maritime transport is the backbone of international trade and contributes greatly to the development of the global economy. Around 80 per cent of global trade by volume and over 70 per cent of global trade by value are carried by sea and are handled by ports worldwide.

In fact, a significant number of Europeans work for companies which import or export goods, whether raw material and energy or end-products, when trading with the rest of the world. Dozens of millions of jobs in the EU manufacturing sector depend on transport services provided by the shipping community, whether in the EU, through Short Sea Shipping, or globally.

More specifically, when looking at coastal related activities, the 'blue' economy sector rep-





resents roughly 5.4 million jobs and generates a gross added value of almost €500 billion a year. Coming to the maritime transport sector itself, in 2012, the total GDP contribution of the EU shipping industry was estimated to have been €145 billion, and supported employment for an estimated 2.3 million people and tax revenues estimated at €41 billion.

Together with the Member States, we will continue to support the development of the European shipping sector and of shipping activities in Europe, focusing particularly on competitiveness and employment.

#### International Fora

**The European Union has received widespread criticism regarding its regional legislative initiatives which have on some occasions disregarded either the political initiatives of the IMO or the industry's aspirations and aims.**

**Do you believe that the Commission has overreacted in the past in respect to environmental protection and thus disregarded the competitiveness of the European fleet? In this respect, what are your personal aspirations on the political and diplomatic relationship between the IMO and the EU?**

Allow me to clarify what appear to be misconceptions about the EU position regarding the international framework and

the industry's aspirations and aims. The EU and its Member States have an excellent track record in implementing the international framework defined within the IMO. We are also committed to adopting international rules and standards for a truly global sector like the maritime shipping industry. With very few and well justified exceptions, EU Member States and the European Parliament have promulgated agreed IMO rules into EU law, in the interest of uniformity of legal standards. It is worth stressing this as we, at European level, should be proud of the significant, added value brought to the definition and consistent implementation of strict safety and security standards in maritime shipping. Moreover, the European Union and its Flag States continue to be IMO's "best friend" by providing expert support to maritime law implementation and having established the strictest enforcement framework for IMO Conventions.

For several years now, the European industry has been consulted and the shipping industry has provided essential input on different aspects of the environment related legal requirements and policies. One key aim of the European legislation is to ensure that ship operators who follow good practice are not put at a commercial disadvantage compared to those who are prepared to take short cuts regarding vessel safety and risks of environ-

mental pollution.

Adopted by the EU in 2009, the so-called "third maritime safety legislative package" had as a main objective the restoration of competitiveness of the EU shipping sector while benefiting only those operators who respect the safety standards, in particular by increasing the pressure on owners of sub-standard ships. The higher standards of the EU apply to non-EU ships calling at EU ports, consequently applying these standards beyond EU borders and EU flagged ships. Thus, the EU ensures that the EU flagged ships are not placed at a competitive disadvantage.

The EU is not a member of the IMO as this is currently not possible according to the IMO Convention. However, the Commission has had observer status since 1974. I would like to see the substantial contribution of the EU as a driving force on matters of maritime safety and environmental protection being recognised. It should be noted that the Commission/EU contributes significantly to the work of the IMO through financial donations for specific activities such as studies, as well as by making relevant R&D results available and by facilitating technical cooperation and development. This involvement should be made more visible, which is not something that would affect the rights and obligations of the EU Member States in their capacity as IMO contracting parties.

**In London, Hamburg, Rotterdam and Piraeus there is a growing concern that in a few years the Chinese fleet will heavily outnumber the European fleet in all maritime markets. How can Europe safeguard its leading role in maritime transport without subsidizing its key players?**

I believe the best way for Europe to preserve its global competitiveness is to be ambitious and forward-looking, rather than defensive and protectionist. Europe has a fleet that, on average, is newer, more efficient and more environmentally friendly than that of many competitors. Europe can also boast seafarers that have



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We must make sure that these factors count in the global competitive arena, by calling for international rules that require high standards of safety, security and environmental performance for the shipping industry. For this reason, it is important that Europe speaks with one voice in international forums, organisations, and negotiations. We Europeans must have a common objective: raising quality standards, obtaining access to markets on the basis of reciprocity and promoting a level playing field on the international scene. Within this framework our shipping industry can thrive.

### **Maritime Education and attracting young Europeans to the Maritime Profession**

**Since 2005, Maritime Education and the attraction of young Europeans to the maritime professions are two key political concerns for the Commission. Although considerable research programs have been funded by the Commission in this respect, do you believe that it is time for a pan European political and legislative initiative in these two areas?**

Several political initiatives have been taken since 2005 by way of different communications and most notably in the Maritime Transport Strategy which was adopted in January 2009. More recently, in May 2014, the Council of Transport

Ministers adopted a declaration in Athens reaffirming the will to increase employment in the maritime sector as a whole and calling for further concrete actions towards enhancing maritime know-how and improving the attractiveness of maritime careers for both men and women with the active involvement of all relevant parties.

Through their very specific know how, EU experienced seafarers play a very important role for the development of the maritime economic clusters as office employees in shipping companies, shipyards, marine equipment companies, pilotage services, maritime law firms, but also as port state control officers, inspectors for classification societies, etc.

The social maritime agenda focusses mainly on increasing the attractiveness of the maritime professions to Europeans, youngsters in particular, and enhancing seafarers' employment conditions whilst preserving the competitiveness of the European fleet through a strict enforcement of the ILO Maritime Labour Convention (2006). Regarding the training of seafarers, EU legislation on the minimum level of training of seafarers, in line with the IMO Convention, lays down a system of EU-wide recognition of third countries individual seafarers' certificates of competency. Regarding new initiatives for Europeans, I would like to build on projects which have been recently launched by the Commission. I am convinced that EU instruments could be better used to

promote maritime professions through existing EU funding programmes (European Alliance for Apprenticeship and Erasmus +). Other measures could also be developed to raise the knowledge about maritime careers. I invite all stakeholders and parties concerned to reflect on further initiatives to achieve these goals.

A first occasion for doing so is at the conference on the social dimension of transport (covering all modes) that my services are organising on the 4th of June in Brussels.

### **The Seas of Europe have become corridors for illegal trafficking of people in distress. Can Europe safeguard its borders and protect its coastline (especially in the Mediterranean Sea)? Can EMSA execute its tasks without a single/ common maritime space? What are your views and aspirations on the fragile and thorny political initiative of creating a Common Maritime Space?**

The situation concerning irregular migration that we are currently facing in the Mediterranean Sea is a humanitarian tragedy, that needs to be addressed as swiftly and efficiently as possible. For me, these are unacceptable events that challenge the very values on which our Union is founded.

I am also aware of the problems that the situation causes to shipping. Imagine a tanker transporting chemical products takes on board a group of refugees that is many times bigger than the crew and cannot be given proper shelter! A very risky situation for all people on board.

The Directorate-General for Mobility and Transport (DG MOVE) is already contributing actively to help improving the situation. The European Maritime Safety Agency is supplying vital information to the border protection agency FRONTEX to assist them in detecting vessels approaching the EU. Furthermore, if there is political agreement by the EU Member States on greater coastguard cooperation, then EMSA can play a major role in coordination. My staff in DG MOVE are



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also working with EMSA and EASA in looking at the safe use of drones as a means of offering enhanced information on what is happening in the Mediterranean Sea and along the coastline of Libya.

### Taxation

The European maritime Media have regularly focused on the previous Commission's initiatives to investigate complicated national taxation rules regarding European and/ or foreign vessels and management companies, based on the Commission's argument that they might be in breach of Community legislation. Should the European shipping industry at large expect further initiatives/ investigations in this respect? Is the College informed about the tax incentives and exemptions given today by emerging Asian maritime centres wanting to attract European ship management companies and their fleets?

The Commission is fully aware of the global competitive environment in which ship-owners operate and of the risk of 'migration' of EU flagged vessels towards international open register. For this reason the EU has adopted an approach to State aid that offers Member States the possibility of granting favourable tax regimes to ship-owners as well as exemptions from income tax and/or social security contributions to European seafarers. No other sector of the economy enjoys similar advantages. These rules are designed to help EU flagged vessels compete internationally, keep shipping companies' headquarters in the EU and enhance the EU maritime 'cluster' and the employment of Europeans. But it is important to understand that aid schemes should not lead to distortion of competition between Member States and that rules must be applied equally across the European Union. For this reason it is sometime necessary to conduct investigations and ensure that national taxation rules do not go beyond what is necessary and allowed.



The EU has adopted an approach to State aid that offers Member States the possibility of granting favourable tax regimes to ship-owners as well as exemptions from income tax and/or social security contributions to European seafarers. No other sector of the economy enjoys similar advantages.

### Ship Recycling

How do you plan to address the practical limitations of the new Ship Recycling Regulation, and in particular:

a- today's limited approved recycling availability (i.e. EU-approved facilities in the EU, Turkey and China which will not be sufficient to meet the demand) and  
b- the expected flag change of EU ships (i.e. ship owners and managers planning to recycle their vessels in the near or medium term future who will probably view any EU flag as a liability, prompting flag changes to non- EU flags)?

a) I am confident that the capacity offered on the European List of approved ship recycling facilities will be sufficient to address the demand. In fact the main articles of the Regulation will only apply as from 6 months after this list has reached a significant recycling capacity (2.5 million light displacement tons). The threshold was thus carefully considered by the European Commission and the legislators.

b) I do not share your negative expectations. With the European List of safe and environmentally sound ship recycling facilities, the EU will provide ship owners with a practical instrument to assert the facilities' safety and environmental credentials. Already today, the reputational

added-value of recycling one's ship in proper facilities is driving ship owners to publicly renounce sub-standard practices, a move which will only accelerate once the List is published. The Commission is also investigating avenues to establish a financial instrument to promote safe and sound ship recycling. It should report on the issue and, if appropriate, put a legislative proposal on the table by 31 December 2016. I can assure you that I will continue to monitor this issue closely, together with my fellow Commissioner Vella whose services are directly in charge for this regulation.

### EU MRV

Is a regional ETS for shipping a likely future option for EU? If an MBM was to be applied to shipping in the future, why not adopt the simpler, fairer and more effective flat tax/levy on fuel?

First of all, allow me to say that something needs to be done to curb shipping emissions, which are projected to grow significantly by 2050. At EU level, the Commission welcomes the agreement by the EU Institutions on the Monitoring, Reporting and Verification (MRV) scheme of CO<sub>2</sub> emissions from shipping. The scheme will provide the necessary information about the exact emissions of the sector and will allow us to determine the

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appropriate way forward towards reducing these emissions to more acceptable levels. However, the international context of the shipping business cannot be ignored. The Commission would prefer to have a solution and any possible future instrument agreed in the context of the International Maritime Organisation (IMO), like we managed to agree on the Energy Efficiency Design Index for new build ships in 2011. The relevant IMO Committee has been working on the development of a global data collection system for fuel consumption and energy efficiency, intended as a first step towards more measures to enhance energy efficiency/ reduce maritime GHG emissions, including those of existing ships. We promote the MRV actively at the IMO level and we hope that further efficiency standards will be implemented by the IMO in the next few years.

The Commission is serious about ensuring that shipping contributes equally and proportionately to reducing emissions. I will continue to follow these issues closely together with my fellow Commissioner Arias Cañete who is in charge of climate action and energy.

### Port Policy

**What are the latest developments regarding the proposed Regulation on market access to port services, seeing that the whole issue seems to be temporarily frozen? Do you believe that the EC will conclude a minimum con-**

**sent with the port industry stakeholders, or will the new effort have the fate of port packages I and II?**

The examination of the proposal resumed after the European Parliament elections and the appointment of the new Commission. The Council adopted its position in October 2014 and the first exchange of views in the European Parliament on 5 May was very encouraging. There is a clear understanding by all groups that this proposal is different from the previous port packages. It recognises the diversity of ports, focuses on key aspects and the ports of the trans-European network, and takes into account safety and social aspects. At this stage an agreement is not only possible, but also necessary. There is already a large consensus on the proposed approach for financial transparency. As regards market access to port services, views still diverge, but I am convinced that we can find the right balance to combine transparent market access with legitimate safety and social protection concerns. The shipping and logistics industry, as well as port users, support the regulation as it brings more transparency and will contribute to a more competitive shipping industry. In particular short sea shipping and port authorities from their side have already recognised that all elements for a workable regulation are already on the table. I am confident that an agreement can be reached in due time.

### Short Sea Shipping

**Why have all EU initiatives on Short Sea Shipping had limited impact and effect so far? What will your initiatives in this segment of the industry include and how will you safeguard their success?**

Short Sea Shipping (SSS) presents significant advantages compared to land transport, especially road transport: it has a lower impact on the environment and a large unused potential for transporting goods without adding to congestion. Under the Marco Polo programme, new transport services have been launched, permitting to shift over ten billion ton-kilometres from road to Short Sea Shipping during the period 2007-2013. This is in addition to initiatives to simplify administrative formalities, to create a framework for encouraging investments in ports, the funding of infrastructures projects filling the gaps in ports and hinterland connections, and the introduction of cleaner propulsion systems through the Clean Power for Transport directive. So I would say the impact of our policies has been important.

The measures contributed to maintaining the share of Short Sea Shipping in intra-European transport at around 37%. These efforts will continue and the Commission regularly assesses the need for new measures that can help the further development of Short Sea Shipping operations.

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# The state of the shipping industry today

**An interview with Dr Spyros M Polemis,**  
Chairman and Managing Director of Seacrest Shipping Co Ltd, London

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**One of the leading personalities in Greek shipping, Dr Spyros Polemis, provides his insights on the latest developments in the shipping industry as well as the geopolitical factors that can affect the freight markets and the industry in general. Dr Polemis highlights the reasons for the change in the shipowners' attitude towards the Greek flag and advises the young people who want to work in a shipping company, which for him is the best University in the world.**

**How optimistic are you about maintaining or improving the freight market levels in general and more specifically in your field?**

I am not very optimistic. The market may continue being depressed at around these levels, except for the usual spikes for short periods, perhaps for the next 3-5 years. This applies mainly to the dry cargo market.

**The number of new ships added to the world fleet is increasing. In your opinion, what is the reason behind this trend? Do you think experienced shipowners have not learned from past mistakes?**

The ever increasing supply of ships is due to a number of factors:

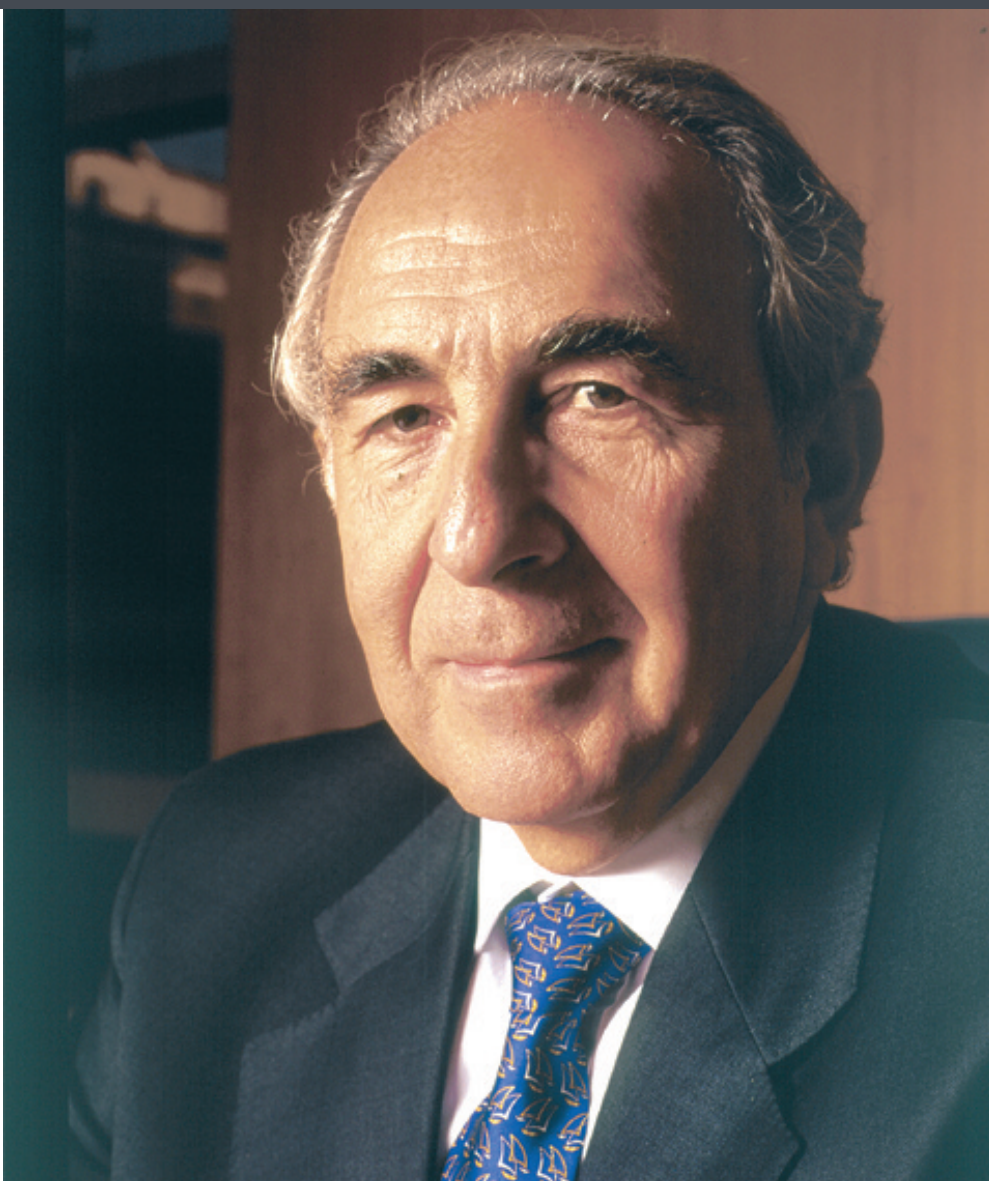
a) Prices have reduced substantially since the height of the market, and, in some instances,

more than 50%, thereby making it more economically attractive to prospective buyers.

b) Authorities have pushed and pushed for more economical vessels, i.e. with less consumption, thereby influencing prospective buyers to seek to order more environmentally friendly newbuildings.

c) Some large charterers, especially, have sought to discriminate against existing relatively new ships (i.e. 4-5 years old) insisting that they would only charter more recent newbuildings because of their lower consumption.

In both (b) and (c) above, what people unfortunately ignore is the fact that the CO<sub>2</sub> footprint of each newbuilding is much higher than any savings in consumption between these newbuildings and the relatively new existing



**“ Countries which in the past have employed a different tax regime have lost their shipping industry almost entirely. It was only after they reverted to the Greek model of the tonnage tax regime that their shipping industry was revived. ”**

ships. Environmentally, it is wrong to promote newbuildings and push away relatively new existing ships prematurely. It is much better to improve the performance of existing ships and to let the replacement program take its course without such unnecessary and unwarranted interference.

**In recent years there has been turmoil and upheaval in the Middle East. To what extent do you think this is af-**

**fecting the smooth functioning of the market?**

There has not been any noticeable effect market-wise because of the problems in the Middle East, except that shipping companies and charterers have to be more vigilant and more careful depending on which trade the vessels are employed in.

**There are great expectations regarding the unexplored natural resources**

**of Africa, particularly of countries in sub-Saharan Africa. Do you think there will be opportunities for the shipping industry?**

This is always a possibility and as countries in Africa or elsewhere become more productive, and mine their minerals, a need will be created to transport such products to markets. However it will depend on the world economy, because even if such minerals become available in Africa, other economies will need to import and pay for them at economically viable prices, both for the producing as well as for the receiving countries.

**Is the rampant growth of China's fleet and the predictions that in a couple of decades it will be the world's first fleet in terms of tonnage a cause of concern for you?**

It is always a worry when one nation, especially the biggest nation in the world seeks to create its own fleet to transport its own cargoes, both for importing as well as for exporting, because such a situation will not be in a worldwide competitive environment. Such a move would take away a very large segment of the world trade that is available for cross traders such as the Greek companies but also other Europeans. However, China or any other country for that matter should be aware that such treatment of their import and export trade may or most probably will affect the competitiveness of their manufacturing products, which ultimately would negatively impact on their economy.

**What is the main selection criterion with respect to the registration of your ships? How do you react to the view that Greek shipowners do not choose the Greek flag thus showing indifference towards their native land and Greek sailors?**

As a matter of choice, in spite of being more expensive we have always chosen to register the ships in Greece. However things have changed. Greek seafarers,





who are amongst the best in the world, have become quite expensive, but also, primarily, good officers are hard to find. There is a short supply because not enough have been produced for various reasons. Also, because of their known quality, officers are being employed in foreign fleets. Additionally, Greek governments have at times sought to change the regulations and the law concerning seafarers thereby creating uncertainty. The other factor is of course the market. Whilst up to 2008 most Greek companies with their ships registered in Greece did not pay too much attention to the cost of the crew, because of the high market rates, since the beginning of the financial crisis it has become very much a matter of concern, because in many instances the daily cost of the ships has rendered the vessel uncompetitive. Also, this was not just an issue for the shipping company, it became an issue for the lenders as well because, for obvious reasons, they were scrutinising the cost of running the ship vs. the income it was generating. Ideally, most Greek companies would rather register their ships in Greece and employ Greek seamen.

**What is your position on the new policy regarding the taxation of managing companies and individuals that enjoy special tax privileges, which the center-left governments in Europe choose to overemphasize?**

What the so-called Socialist governments in Europe tend to do or rather conveniently forget, is that European shipping has to compete with fleets around the world, especially in the Far East, that have a lower running cost. Also and more importantly, they forget that shipping is very high capital intensive whilst markets are extremely volatile. What this means is that when the market is good, like before 2008, shipping companies do have sufficient income to pay for the high value ship. However, when the market drops to the levels of today they do not have sufficient income, and yet they still have to pay for the same high value ship. This sort of extreme fluctuation does not allow for a tax regime similar to what prevails for land-based industries and their shareholders. Countries which in the past have employed a different tax regime have lost their shipping industry almost entirely. It was only after they reverted to the Greek model of the tonnage tax regime that their shipping industry was revived.

**Many young people are wondering which are the worst choices and mistakes that a young person makes in a shipping company?**

The most common mistake, especially for the youth of today, is that they want to start at the top. Some young men and women consider themselves shipping executives before they have learned the industry from the bottom up. It takes

many years to gain experience and it is easy to assume, after the first few months of working in an office, that you can cope.

**What would be, in your opinion, the most appropriate moves for a maritime studies student in order to enter dynamically the labor market and what kind of culture would you like a young person to bring into your company?**

By far the best approach for a young student is to work in a shipping company during his/her free time. A shipping office is the best university in the world; there is simply no substitute for it, provided however that one or more people in that office are prepared to teach him/her what they know. At the same time, the student must have the proper mentality and approach in order to ask the right questions and do the work that is asked of them. Young people may not realise it in the beginning, but there is a way of gaining very valuable knowledge in a shipping office relatively quickly by working in ways that they sometimes do not appreciate soon after they join.

On average, the youth of today are much better educated, and it is that attribute and their organised thought process that they should bring to the table, whilst at the same time, they should be humble and ask questions. Because of their energy, optimism and their knowledge of economic criteria, but also, hopefully, their willingness to work hard, they have a lot to offer.

**Finally, what sacrifices have you made and what was the biggest obstacle you have encountered in your career so far?**

The biggest sacrifice for me was too much traveling, and thus too much time away from my family.



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# Greece and Turkey are interlinked and the success of one brings business to the other

An interview with **Lucien Arkas**, Chairman ARKAS Holding SA

**A**rkas Shipping is among the major Short Sea Shipping (SSS) companies for containerised trade in the Med and the Black Sea region. What are the reasons behind your decision to focus on SSS? Is ocean going shipping among your strategic goals in the near future?

We have no ambition to be a worldwide Global Carrier. Our aim is to be global in the Mediterranean and the Black Sea.

It is called Short Sea, but it is harder to operate than long haul.

Furthermore, we have to serve our customers who are the Deep Sea Carriers.

We may expand to Africa as we already did for West Africa.

**Your company is among the major users of the port of Thessaloniki, as well as the port of Piraeus. Based on your experience, what**

**do you think are the pros and cons of these two ports and what is the main barrier for their further development?**

Greece and Turkey are interlinked and the success of one brings business to the other. As the saying goes, we are in the same boat. Thessaloniki has to improve its hinterland network and the same applies to Piraeus.

**Arkas is also active in the port industry through subsidiaries acting as port operators. What were the main reasons behind your decision to enter into the port industry? What are currently the major challenges for a port operator active in the SE Mediterranean?**

The ports are strategic in the chain of services. As the market is now looking to a door-to-door service, the performance of the ports is essential; the main problem in the Med is the reliability of port performance. This needs

big investments and the understanding that ports are a key factor for attracting new investors.

**Limar Port and Ship Operators S.A.** (the port operator arm of your group) started its operations in the mid 90's as a result of the inability of the Istanbul ports to meet demand and the needs of the Turkish importers and exporters. Now, almost 20 years later, how would you describe the Turkish port industry?

The Turkish port industry has grown and modernized its equipment considerably in the last 20 years. We cannot say the same for the Black Sea and North Africa.

**Members of your family live in Greece and you have personal knowledge of the Greek social realities. How do you view the recent economic and political developments in Greece? How does the Turkish Media portray the Greek crisis?**

Turks and their media are confident that Greece will overcome the present crisis. In my opinion, the key issue is to create production again. You need more "Made in Greece" labels.

**Arkas Holding has been a generous financial and moral supporter of Turkish Universities, Primary Schools and Technical Colleges. What is the main reason for your continuous and generous support of CSR schemes related to marine and maritime education and what are your future plans in this respect?**

Industry and universities have to work closely and create joint projects.

Industry should brief universities on what qualifications they seek from them and



*The Arkas Maritime History Centre opened in May of 2012 in Bornova, Izmir*

**“** Turks and their media are confident that Greece will overcome the present crisis. In my opinion, the key issue is to create production again. You need more “Made in Greece” labels.

help them prepare young people for jobs which are in demand.

Universities should be guided.

We were short of marine engineers, so we decided to build a faculty in the Izmir Dokuz Eylul University.

The students have the assurance of employment once they have graduated.

This is teamwork to avoid offer exceeding demand in certain specialisations.

**After many decades of isolation from Greece, Izmir is becoming a popular tourist destination for Greeks and the**

**islands of Greece are becoming popular short break destinations for Turkish citizens. How do you view this rapprochement between the peoples of the two countries and how can the shipping community further support this emerging reunion?**

As stated above, Greece and Turkey could double their tourism revenue by having a common strategy to attract people to the area. Do not forget the world has become global and once they come to the Aegean, they want to see as much of the area as possible.

*The Arkas Art Center, a landmark in the centre of Izmir*







## If Europe sacrifices its shipping, relocation will probably be seen as a remedy by some shipping companies

Mariella Bottiglieri- Green belongs to the younger generation of the traditional Italian maritime community. With a presence of more than 160 years, Bottiglieri Shipping Co., is an acclaimed and prestigious shipping company in Italy and the international maritime arena. Mrs Bottiglieri- Green is amongst the first few women in the shipping industry. In 2004, she joined Giuseppe Bottiglieri Shipping Co. as a Managing Director and Chartering Manager, becoming one of the youngest female top managers in the Mediterranean shipping industry. Few of our readers will probably know that Mrs Bottiglieri is fluent in Greek and has regular contact with Greek shipping entrepreneurs, as she spent her years between the ages of six and thirteen in Athens, Greece, where her father had moved his shipping company since 1976.

An interview with **Mariella Bottiglieri** Managing Director and Chartering Manager, Giuseppe Bottiglieri Shipping Co.

**H**ow do you react to the ongoing downturn in the bulk carrier market? Can traditional European ship-owners cope with these rates? Are you more optimistic about the tanker market?

Between dry and tanker, I am definitively more optimistic about the trend of the latter. If dry cargo continues at the current rates, it will be difficult to stay afloat, but the problem is not simply in the macro-economics. In other words, if shipowners continue to build vessels, even if the macro-economic fundamentals are positively restored, we will still be facing an over-supply of tonnage.

Therefore shipowners – I am NOT referring to the traditional

shipowners but to the ones driven by hedge funds (which are the ones still placing orders) – should simply stop ordering.

**What are the major challenges that an Italian ship-owner faces today and how supportive is the Italian state towards its shipping community?**

The Italian flag has gained good numbers and reputation in the last two decades, but if we want the Italian flag to be competitive, we have to make some changes. I am not talking about fiscality, which is normally what people consider the first factor of competitiveness. I am referring to the everyday operation of the vessels, to the assistance and cooperation in renewing certificates and organizing inspections and flag controls, for example.

To attract tonnage, the Italian flag must free itself from its stifling bureaucracy.

**Your family has selected the Italian flag for the company's fleet. What are the advantages of this selection and why do you insist on this strategic decision?**

So far we proudly fly the Italian flag on all our existing vessels, but this does not necessarily mean that we will keep doing the same in the future, unless the Italian flag gets more competitive.

**Bottiglieri Shipping has a major ongoing shipbuilding program. Do you have any regrets today about this previous, possibly overly optimistic strategic selection?**

We do not have a "major ongoing shipbuilding program", as you state above. We took delivery of our newbuildings between 2009 and 2011; after that, nothing more has been built from our side.

**Are you anxious about the growing 'appetite' of Chinese owners and their ambitious projects to dominate the bulk carrier market?**

Anybody who has an appetite for shipping is more than welcome to invest in our market, BUT what is the point of ordering newbuildings (thus increasing the existing "over-supply") when it is possible nowadays to buy very good young second hand vessels?

**How do you view the ongoing debate in Europe regarding the tax privileges enjoyed by certain industries? Will Europe sacrifice its shipping industry in order to alleviate public distress concerning foreign nationals, as expressed especially in London?**

It is not a new thing, the European Union is fighting against the lawful avoidance of corporate taxes on all fronts and it is right to do so, but financial advisors are getting more and more "creative".

Many companies are choosing to relocate their activities: Google is going to Ireland, Apple to Luxembourg and Ineos from the UK to Switzerland, just to mention a few.

If Europe sacrifices its shipping industry, then relocation will probably be seen as a remedy by some shipping companies.

**What are your reactions to the recent legal developments in Europe aimed at protecting the Environment (EEDI etc.)? Is the EU overreacting?**

The environment has to be protected; this is my view in general. After all, we are not just entrepreneurs, we are also citizens, we are mothers and fathers, we are what we eat and breath and, last but not least, we have the moral obligation to preserve the environment for the next generation. Hence any real change which effectively protects the environment is more than welcome, but before any rule enters into force, we have to make sure that it is really feasible. One overall example: when the new rule about the extra low sulphur entered into

force, there were very (very!) few ports where this fuel was available!!!

**Italian companies are investing heavily in Africa's transport and port infrastructure. Is the black continent a new gem for trade development and a potential land of opportunity?**

As a company, we are not involved in any of these activities, but the answer is "yes, it seems like it", although my hope is that we have learnt from the past, so that this new kind of "colonialism" might be much more successful (for all parties!) than our previous ruinous one dating back to the 1940s!

**You have lived in Greece and have knowledge of the Greek social realities. How do you view the recent economic and political developments in Greece? How does the European Media portray the Greek crisis?**

To be completely frank, I often travel to Greece, to Athens in particular, but the impression I get when in Athens is far from the picture given by the European mass media.

In other words, I haven't seen anything as bad as described in the press; so I get the feeling that the situation – although it is certainly not as it used to be – is not quite as bad as they describe.

**Italy is facing the same problems as Greece in relation to illegal immigrants. How can the shipping community support the State in this ongoing crisis in the Mediterranean?**

Let's start by admitting that Italy is simply the gateway to Northern Europe.

These poor people who have had to go through horrible, cruel and barbaric journeys (and had to pay their fortunes to do this!) have no intention of settling in Italy, but – according to the official data – 90% of them declare that their target is Germany, Denmark, Switzerland or UK. But it's not that easy to reach those countries, therefore the majority is then stuck in Italy after arriving.

Italy does not have the financial resources to help, save and assist all these people and Europe has the obligation to help Italy. The fact that migrants cannot reach the northern countries they aim at, does not mean that this is not a "European" problem. It is indeed a problem that Europe has to face, address and solve as a whole.

As of 1st November 2014, the operation to "manage migration" changed its name: it is no longer called "Mare Nostrum", but "Triton". It is less "Italian" and more "European". It is no longer "long range"; its activities will not venture beyond 30 nautical miles off the Italian coast.

It was supposed to be help on a "European level", but then it is difficult to understand why only 8 countries out of the EU's 27 Member States offered to provide equipment and why only 12 out of 27 provided personnel.

While Europe decides, almost 800 people died trying to get to Sicily from Libya last month. I think we are still far from a real solution.....



# GREEN POWER:

## How Activist NGOs dictate EU Shipping Environmental Regulations

The stereotype many people have about the "save the planet" NGOs is that their members consist of unreasonable activists, who rarely question their methods of collecting "true" information, who think their opinion is the one and only divine truth, who never listen to any other argument. In short, that theirs is the ultimate truth, their methods to achieve their aims are always justified and proper and anyone with a slight difference of opinion, even in the chosen method to achieve the same aim, is suspect and probably a money-thirsty environmental criminal.

Of course my opinion for these people was far removed from the above stereotypes. I believed them to be romantic, selfless people, perhaps misguided in some aspects but always well-meaning, open to learning and to investigating the truth. Granted, my contact with them was very limited and, until recently, non-personal. It was limited to reading some of their published views, but mostly to reading their submissions to the IMO, some of which sounded plausible although most of them usually demanded excessive or simply impossible to implement actions and regulations (even if everybody agreed and wanted to implement them).



By **Panos Zachariadis**, Technical Director Atlantic Bulk Carriers Management Ltd



For me it was also particularly annoying when they would try to base their arguments on "studies" which they paid for themselves, some by reputable institutions, and which somehow produced results different to those of many other prior studies on the same subject. Since I am in the habit of reading and analyzing these studies, I was astonished to see one of them by a very reputable institution quoting data from a paper that I had co-authored, to make the point that to reduce CO<sub>2</sub> emissions it is better to build more ships so they can all go at slow speed, rather than having the existing fleet operating at design speed! The data referred to how much CO<sub>2</sub> is emitted into the atmosphere during the building and

scrapping of a vessel. My astonishment was the result of the realization that the lifted data (on CO<sub>2</sub> emissions) was less than half of what we had included in our paper! Another point which I have always wanted to discuss with the authors of these IMO submissions was the erroneous impression they seem to have that ship indices such as EEDI or EV are synonymous with ship efficiency. They keep talking about historic and current ship efficiency and in their diagrams they plot EEDI, as if EEDI was the same as "efficiency".

For these reasons, and many more, I was glad to see an announcement by several European environmental NGOs for a workshop at the office of the European Parliament in Athens. The title of the invitation was "Civil society in dialogue with policy makers and the shipping industry" (emphasis mine). After welcoming speeches by the Greek minister of the environment, the alternate minister of shipping and the Hellenic Coast Guard, all mentioning the efforts of Greek shipping to modernize, the huge effect of shipping on the European economy and jobs and the importance of International shipping regulations through IMO, the NGOs proceeded with their presentations. We were advised from the start that general questions would not be allowed after each presentation, but were asked to save these for the discussion at the end.

NGO Transport & Environmental proudly explained how instrumental they were in pushing the new EU MRV regulation, since IMO was dragging its feet on the issue. It made clear that the goal is to include shipping in the EU ETS, even if the final chosen MBM is to be a flat tax or levy. NGO Shipbreaking Platform explained how they pushed for the new EU Recycling Regulation. This time not because IMO was dragging its feet but because the new IMO regulation, the Hong Kong Convention, was not to their liking.

NGO Surfrider Foundation explained its mission to locate and take to European court ship polluters (apparently Port State authorities turn a blind eye?) while NGO MedSOS urged shipowners to start using more of the solar, wind and other new technologies, which can save them 40+% of energy, making their point that Greek operators are historically resistant to progress or new regulations! Believe it or not, the mildest presentation was that of Greenpeace requesting the creation of more marine reserves.

After a video presentation of the new Clean Shipping Index tool (similar to the refrigerator rating of RightShip) and a video call from Syriza's European MP Mr. Kouloglou affirming his intention to be very green and very tough on shipping pollution, we thought the floor would open for questions and statements from the audience (which by the way were very few). Not so. We had to hear another round of statements from the speakers and, this time, a statement from the member of European parliament Mr. Jose' Inacio Faria, the

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EU MRV rapporteur. Mr. Faria's speech was unsettling to me. His distaste for ship operators and especially for IMO was made clear.

When the floor finally opened, I realized that even the audience consisted of NGO "allies".

The chairman of the European green recycling shipyards was there and he advised us that the shipowners were lying when they claimed there is not enough ship recycling capacity in Europe. There most definitely is, he said (never mind that 1000 large ships each year need to be broken up). Another gentleman who spoke pushed scrubbers as the ultimate solution, while the permanent representative of the Clean Shipping Coalition, for many years at IMO, spoke about what an exclusive club IMO is, and how it is controlled by shipowners, adding that that it should be the peoples' representatives who take over IMO (never mind that IMO is supposed to be a technical body).

When I finally had a chance to say a couple of words, I urged those who want to regulate shipping to do it through IMO and not through unworkable regional regulations. Shipping is an international industry and only international regulations can ensure non-escape and a level playing field. As expected, I became the black-sheep of the room and the event was soon after completed.

I was truly sorry that there was no dialog with the "shipping industry". It was an event to present each NGO's positions and rock-solid beliefs, without accepting any dialog. Regrettably, the impression I formed was that the stereotypes may have been valid. I felt I was truly among "fanatic" activists who didn't care at all what a shipping representative, such as me, had to say.

As several of them openly said, "shipowners care only about profit and nothing else... they couldn't care less about the environment... IMO is controlled by money-thirsty shipowners and other similar interests... only European regulations are left to save the environment from dirty shipping".

The troubling thing is that a high level EU politician, such as Mr. Faria, spoke along the same lines. I can only hope that, being a politician, he was speaking to the target audience in the room, not really fully believing that owners and IMO deserve such contempt.

The NGOs made clear some of their plans for the future.

Transport and Environment openly admits that EU MRV is the road to ETS. Judging from the influence of these NGOs to the Commission (which sets EU policy, proposes/drafts the EU regulations and provides -I am told- nearly half the annual budget of these NGOs), ETS for shipping may come sooner than we think.

NGO Shipbreaking Platform is fully aware of the reflagging issue when a EU flag ship may need to be recycled and thus they will be pushing EU to amend its Environmental Crimes Directive to include European owners or companies so as to "stop the shameful practice of European ships being broken on beaches" as the Environmental Commissioner Karmenu Vella says.

At the same time NGO Surfrider Foundation is pushing EMSA to allow them continuous access to satellite images so they can locate and act against polluting ships.

At this particular forum, the NGOs didn't show any interest in whether the regulations they push are workable or not. For example, they want to reduce ship CO<sub>2</sub> emissions by 40%, irrespective of the expected increase in world trade. Modal shift doesn't seem a real concern to them.

They also want to build more ship recycling yards in Europe. What to do with all the produced scrap steel, when Europe is already a net scrap exporter, is not important to them (apparently ship it to China and India ?).

I think it is time that the shipping industry got more involved in EU regulatory affairs. The Commission does not know much about ships and the shipping industry and their only feedback seems to be from these NGOs who also don't know much about ships. I also think that a real dialog with these NGOs must be attempted. I cannot believe that they are all unreasonable activists.

When Greek shipping formed HELMEPA as a voluntary move to protect the seas at a time when nobody else was thinking about the importance of the environment, most of these activists were not even born. Once they see that shipowners are not the money-thirsty crooks they think and that they too do not want rising sea levels to destroy their home islands in the Aegean, maybe, just maybe, we can all work towards workable and realistic regulations that will be global, truly regulating a global industry for the good of the environment.

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# Our biggest challenge is to create a year-round cruise season in Greece

An interview with Kyriakos Anastasiadis, CEO Celestyal Cruises

As the cruise market is expanding and the demand for cruise services is increasing, cruise companies are seeking to develop and apply strategies that will help them to maintain and expand their market share. Celestyal Cruises has decided to focus on the small and medium-size cruise ships aiming to offer a more personalised service to cruise passengers. At the same time it offers a cruise product that is based on the Greek experience aiming at bringing Greek culture and tradition onboard its cruise ships. Mr Anastasiadis, CEO of CELESTYAL CRUISES, in his interview unveils all the latest developments as well as the company's strategy.

**This summer you are expanding your fleet with another ship. Can you quantify what this means, in terms of additional capacity year-over-year?**

Celestyal Cruises has always been mid-sized oriented. Our priority is to satisfy our guests, which we can do with smaller ships – the size of our vessels means our crew can give every passenger the warm, personalized, attentive

service for which we've become known throughout the industry. The addition of our newest ship, the Celestyal Odyssey, means we have added 836 beds with Celestyal Odyssey in total capacity 3.600 this year from 2.700 , which means we have a 33% increase over last year.

**With additional tonnage, what is new in**

### terms of the cruise program?

What's new in terms of the Celestyal Cruises program for the 2015 season is new destinations and itineraries, the enhancement and expansion of "the real Greek experience" and the third season of our Cuba Cruise product.

In 2015 we will add eight new destinations, many of them still considered "undiscovered," to our itineraries, including Chioggia, Italy, just south of Venice. Chioggia will be our primary embarkation port in Italy in 2015, with Bari as our secondary Italian embarkation port – we will offer two 9-day cruises from Chioggia that will give passengers the best of the Adriatic, the Dalmatian Coast and the Peloponnese.

We now visit more Greek ports than any other cruise line. In 2014 we had in total

627 calls at Greek ports, 10 of them entirely new additions to our itineraries since 2013. This year we will make a total of 841 calls, 214 more than last year.

We are dedicated to providing each of our passengers the real Greek experience – we've even renamed all of our decks and public spaces for personages from Greek history and mythology. And with regard to our special themed events and entertainment, we took special care to upgrade these programs to make sure each one delivers the real Greek experience. One example of this is the participation again this year of world-renowned Greek musician and bouzouki player Thanassis Polykandriotis, who performed at the opening ceremonies of the 2004 Olympic Games and who will sail with us

in 2015. We have also again partnered with the Lyceum Club of Greek Women for some of our special themed events. Founded in 1911, the Lyceum Club of Greek Women is dedicated to the preservation and promotion of Greek heritage, which is one of our core values. Some of the Club's programs include performances of traditional Aegean weddings and holiday celebrations, replete with traditional costumes, music and folk dances that give our passengers a real taste of our culture and heritage.

### Where are the new passengers coming from?

Celestyal Cruises and its Greek product continues to build market share worldwide, with a particular increase in the number of passengers we are hosting



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“ We now visit more Greek ports than any other cruise line. In 2014 we had in total 627 calls at Greek ports, 10 of them entirely new additions to our itineraries since 2013. This year we will make a total of 841 calls, 214 more than last year. ”

from Latin America, France, Germany and Spain, with South America a key source market for us. We continue to invest in an “educational” marketing initiative in many of our markets, including Greece and Turkey, that explains to potential passengers why cruises are value for money vacations.

**How has the rebranding pushed your product offering forward? For passengers who previously sailed with Louis and return to sail with Celestyal, what changes will they notice?**

The rebranding has given our passengers a clear understanding of our product. They know exactly what our product is, the real Greek experience, and what it comprises. They also know they're going to have a real “hands-on” and “home-made” experience – this covers everything, from our hearty, mouthwatering Greek meals to our unique, authentic Greek entertainment, and that's just on board. The rebranding is also about the opportunity to visit the best places dur-

ing the best seasons, and the chance to see so much of the Eastern Mediterranean on impeccably organized cruises that take you to “the big hits,” like Venice and Athens and Istanbul, as well as to “album tracks” like Cesme, on the Turkish Riviera, the Aegean islands of Chios, Milos and Syros, and to places like Dubrovnik and Saranda, Albania. And of course, at every one of our destinations we've scouted out incomparable shore excursions. This is what we're offering, and the rebranding has helped us communicate this clearly and extensively. For returning passengers, the first thing they'll notice is our new Adriatic, Aegean and Ionian destinations. Once on board, they'll immediately notice the new décor, the expanded Greek menus and wine lists, the seemingly endless list of special themed events, the entertainment options, the electronic kiosks in our reception areas...they'll also notice new additions to our ships, like the Thalassa Bar on the top deck (Deck 10) of the Celestyal Crystal, where they can enjoy an authentic Greek coffee or ouzo with real Greek meze (small plates) and a breathtaking Aegean sunset.

**Any changes coming later this year? Will you run a winter season under the Celestyal brand anywhere?**

Yes, having completed our second season we will sail our Cuba Cruises during the 2015-2016 winter season, our third year of operation, with an extension of the season until April 11th, which gives us three additional departure dates for these seven-night cruises. The Celestyal Crystal will embark every Monday from

Havana and every Friday from Montego Bay, Jamaica: our embarkation from Havana gives our passengers plenty of time to disembark and experience this magical city without having to book a hotel – this is especially attractive to the tour operators with whom we've partnered. We have a brand new itinerary for next season which includes two full days in Havana and a new port of call, Maria La Gorda, famed for its incredible snorkeling and scuba diving. We will also be serving authentic Cuban cuisine on board, in addition to delicious international dishes, and each evening we will present live Cuban entertainment.

**What are your “keys” to remaining competitive?**

The keys that help us remain competitive include our core competency, our ability to provide a local-national product to an international audience. We offer a unique product to our passengers. Our competitiveness is connected to relevant theory: while the industry continues to focus on the concept of the ship itself as the destination, we've chosen to differentiate ourselves by making Celestyal Cruises destination-centric and a real Greek experience. Our ships are mid-sized, which means we can provide each of our passengers with real Greek hospitality and attentive, personalized service. The size of our ships also makes it possible for Celestyal to acquire permits to visit places larger ships can't access.

**What is the biggest challenge you are currently facing and how will you overcome it?**

Our biggest challenge is to create a year-round cruise season in Greece, so as to drive revenue for our company and for the national economy. In this regard we need to educate the marketplace to the benefits of cruising during what is considered the off-season; we also need to convince the government of Greece and the local authorities at our destinations to continually invest in infrastructure upgrades.





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Good prospects for the  
in Europe but actions  
taken

An interview with Pierfrancesco Vago,  
Europe's President Cruise Lines International Association (CLIA)

# CLIA Europe: cruise sector need to be

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The Cruise industry is a dynamic sector characterised by continuous developments. As Europe is still a major market for cruise passengers and the Mediterranean stands as the second most popular cruise destination worldwide we spoke with CLIA Europe's President Mr Pierfrancesco Vago about the trends and challenges that this market is facing today. Despite the decrease in cruise traffic in the Mediterranean region in 2014, Mr Vago is optimistic as regards the future of this particular geographical area, although there are important issues that need to be tackled in the short-term such as the EU Visa Code and the upgrading of port infrastructures.

**T**he last few years the Mediterranean has lost its dynamic as a cruise destination for several reasons (withdraw of cruise ships from the Med, focus on new dynamin markets as the Asian one, political instability in North African countries). Do you forecast growth in the Mediterranean to return?

The Med is and will remain a key cruise destination. Although in 2014 we saw a 11.4% decrease in capacity deployment in the Med, as some cruise lines took existing ships to other waters, notably the Caribbean, the Med remained the second most popular cruise destination worldwide, behind the Caribbean.

This year-on-year fluctuation in deployment is usual to the extent that cruise lines' deployment strategies are dynamic. And, with some ships that are currently under construction to be launched this year, we expect a 9.3% increase in capacity deployment in the Med in 2015. This will result on further growth in Europe's source market.

**What is CLIA Europe strategy towards the expansion of source markets, especially under the prism of the current economic crisis.**

I am proud to say that Europe's cruise industry has so far successfully bypassed the economic downturn. In terms of source market, in 2014 number of Europeans taking a cruise holiday reached 6.39 million, an all-time high.

The number of Europeans choosing a cruise holiday has increased by a remarkable 44% since 2008, when the economic downturn began. The industry has enjoyed growth year-on-year. This is particularly remarkable if we consider that Europe's economy has still not recovered to pre-economic downturn levels, having declined by 1.3% during the same period.

Our response to the economic downturn in Europe has been quite simple: to offer a highly competitive product, a great alternative to a land-based vacation that gives you the possibility to visit several countries/cities without even changing

hotels, and for a comparable price.

**There are some initiatives in EU level in order to exploit further the potentials and benefits of cruise industry. Do you believe that European policy debate on cruise can bring concrete results?**

It certainly can. It is no coincidence that CLIA Europe is headquartered in Brussels, the hub of EU policy-making. Our team is highly engaged in the relevant legislative processes to ensure a stable and favourable operating climate for the cruise industry in the EU.

One of the most critical policy dossiers for us at the moment is the reform of the EU Visa Code.

This is a legislative proposal that aims to remove red tape from the visa application process for third-country tourists wishing to visit Europe. According to the

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European Commission, in 2012 Europe lost more than six million potential tourists from third countries due to cumbersome visa procedures.

CLIA Europe is highly engaged with the policy-makers from the European Parliament and Council of the EU to ensure a swift adoption and implementation of the revised EU Visa Code. This would help increase the number of third-country tourists and maintain Europe as the World's number 1 tourist destination. Eu-

ropean competitiveness is at stake.

**Ports are a crucial element in a cruise transport chain. Have developments in cruise ports in Europe matched your expectations? If not, what are the core issues that the port industry should look into?**

Unfortunately, in many cases port facilities in Europe are not keeping pace with our industry's growth. Urgent work is needed to increase and improve many of them if the cruise industry's growth is to

be sustained and sustainable.

Urgent work is required to upgrade and develop port infrastructure and to improve connections between port areas and the hinterland. CLIA is willing to engage with different stakeholders in order to guarantee that ports, destinations and the cruise industry maximise on common growth opportunities. For this reason CLIA Europe has long called on the EU to set up a Pan-European Dialogue between ports, cruise lines and coastal tourism stakeholders to address common issues together.

The European Commission responded positively to our call and held the first session in March this year.

**“ In 2012 Europe lost more than six million potential tourists from third countries due to cumbersome visa procedures ”**



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# A Brief Overview of the Economy & the Shipping Environment

By **Maria Bertzeletou**, Shipping analyst Golden Destiny S.A., Research Valuations

**A**n uneven global recovery continues with firmer growth in advanced economies and a shifting trend in energy prices. The slowing recovery in world trade keeps persistent with China posing a serious threat on future shipping demand.

According to the latest outlook from IMF on April 2015, global growth remains moderate, with uneven prospects across the main countries and regions. It is projected to be 3.5 percent in 2015, in line with forecasts in the January 2015 WEO Update. Relative to last year, the outlook for advanced economies is improving, while growth



	2014	2015	2016
<b>Advanced Economies</b>	1.8	2.4	2.4
United States	2.4	3.1	3.1
Euro Area	0.9	1.5	1.6
United Kingdom	2.6	2.7	2.3
Canada	2.5	2.2	2.0
<b>Advanced Asia</b>	1.6	2.2	2.4
Japan	-0.1	1.0	3.5
Korea	2.7	2.8	3.2
Taiwan	3.7	3.8	4.1
Singapore	2.9	3.0	3.0
<b>Emerging Asia</b>	6.8	6.6	6.4
China	7.4	6.8	6.3
India	7.2	7.5	7.5

in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries.

Overall, GDP growth in advanced economies is expected to firm at 2.4% in the next two years, compared to 1.8% in 2014. The United States are showing the strongest recovery at firm growth of 3.1% from 2.4% in 2014. In emerging and developing Asia, GDP growth of India is estimated will surpass China for the first time this year since 1999. India is estimated to expand by 7.5% for the next two years, while China will lose its firm growth by falling below 7%. Overall, GDP growth in emerging Asia will lower to 6.6% and 6.4% in 2015 and 2016 from 6.8% in 2014.

Interesting news emerged recently from China, Japan and India. China central bank warned of an unstable inflation outlook, low prices and a challenging growth outlook. But the People's Bank of China (PBOC) also tried to allay concerns about China's stuttering economy, saying

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“ The markets have a way of correcting themselves, and the probable withdrawal of short-term investors should ease the tonnage imbalance ”

it can expand around 7 percent this year, in line with the government's economic growth target. Meanwhile, flash China Manufacturing PMI ended at 49.1 (two-month high in May) - (48.9 in April), indicating contraction of activity. While China slows down, India is gaining ground and surprised analysts for this year as India's economy grew at a faster rate than its Chinese counterpart for a second straight quarter. Gross



domestic product (GDP) for the January-March period grew 7.5 percent from the year-ago period. By comparison, China's economy expanded an annual 7.0 percent in the first quarter after logging 7.3 percent growth in the fourth quarter of 2014.

In Japan, Prime Minister Shinzo Abe unveiled a plan to expand Japan's financing for infrastructure projects in Asia by 30%, suggesting Tokyo's intent to counter China's push to spearhead a new regional investment bank. Mr. Abe pledged to offer roughly \$110 billion in the next five years to fund "high-quality infrastructure investments" in Asia through various channels, including expanding the Asian Development Bank's lending capacity and yen loans from the Japanese government.

Under the current weakness of China, the country's National Development and Reform Commission surprised the economic scene and announced a huge amount of infrastructure projects. The commission confirmed a list of 1,043 new construction projects that would require approximately 2 trillion yuan (\$322 billion) in funding. The construction projects are focused on transportation, water conservancy, and public services (including hospitals). A small portion of the transportation projects include a 51.9 billion yuan (\$8.4 billion) project to build two subway lines in the city of Hangzhou, a 37.2 billion yuan (\$6 billion) project to build a railway connecting the cities of Anqing, Jiujiang, and Hefei, a 19.8 billion yuan (\$3.2 billion) project to build a new railway in the city of Hefei, and a separate 19.8 billion yuan (\$3.2 billion) project to build a railway in the city of Ma'anshan.

Under the current challenging economic environment, shipping freight markets are still facing serious exogenous risks from intense geopolitical events, while overcapacity prevails and new trends in investments are emerging. A major shifting pattern for this year is the declining trend in shipping investments either in the secondhand or the newbuilding market, with the tanker vessel category grasping the lion share of the investments for the first year since 2009.

In the latest confidence survey by Moore Stephens, confidence levels in the shipping industry fell to the lowest level in 2.5 years. Overall confidence levels in the shipping industry declined during the three months to February 2015 to their lowest level for two-and-a-half years. In February 2015, the average confidence level expressed by respondents in the markets in which they operate was 5.5 on a scale of 1 (low) to 10 (high), down from the 5.7 recorded in November 2014. This is the lowest figure since August 2012 compared to the record high of 6.8 when the survey was launched in May 2008.

Respondents to the survey identified over-tonnaging as the biggest factor behind the fall in confidence, but also expressed concern about the effect on the industry of lower oil prices and the growth of investment by financiers from out-

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A surplus of tonnage, particularly in the dry bulk trades, dominated the comments of those who responded to the survey, along with the issue of the recent sharp fall in oil prices. In addition, a number of respondents expressed concern about the effect on the markets of the entry of new money from non-shipping investors into the industry.

One complained, "Excessive liquidity from US markets being invested in Far East shipbuilding programs is killing any improvement in the market." Another, however, emphasized, "The markets have a way of correcting themselves, and the probable withdrawal of short-term investors should ease the tonnage imbalance."

In the energy market, the sharp drop of oil price since the beginning of the year has returned wet crude tanker vessel category into profitable levels for this year. Current estimates suggest the oil price will stay on the low end for the next two years, creating more vessel demand from Asia. At the end of May, rates in AG-USG for very large crude tankers surpassed the levels of WS 40, up by 10 points from the be-

**“ In the secondhand market, 2015 appears to set a new cycle in asset prices for bulkers, while it seems that "2012" was the year with the lowest asset prices in the tanker segment since 2009. ”**

ginning of May. Compared with 2014, rates are now up 27 points from the record lows of end September 2014 (WS 18). It is noteworthy that rates remain above WS40 since week ending mid May, 2015.

Against the positive trend of crude tanker freight market, the dry segment does not give signs of firm rebound for this year as the Baltic Dry Index can not reach and sustain levels above 600 points. The same tremendous weakness is also recorded in the container segment, with Asia-Europe rates experiencing the worst recession after the influx of newbuildings post panamax boxships. The levels in the Asia-Europe route are now down by \$1,011/TEU (69%) from the beginning of August 2014, while the Shanghai Container Freight Index is down by 43% compared to the highest levels of August 2014 by hovering below 800 points.

Overcapacity prevails in all main vessel categories and since 2000 there has been fleet growth of 89% in dry, 76% in wet and 92% in container. Under the current freight market fundamentals in dry bulk, asset prices seem to have reached historical lows in the last five years and indicate vessel purchases, while asset prices in the tanker segment for large size vessels follow a sharp upward trend.

"2015 -2020": This will be a challenging period with shifting trends in world fleet and investments. The world fleet is becoming increasingly younger from the high contracting activity of previous years. Only 11% of the world fleet is older than 20yrs old and scrapping vessel candidates are mainly either in smaller vessel sizes or large size vessels in the age category of 16-20yrs old. Bulk carriers, tankers and containers still comprise the majority of the global merchant fleet. However, LPG and LNG carriers are gradually increasing their share in the world fleet after 2009.

Decreasing trends in secondhand and newbuilding investments will remain for this year after the record year of 2013 in newbuilding business and 2014 with the highest volume of secondhand purchases. In the secondhand market, 2015 appears to set a new cycle in asset prices for bulkers, while it seems that "2012" was the year with the lowest asset prices in the tanker segment since 2009.

Scrapping activity implies that 2015 may set one more year with record levels after 2012. But, the main question is whether demolition activity appears enough to alleviate the pain of overcapacity.

The world fleet is now too excessive compared to 2003 levels, and although shipping demand may not have returned to the levels of 2006-2007, it shows better figures. However, trading activity from emerging economies, i.e. India and China has to be firmer to narrow the vessel supply and demand imbalance. Tankers and LPG tankers appear the star performers for this year with bulkers losing their solid ground. Despite the declining trend of shipping investments, shipping players will not lose their confidence and will follow the new trends of freight market and asset prices.

# Shipping: "Game Change"



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# Will scrap prices be able to sustain their current levels?

An analysis of current trends and future challenges in the breakers yard's arena



By **George Lazaridis**, Head of Research and Valuations, Allied Shipbroking Inc.

**With the shipping markets in turmoil over the past couple of years, a lot of attention has been placed on the industry's ability to self-correct any imbalances between the supply and demand of tonnage. Since 2008, we have seen a ramping up of tonnage heading to the breakers yards in order to counter the overwhelming volume of newbuilding deliveries coming into service, many of which were orders originally placed during the boom years. No sector has noted this more prominently than that of the Tankers, which witnessed an excess volume of scrapping during 2010 and 2011, as many owners had overestimated the potential positive effects the double hull regulations would have on the market and had ordered an excessive amount of vessels during the years prior to the time the regulation came into effect. After years of excess scrapping which peaked in 2010 at 356 vessels totaling 15.8 million deadweight capacity and diminished new contracting for new vessels, and with the help of a sudden rejuvenation in the oil trade thanks to the recent drop in crude oil prices, an equilibrium seems to have been reached, finally propelling freight rates to heights not seen since 2008.**

**I**t seems therefore as though the tables have turned, and it's the dry bulkers that are facing an excessive amount of pressure in the freight market due to an excess in the amount of tonnage availability compared to the available cargoes around. With the market paying for sins made between 2010 and 2014 with regards to new contracting due excessive optimism during that period, the dry bulk market is finding it hard to tackle the rate of fleet growth despite a strong percentage of cancellations and re-shuffling of newbuilding delivery dates. Yet it seems as though a small rebalancing is slowly being reached. The number of vessels being retired from the market has picked up considerable pace, unlike anything seen in the past. During the first five months of 2015, we

have already seen in excess of 226 dry bulk vessels of 18 million total deadweight capacity being sent to be scrapped, a notable number, especially when compared to last year's levels which reached 302 vessels of 15.3 million total deadweight capacity for the full year, as well as the previous record year of 2012, which saw a total of 576 vessels of 34 million total deadweight capacity. At the same time, some size segments have been championing in terms of how many vessels have been retired, most notably that of Cape-size vessels with almost three times as many vessels having been scrapped in the first 5 months of 2015 compared to what was seen in the whole of 2014. But has this had any significant effect in countering the strong number of new vessels entering service? The

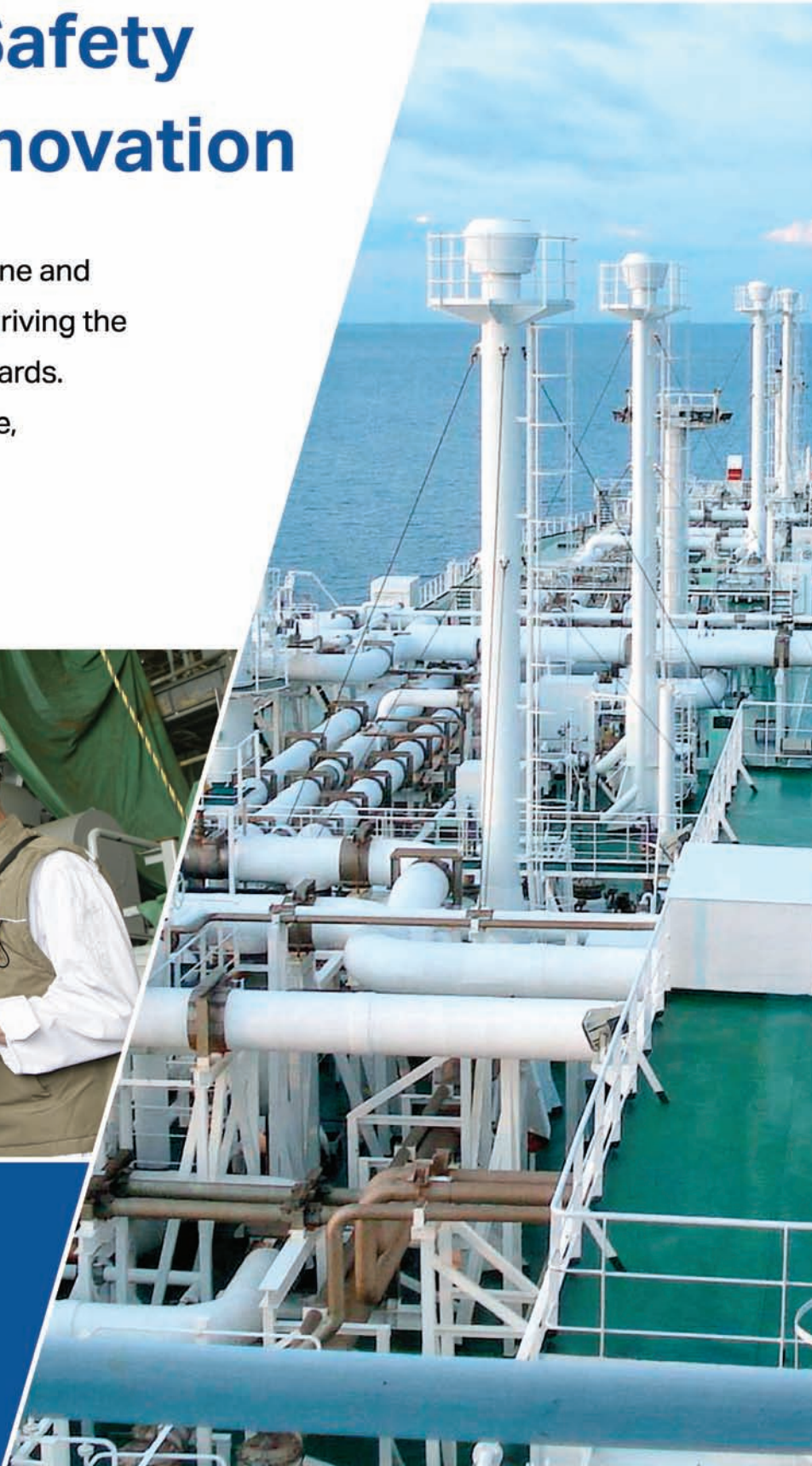


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answer is complicated, as on the one hand we have seen a slowdown in the rate of growth of vessels in service, with some size segments even moving into a negative growth rate within the first five months of 2015, yet, on the other hand, it seems we are still far from witnessing any real balance with what the demand levels for dry bulk tonnage is in the market at the moment. It seems that although there has been this great attempt to minimise any further fleet growth, the global demand for seaborne trade of dry bulk commodities has been sliding into further trouble. The main engine of global trade growth, namely China, has been facing a strong restructuring of its own, with its economic growth sliding to levels last seen more than a decade ago and finding it difficult to create the right conditions that could lead to a quick reversal of this current downward trend. At the same time, although there have been notable efforts by other countries within the BRIICS

economic group (of note are the efforts made by India during the past couple of months), it seems that under the current conditions of global uncertainty it is hard for any economy to thrive to levels that could drive trade by the same amount as that of China, which is currently the world's second largest economy. It is not as if OECD member countries are doing much better; most of them are struggling to keep their own growth rates in the green.

Yet, surprisingly enough, this is neither the only trouble faced by the market, nor the most significant. After several years of trying to correct the gluttonies of the past, the majority of vessels over the age of 20 years have already been retired from the market, while the fast paced growth in shipbuilding capacity has created a fleet heavily composed of vessels below five years of age. As such, sooner or later the demolition market as a form of a release valve will stop being

as effective, while the outcome will inevitably be even more detrimental to the value of dry bulk assets that will see a rapid increase in their depreciation rate as vessels witness a rapid decrease in the economically useful life span they will have at their disposal. This is yet another cost that will have to be borne by shipowners along with an increasing difficulty in raising finance (and at a higher cost) due to the excessive risk exposure that comes with the effects of a lower economic life span.

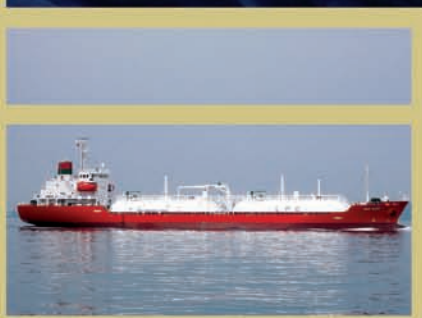
The main counter to this has been the scrap prices offered by breakers in the Indian Sub-Continent, something that has also helped keep interest in the scrapping option alive for most shipowners of overage tonnage. With price levels having fluctuated between 325 and 510 USD per LDT over the past five years, levels that are remarkable when considering that prices fluctuated between 180 and 490 USD per LDT between





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“ Is now easier for a shipowner to use the cash received from the sale of their overage units as equity in the purchase of a fairly modern unit, therefore finding it easier to undertake any fleet renewal and making it easier to take the decision to sell any unit to the breakers. ”

2003 and 2007 and between 100 and 200 USD per LDT five years before that. At the same time, asset prices have not been recalibrated to the appreciation in the price of scrap steel and as such the residual value of a vessel now accounts for a considerable portion of the vessel's total value relative to what it used to be in the early 2000's. With asset prices having reached such depressed levels now, this effect is amplified, with scrap values for Capesize vessels, as an example, reaching around 17% of the price of a newbuilding and over 25% of a five year old vessel. In comparison, these levels were closer to 12% and 15% respectively towards the end of 2003. This means that it is now easier for a shipowner to use the cash received from the sale of their overage units as equity in the purchase of a fairly modern unit, therefore finding it easier to undertake

any fleet renewal and making it easier to take the decision to sell any unit to the breakers.

Worries however remain with regards to how scrap prices will be able to sustain their current levels, especially given the fact that the number of demo candidates has risen so much. With commodity prices dropping so rapidly over the past 12 months and the global economy finding it difficult to get a stable foothold and to ramp up its needs for investment linked commodities such as steel, one wonders for how much longer breakers will be able to pay their current price levels for scrap steel. An indication of the fragility of the demo market in its current state was felt back in December 2014 and January 2015, when the market was flooded with cheaply priced Chinese produced steel, slumping the need

for scrap steel and affecting the available price differential between the two types of steel. Nevertheless, the market seems to still be resilient, overcoming these difficulties, as India changed its policy on steel imports from China, countering the dumping effect brought about by these imports, while India's stellar economic growth since early 2014 helped the country ramp up its needs for steel and opened up the market for higher intake volumes within the demo market itself. This need is unlikely to subside within the next couple of months, meaning in turn that we should be able to see prices keep their buoyant characteristics for at least a little while longer. This last point will be the most paramount in allowing the market to keep its current rate of scrapping activity and in turn countering the negative effects that are brought about by the still fairly large orderbook in sectors such as that of dry bulkers.

Being able to hold back fleet growth has been the most important role played by the demolition market and during the current freight market conditions it is ever more vital that it continues to play this role at such a rate. Managing to keep the number of removals at such high levels and limiting the number of newbuilding deliveries going forward, while waiting for a combination of a more consolidated shipbuilding market with lower capacity and a revitalisation in global trade growth, will help bring about a market balance between demand and supply of tonnage sooner rather than later.

As to what we can expect over the coming months in terms of both demolition activity and prices, things are more complicated. We may have seen a very strong start to the year, but as we enter into the summer season and effectively the monsoon season in the Indian Sub-

Average Scrap Prices (\$/ldt)

	2010	2011	2012	2013	2014	2015
<b>Indian Sub Continent</b>						
Bangladesh	321	468	459	420	436	441
India	345	453	465	424	442	448
Pakistan	344	448	460	421	436	442
<b>Far East Asia</b>						
China	312	407	408	366	330	278



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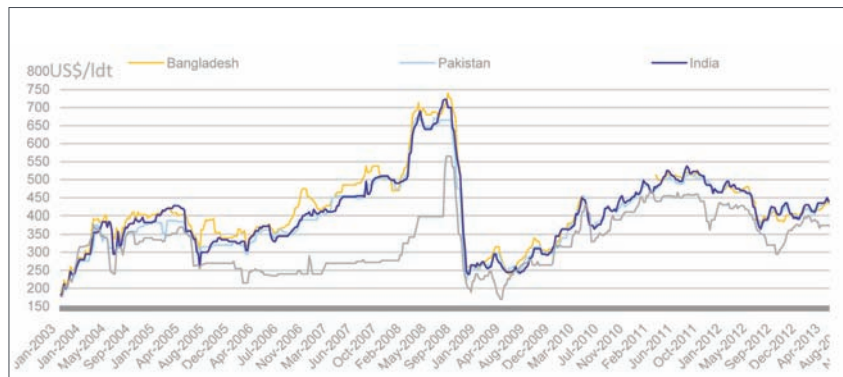


Continent, we are also entering a seasonally slower period in the market. This seasonality is likely to be even greater this year as it has been the Indian Sub-Continent that has pulled the whole weight of the market this year, with the Chinese breakers effectively being absent, making very few purchases of which most have been of relatively small size. At the same time, and with the local Chinese market seemingly flooded with excess supplies of cheaply priced steel, it is unlikely that we will be able to see a change in the activity levels undertaken by Chinese breakers, as their offered prices are at a fairly big discount compared to what is offered by other major demo destinations. Meanwhile, although expectations are that the average offered price levels seen in the Indian Sub-Continent will be able to stay well above the 300 USD per LDT mark, prospects of a slowdown in overall activity as we progress into the third and fourth quarter of 2015 lead to a forecast of the total activity for this year in the dry bulk market possibly just missing the record levels of 2012.

This makes sense from a different approach, as there are now only few candidates still available that are more than 20 years old.

Out of a total of 11,046 dry bulkers which are in active service, only 1,852 are above 20 years of age, making up only 16.7% of the active fleet, while many of these vessels' owners might be utilising these units for their own personal trade, making the choice of scrapping them even more difficult.

At the same time, the current orderbook, most of which is composed of vessels above 10,000 dwt, stands at 1,636 vessels, something that means that even in the case that all these vessels built prior to 1998 (equivalent to 104 million DWT) were scrapped over the next three years (something highly unlikely), we would still find ourselves with a net addition in total carrying capacity of the fleet of 32 million DWT as the current orderbook stands at 136 million



DWT. What is a likely outcome out of all of this is that over the coming 3 years we will continue to see a strong level of scrapping in the dry bulk market in terms of number of vessels and particularly in the smaller size segments such as that of the Handysize, which not only have more vessels in the appropriate scrapping age, but are now looking likely to be slowly replaced by their larger size counterparts. In effect, we are talking about a possible cascading effect similar to that faced by the containership segment during the previous three years. Looking at the total activity for all segments of the shipping industry and in relevance to the rate of demolitions that we have seen over the first five months,

are well below what they were back in 2012, while activity in the Tanker, Gas Carrier, and Containership sectors has been considerably lower compared to what was seen in previous years. With Tanker earnings where they are now, it is unlikely that we will see owners of the few available overage vessels taking up the choice to retire them now that they are finding it easier to keep them employed in the market. Gas Carriers and Containership vessels on the other hand have both witnessed extraordinary levels of scrapping between 2010 and 2014, leaving few available candidates for retirement, while the slightly improved prospects of both mean that there is no rush to retire any units early.

“ Even in the case that all these vessels built prior to 1998 (equivalent to 104 million DWT) were scrapped over the next three years, we would still find ourselves with a net addition in total carrying capacity of the fleet of 32 million DWT. ”

it looks as though we will definitely fall short of the mark of total demolition activity, something that is not to most peoples' surprise, as offered demo prices

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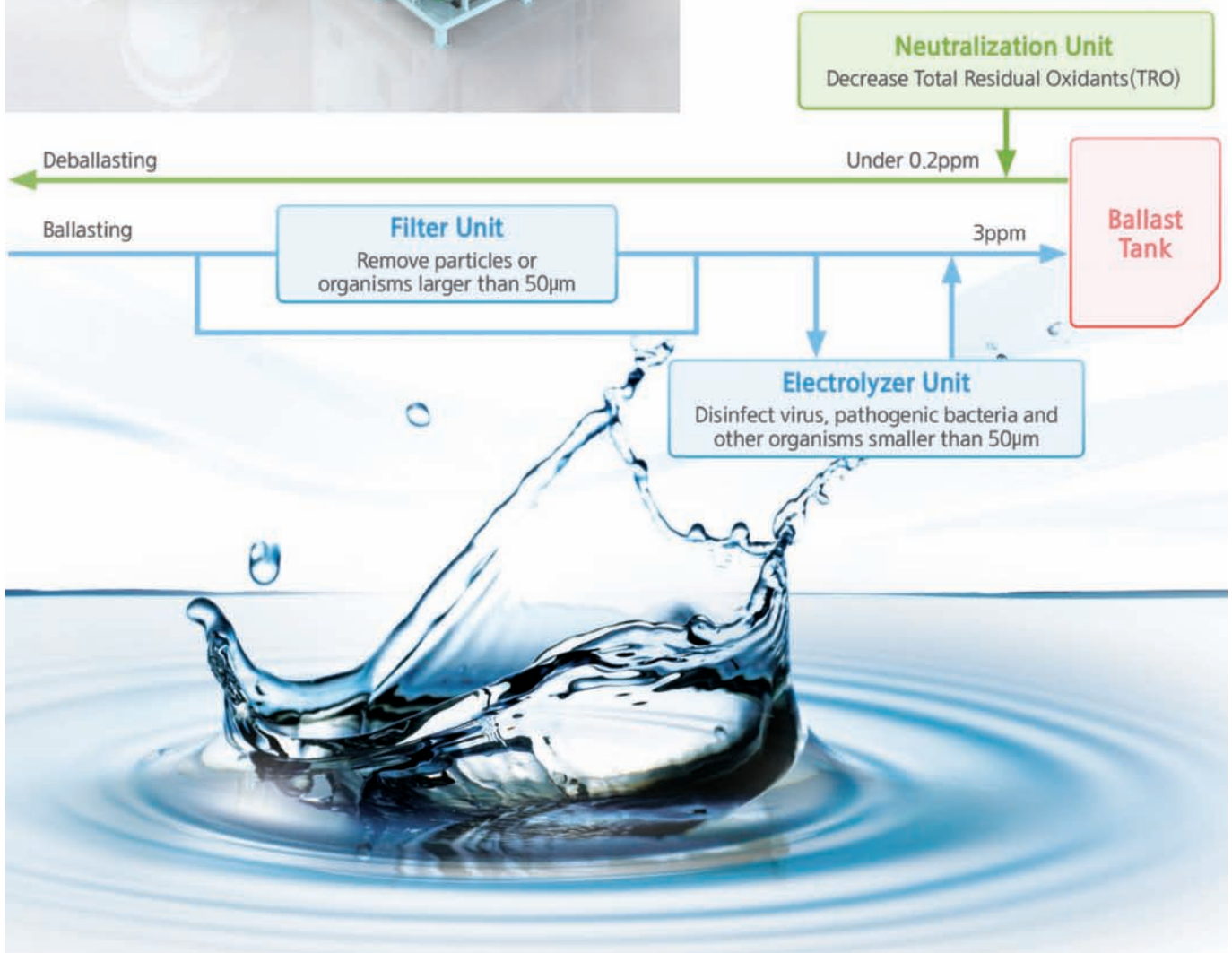
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# Bulking Up... the Tankers



By **Eva Tzima**, Research Director, Intermodal Shipbrokers Co.

**The challenges the dry bulk market has been facing for over a year now, have as expected influenced newbuilding activity in the sector as well. As owners have been persistently struggling with exceptionally low rates in the past year, dry bulk ordering has taken a massive hit throughout the end of 2014 and 2015 so far. At the same time, the tanker market has been witnessing what have been the strongest returns since 2008 on the back of exceptionally softening oil prices that have pushed oil and consequently tanker demand as well around the globe. The combination of a very challenging dry bulk market and a very promising tanker market, has not only influenced the levels of perspective newbuilding appetite in each sector but it has also generated a strong trend involving conversions of initially dry bulk orders into tanker ones.**

**L**et's not forget that the revival of the dry bulk freight market back in 2013 ignited high volumes of ordering activity, which resulted in a swelled orderbook for bulkers and especially for Capes, Kamsarmaxes and Ultramaxs. The admittedly low newbuilding prices at the time put together with the impressive jump in daily returns for bulkers was the perfect storm for strong newbuilding activity. Neither lessons

from a similar "dead cat bounce" of the market back in 2010 nor the substantial lack of bank financing at the time managed to hinder excessive ordering. In fact, a big part of the market was convinced that the positive reversal in rates was signaling the end of this cycle's bottom, while in terms of lending, the strong come back of private equity in shipping not only managed to replace banks successfully, but it also created this idea that if "smart money" was investing in newbuilding

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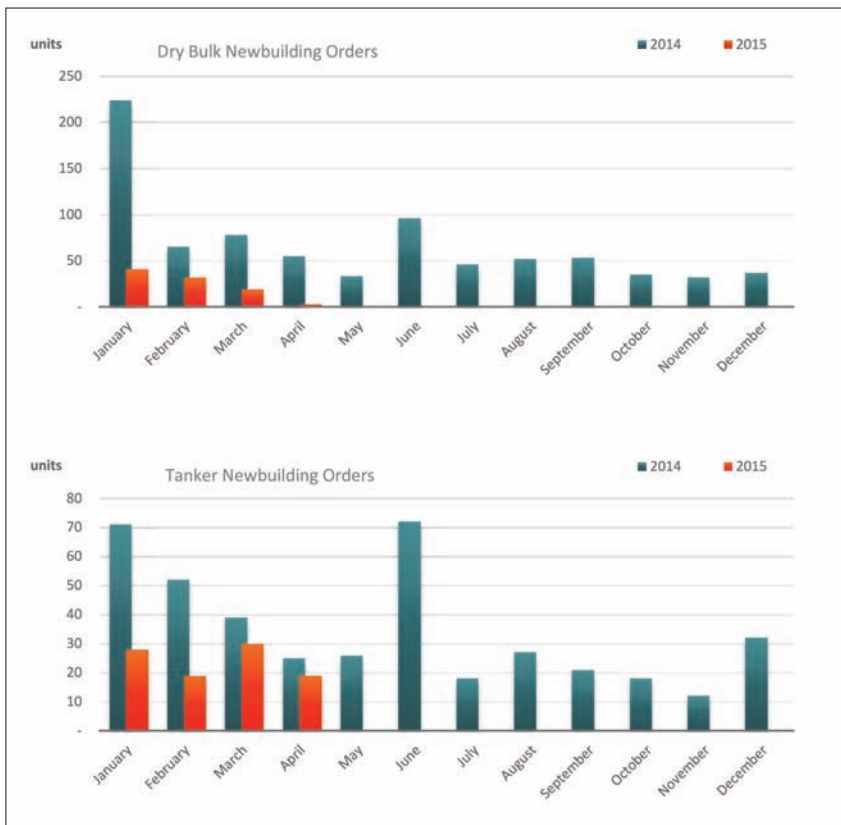
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newbuilding it was probably up to something; an idea that lured more owners into the ordering bonanza.

As the dry bulk market failed vastly in meeting these high expectations in 2014 and rates, especially for the larger bulkers, have been stubbornly stuck at levels below OPEX throughout this year as well, a number of owners with tonnage on order tried to find ways out of their newbuilding contracts. As most orders were placed back in 2013 and the first half of 2014 and the severity of the bad market became widely

“ As the severity of the bad market became widely accepted sometime between the end of last year and the beginning of this one, it made more sense for owners who still could, to choose to convert their orders rather than cancel them. ”

accepted sometime between the end of last year and the beginning of this one, it made more sense for owners who still could, to choose to convert their orders rather than cancel them. As a result, Capesizes on order, both because of their size and the fact that they were the segment getting the most heat, started being converted into Aframax or Suezmax/LR2 tankers, an occurrence that slowly but steadily got shaped into a full on trend.

Despite the fact that the exact number of conversions that has taken place so far is difficult to know at this stage, there are more than enough known examples involving a-list owners who have opted for a conversion. Among these are; Cargill, Scorpio Bulkers, Sinokor and Sincere Navigation, all of which have been reported converting more than 15 Capesize orders into either Suezmax tankers or LR2s, while owners in the likes of Blumenthal that opted for converting a Capesize order into a Suezmax one recently, also marked their debut in the tanker market by doing so. The example of Cardiff Marine, which recently converted a pair of Newcastlemaxes into a couple of 11,000teu containerships, is also evident of how strong the momentum of this trend is, as even in the case of the box-ships sector that didn't have much luck itself during the past years, owners still see more potential at the moment compared to the dry bulk sector.

As long as the dry bulk market and in specifically Capesize rates remain under pressure, I expect the conversions to continue during the second half of the year as well, while given the fact that dry bulk newbuilding ordering has been almost non-existent during the past 9 months, these conversions are set to cease sometime starting next year given that the fact that the on-order Capes that could potentially be conversion candidates shall be limited by then.

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# European Port Policy: What is next?



By **Thanos Pallis<sup>1</sup>** and **George Vaggelas<sup>2</sup>**

Fourteen years since its first attempt, the EU is still searching for a European port policy able to increase the competitiveness of European ports. Learning from the failures of the past, the European Commission initiated in 2013 a new attempt to detail a common ground regarding the rules governing port organisation.

Yet the relevant proposal for a regulation is no longer the “Holy Grail” for the industry and the EU institutions; or at least it is not the only one. Environmental issues, rules of infrastructure development, state aid, and connectivity issues join the regulatory proposal on port market access and transparency as a contemporary agenda in the port industry.

The projected increase in the volume of traffic of cargoes and passengers at European ports can only be addressed efficiently and effectively if Europe acts as the facilitator and creator of the proper framework conditions while ensuring a level playing field. The European ports policy is at a crossroads.

## **Market access: Reality or Tilting Windmills?**

Market access conditions remain the major priority, despite the fact that in the 2000s the EU institutions failed twice to reach a minimum consensus on which policy would improve the diverse settings applied in member states.

Today, the European Commission has endorsed an incremental approach aiming first to create the culture of common policy frame-

works for the core ports. A more flexible approach targets the liberalisation of access in eight port services, exempting the most controversial cargo handling and passenger services. Entry in terminal operations has been excluded from the scope of the proposal, with European level rules being covered by the more general and applied to all sectors European policy covering concessions in all economic sectors. The proposed regulation recognises the diversity of European ports

and focuses on specific operation areas. The EU is closer than ever to materialize a common policy, as the proposal survived the stakeholders' consultation phase with certain amendments. For instance, dredging has been delisted from the services to be liberalized given the overwhelming concern that it stands as an infrastructure development process instead of a port service. The present content under discussion is more or less the same as the initial proposal.

Explicitly or not, the majority of stakeholders recognise that in conditions of interlinked economies and given the increased functional and spatial proximity of international ports the need for less diverged practices and a level playing field is more evident than ever.

Yet some sceptical thoughts are also present. Arguing that the proposed regulation will not have a major impact, there are stakeholders who see this as just a first step towards a comprehensive and consequently restrictive EU port policy, advocating that the EU Treaty offers the tools to achieve similar results without a port specific regulation. The discussions that restart at the European Parliament and will conclude in the next few months stand crucial.

### **Environmental agenda: The importance of level playing field.**

Environmental issues are increasingly at the forefront of policy discussions. For example, emissions from shipping operations have gained technical and public attention. Ports transform their reduction as core of their environmental strategies. The use of Liquefied Natural Gas (LNG) as an alternative fuel for vessels is conditioned by the presence of adequate infrastructure and thus substantial investments.

With only few core ports investing in relevant infrastructures, i.e. LNG bunkering stations and alternatives



searching still inconclusive, the European initiatives are for the moment limited to supporting this trend by financing relevant studies. At the same time, the so-called decarbonization agenda has been a subject of criticism by those detailing different preferences, i.e. those prioritising a functional trade emission system, or by those who identify incompatibilities with other EU relevant port policies. A substantial number of these concerns are valid when discussions turn to regulatory measures, i.e. the fact that member states at the southern borders of the EU are facing competition challenges from non-European ports that maintain different environmental standards.

Addressing environment issues needs to be done with a strategy that ensures a level playing field for all ports so as to avoid market distortion – with the details of such strategy found wanting.

### **Social dialogue: Responding to challenges**

What looked like a remote potential, an EU level social dialogue on port labour conditions, is currently in progress. Port authorities, terminal operators, dockers and all other port workers are discussing today the challenges faced by the port industry aiming at a long term strategy to address them. The main pillars of this strategy are: (a) Health and safety; (b) adaptation based on technological progress; (c) training and qualifications of port labour; (d) the attractiveness of the profession to young workers; and (e) gender issues.

Ports have turned their eyes towards social issues attempting to further establish themselves as economic entities promoting social welfare. The European Commission identified allies, and promoted the idea. The outcome is yet inconclusive but worth to be monitored.

Port labour training and qualifications stand as the core of this dialogue and the key challenge for all. Success will be determined on the capacity of the involved stakeholders to identify a strategy that sets up a uniform access process into the European labour port market which is based on equality and on a minimum level of knowledge, training and skills.

“ The relevant proposal for a regulation is no longer the “Holy Grail” for the port industry and the EU institutions; or at least is not the only one ”





### Addressing Infrastructure needs in conditions of scarce of public funding

European ports need to continue effectively addressing the needs of modernisation and construction of new port infrastructures in the light of scarce public funding in most member states. Currently the EU strategy is to fully exploit the existing port infrastructures before heading to initiatives aiming to facilitate the development of new ones. The latter is among the main goals of the recently renewed Trans European Transport Networks (TEN-T) policy. The EU aims to mobilise cargo flows to and from ports that have excess capacity, considering the efficient TEN-T function as a condition for a satisfactory performing port sector. Ports without sufficient capacity will continue to face difficulties in fulfilling their role as trade facilitators. Ports connectivity is crucial in order to exploit efficiently the potentials of the TENs. Along with the recently adopted 'Juncker' investment package and the TEN-T financing tools, ports efficient links to landside transport networks need initiatives facilitating connection with rail networks as well as others that advance innovation.

Taking into account the scarcity of public financing, a situation that is exacerbated due to the recent economic crisis, Europe will most probably face a lack of capacity in its ports, unless a better use and allocation of the available EU funds for developing port infrastructures is achieved. The latter is undoubtedly conditioned by the clarification of the state aid rules governing the sector.

State aid and, subsequently, financial

transparency, are fundamental tools in the effort to develop a minimum level playing field of European ports. The key question is the definition of criteria that would result in an undisputed categorisation of the public financial contribution to either investments that consist state aid and should thus be restricted, or to those that are not, or should be exempted on a certain base.

There are, for instance, views that exemptions in port investments must be foreseen, especially for those port infrastructures entailing the public good feature, or for those services offered under a public service obligation.

The variety of sources funding European ports, in turn the facilitators of the vast majority of the EU trade, increases the importance of a clear related framework

“ Europe will most probably face a lack of capacity in its ports, unless a better use and allocation of the available EU funds for developing port infrastructures is achieved ”

of conditions of investment.

The on-going consultation, which is expected to result in concrete results within 2015, is crucial. Achieving a common ground on financial transparency will further strengthen the autonomy of ports whereas improving the relevant

procedures will advance more flexible organizations.

Transparency and clear-cut rules on port investments would allow a positive oversight of sources funding port development.

As would the detailing of initiatives that would advance the transparency of applicable port dues.

On the other hand, thoughts for the harmonisation of port dues systems would have a negative impact, as such harmonisation would minimise the much-needed flexibility (i.e. big versus small ports) in port pricing. In any case, the definition of common rules is essential, in order to limit the insecurity currently produced by the fact that each case is subject to examination and ruling by the European Court.

Evidently, the European port policy is at a crossroads. Several issues are rightly part of the current EU agenda, with answers in most of them having yet to be detailed. Input by stakeholders, social partners, and not least the scientific community, are important in order to avoid mistakes of the past and shape meaningful answers. The verdict is still out.

1. **Associate Professor**, University of the Aegean, Greece & co-director of the PortEconomics initiative. He also serves as Secretary General of MedCruise, the association of cruise ports in the Mediterranean and its adjoining seas

2. **Research Fellow**, University of the Aegean, Greece & member of the PortEconomics initiative. He is a co-founder of "Ports and Shipping Advisory" aiming at providing consulting services to the port industry. He also serves as an Editorial Advisor at Naftika Chronika.

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## The UK's referendum on the country's participation in the EU

Britain's Queen Elizabeth announced the government's plans for a European Union membership referendum.

She outlined the plan in a speech written for her by Cameron's Conservative government at the State Opening of Parliament, in keeping with tradition. She said the new Conservative government plans to pass a law in its first year that will allow the referendum to occur by the end of 2017.

Some EU politicians have complained they don't know enough, beyond what they say are broad and nebulous goals, about what it is Cameron wants to change. He says he wants to decouple Britain from the EU's aim of "ever closer union" and to be able to restrict EU migrants' access to Britain's welfare system. Cameron is adamant that such changes would require re-opening the EU's founding treaties, something countries such as France are opposed to.



## Major airline fined by EU



Saudi Arabian Airlines became the first big non-EU carrier to be fined for breaking EU aviation law when it was fined some €1.4 million for breaching EU carbon emis-

sions rules. According to EU legislation, all aircraft using its airports pay for carbon emissions, something that caused a lot of turbulence in the airline industry when it was introduced at the beginning of 2012. While European airlines have largely complied, some non-EU airlines have not and environment campaigners say EU governments have been slow to collect fines. This was not the case with Belgium, which fined Saudi Arabia's state airline company.

## Portuguese shipyard operator ENVC received €290 million of incompatible aid according to the Commission

After an in-depth investigation, the European Commission has concluded that around €290 million of public support granted by Portugal to Estaleiros Navais de Viana do Castelo, S.A. (ENVC), the former operator of shipyards located in Viana do Castelo in Portugal, was not compatible with EU state aid rules. The Commission also found that the aid needs to be paid back by the ENVC and not the new shipyard operator WestSea, which has purchased part of ENVC's assets. ENVC has been making heavy losses since 2000. Since then, Portugal has directly and indirectly granted continuous subsidies to ENVC via numerous measures, including a capital increase in 2006, several loans granted between 2006 and 2011 to cover operating costs and comfort letters and guaran-



tees to underwrite financing agreements between ENVC and commercial banks. ENVC received repeated aid, at least over the last ten years, in breach of the "one time last time" principle, which allows the grant of rescue or restructuring aid only once in a ten-year period. This is to avoid that market players rely on public money instead of running an effective business and competing on the merits.

ENVC was founded in 1944 and nationalised by Portugal in 1975. It used to operate the largest Portuguese shipyard. ENVC has been heavily loss-making since at least 2000 and has had negative equity since at least 2009. In December 2013, the Portuguese state decided to liquidate ENVC and to start selling its assets. The shipyard was acquired by WestSea after an open and competitive tender.

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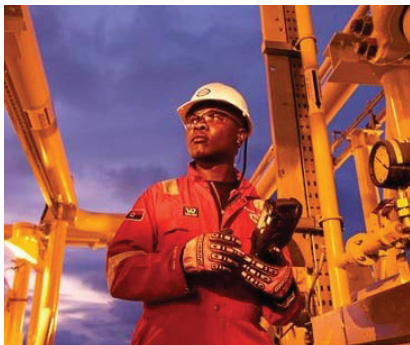






# ENERGY

& NATURAL RESOURCES



## ExxonMobil discovers oil offshore Guyana

Exxon Mobil announced a significant oil discovery on the Stabroek Block, located approximately 120 miles offshore Guyana.

The well was drilled by ExxonMobil affiliate, Esso Exploration and Production Guyana Ltd., and encountered more than 295 feet (90 meters) of high-quality oil-bearing sandstone reservoirs.

It was safely drilled to 17,825 feet (5,433 meters) in 5,719 feet (1,743 meters) of water. Stabroek Block is 6.6 million acres (26,800 square kilometers).

The well was spud on March 5, 2015. The well data will be analyzed in the coming months to better determine the full resource potential. Esso Exploration and Production Guyana Ltd. holds 45 percent interest.

Hess Guyana Exploration Limited holds 30 percent interest and CNOOC Nexen Petroleum Guyana Limited holds 25 percent interest.



## Huge loss of Nigerian oil due to fraud

The trade of stolen oil is a common practice in Nigeria due to the corruption in many sectors and levels of the public administration and the private sector. A report carried out on behalf of the Central Bank of Nigeria by Global Financial Integrity, a Washington based NGO, unveiled that Nigeria lost an estimated 232,000 barrels of oil a day to theft in 2013 – an amount equivalent to double Ghana's official production. It estimates that the state lost 84.8m barrels of oil to illegal trade in 2013 at a cost of \$6.7bn. Trade of stolen oil became big business during an uprising in the 2000s by militant gangs demanding a greater share of revenues from the oil produced in the Delta region. They sometimes justified the theft as a means of social justice. The trade of stolen oil requires collaboration between politicians, security forces, gangs and in some cases oil company employees.

## Balkan countries invest in coal



Many Balkan countries and Ukraine are investing heavily in coal power stations with the aim of selling cheap electricity to the European Union, which is seeking ways to reduce its dependence on Russia. Bosnia and Herzegovina, FYROM, Kosovo, Montenegro, Serbia and Ukraine are planning to build a total of 14.82 GW of new coal power capacity, much of which would be additional to existing capacity. As members of the Energy Community, these countries receive funding which

comes to a great extent from EU funds. A major issue in the whole story is that these countries have an unfair trade advantage as they are not compelled to use certain more expensive emission reduction technologies, which must be used in the EU. A proposal has been made that in order to face this trend the EU should stop buying any electricity from countries that do not meet EU air pollution standards at all their power stations. The Health and Environment Alliance (HEAL) found that in 2010 more than 10,000 people in Serbia died prematurely from particulate matter and ozone exposure while 2.5 million working days were lost in the same year. HEAL estimates that health costs from coal power plants in Serbia alone cost €4.98 billion per year. Apart from the Balkan countries the increasing use of coal for power production is also evident in Turkey. The country is the world's third largest investor in coal fired power plants. According to recent statements, Turkey is planning to double its coal power capacity in four years. Turkish government targets said electricity generation from domestic coal (lignite + hard coal) will be 60 billion kWh (60,000 MW) until the end of 2019. For 2014, electricity produced from domestic coal/lignite is 34 billion kWh.

## Gazprom adds over 800 billion cubic meters of gas in 2014



As of December 31, 2014 Gazprom's A+B+C1 explored natural gas reserves (Russian classification) amounted to 36.07 trillion cubic meters representing 72 per cent of the Russian or nearly 17 per cent of the global reserves. The Company consistently develops its resource base. In particular, in 2014 the gas reserves replenishment level totaled 822.5 billion cubic meters and the gas replenishment to extraction ratio stood at 1.86. These efforts will be continued in 2015 with a focus on the operations in the Russian continental shelf. It is planned to perform 3D seismic surveys of about ten thousand square kilometers in the Barents and Kara Seas as well as to drill two exploratory wells in the Yuzhno-Kirinskoye field in the Sea of Okhotsk. Last year Gazprom produced 443.9 billion cubic meters of gas. In 2015 gas production is expected to reach 450 billion cubic meters. All in all, the Company's production potential exceeds 600 billion cubic meters of gas a year.

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## PIRAEUS

### Maintenance of large floating dock in Piraeus

The Piraeus Port Authority has published an international open tender for the repair and maintenance of the large floating dock in the Shipyard Zone.

The budget expenditure amounts to €1,866,500 and will be covered by PPA equity. It is worth noting that this floating dock has presented several problems that often render it inactive. It is the largest dock in the region and is capable of docking ships with up to 15,000 tons displacement.



## PPA S.A. becomes a founding member of the Greek-Kenyan Chamber



In a highly significant move that highlights the role ports can play in international relations, by the unanimous decision of its Board of Directors Piraeus Port Authority SA became a founding member of the Hellenic - Kenyan Chamber. Kenya, with a population of about 40 m, is one of the strong economies of the African continent that has significant trade ties with EU countries.

As part of the cooperation, PPA will sign a memorandum of cooperation with the port of Mombasa, Kenya's main port and one of the largest in Africa. The PPA has already

invited the Mombasa Port Authority to visit Piraeus.

It is worth noting that within the "port diplomacy" framework adopted by the PPA, Piraeus port has already entered into twinning relationships and has signed memorandums of understanding with Tianjin and Shenzhen, two of China's major ports.



## The sale of the Piraeus port at the centre of European port policy makers' discussions



During the ESPO conference there were discussions as regards the ongoing sale of the majority of shares of the Piraeus Port Authority S.A. ESPO Chairman, Mr. Santiago Garcia-Mila, noted that in Europe the majority of ports are public entities but, as he said, a model of ownership and organization cannot guarantee

the success of a port. That is the result of the way a port manages the tools at its disposal and of the competitiveness framework of the wider economy. On his part, Mr. Fleckenstein, the rapporteur on the European Commission proposal for a Regulation on Market access to port services, said "I cannot imagine selling the majority

stake. I cannot imagine how we can sell such an important infrastructure.

Because I think that selling such an infrastructure is like selling your share of responsibility".

Mr. Theologitis, Head of the EU Ports and Inland Navigation Unit, stressed that the memorandum signed by Greece did not mention any particular pri-

vatzation model that had to be implemented, while reference was also made to the process of concessions. In essence, according to what Mr. Theologitis said, the option of selling shares was a decision of the Greek government. He also noted that before the sale of shares there would have to be a separation of public and commercial activities to ensure that there will be no concessions of procedures and functions that do not fall under the private sector.







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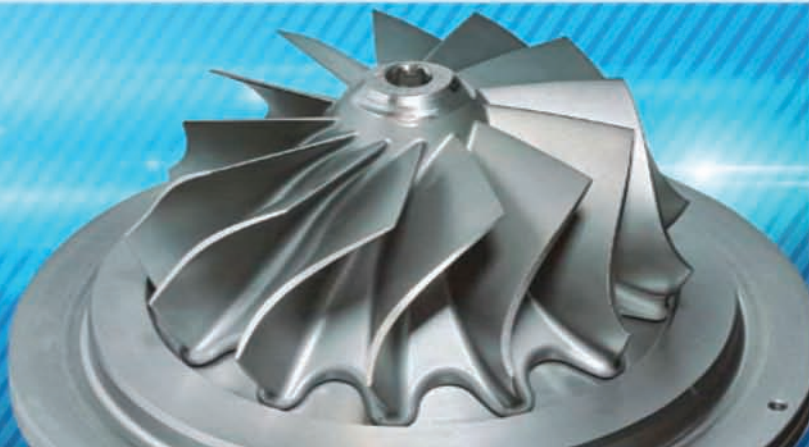


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## The Insurance Response to Difficult Times for the Shipping Industry

# The American Club Perspective



With dry bulk shipping especially challenged, and near-term improvement unlikely absent an acceleration of global growth or a better balance of vessel supply and demand, shipowners will continue to struggle. Many operational costs are beyond the control of shipowners. They include those arising from ever more stringent regulatory demands as well as fundamentals like fuel, maintenance and debt finance. But one aspect of cost does respond directly to shipowners' financial difficulties. This is insurance cost.

**A**s the American Club recently explained in a presentation to the WISTA USA AGM and Conference of 2015 in New York, P&I pricing responds directly to owner influence since it is intrinsic to club governance. This is especially true for International Group clubs such as the American Club with strong membership ties. It also ensures that the service ethic persist regardless of broader economic conditions. Moreover, International Group club security remains unmatched, with the reinsurance cost of the highest limits of cover actually in decline.

The governance of the clubs, where premium policy is decided by shipowner boards, makes them especially sensitive to the needs of the market. In addition, competition for new tonnage, together with the "churn effect", tend towards static and/or lower rates. As a result, Group P&I clubs' direct connection to

the industry provides relief in difficult times. In the American Club's case, its boutique size and active Board reinforce these trends.

Naturally, there must always be a balance. Rates must necessarily reflect the risks being written. Given the unsurpassed extent of club cover, it is also vitally important that underwriting



policies remain thoroughly responsible. The boom in the shipping market between 2005 and 2008 saw a huge rise in new building orders. This led to fierce competition for new tonnage between the Clubs driving rates down in some instances to unsustainable levels. Despite the American Club's drive to increase its tonnage, it has nonetheless maintained a solid underwriting model ensuring a sensible and consistent approach in the interests of price stability. This has created greater rating flexibility when times are tough. Founded in New York in 1917, and still headquartered there, the American Club embarked some twenty years ago on a new strategy of growth and diversification. It has been very successful over the intervening years in pursuing this initiative. The Club has Members from all over the globe and the Club's Managers, SCB, Inc., also have offices in London, Piraeus, Shanghai, Hong Kong and Dalian. They provide local service in the regions contiguous to those important maritime centers. The American Club is a full member of the International Group of P&I Clubs, and participates in the Group's pooling and other reinsurance arrangements. It is a mutual insurer, owned by its Members and directed by a Board representing those Members. The Club provides a full range of P&I and related covers and services, including fixed facilities to cater to small specialized tonnage which may not require the high levels of pool cover (and its associated cost), as well as extensive loss prevention and risk control capabilities. It also has a policy of investing in the market it serves, recruiting highly qualified professionals who respond uniquely well to their local shipping communities.

The Club and its Managers celebrated the 10 year anniversary of the Club's Piraeus office on Akti Miaouli on May 20th 2015. The office in Piraeus opened in 2005 as the Club's tonnage entered on behalf of Greek interests grew to the largest group by nationality. It was set up initially by Greek American George Tsimis, now Head of Global Claims and Senior Vice President in New York. The office began with a staff of five. Now, 10 years later, led by Greek American Dorothea Ioannou, Managing

Director, it is 10 people strong, all of whom are Greek nationals.

The American Club's belief in investing in the markets it serves also facilitates a better understanding of the various challenges faced by Members through very close day-to-day interface with the local shipping community and extensive communication with it. The insights this provides are channeled to the senior management of the Club who then, in concert with the Club's governance protocols, ensure that Member needs are met across all aspects of service provision.

**1.Mr. George J. Tsimis**, Senior Vice President

Claims Director - Global (SCB, Inc. Managers of the American Club)

Mrs. **Dorothea Ioannou**, Managing Director – (SCB (Hellas),Inc. Piraeus Claims Liaison Office of Managers of the American Club), Regional Business Development Director

Mr. **Joseph E.M. Hughes**, Chairman & CEO (Shipowners Claims Bureau, Inc. Managers of the American Club)

**2.The Piraeus office team**



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# We are enthusiastic about our future in Greece

## An interview with Alp Yavuzeser

Turkish Airlines General Manager in Greece

Few of our readers will probably know that in 1947 Turkish Airlines launched its very first international flight from Turkey to Europe. The Ankara –Istanbul – Athens flight was then a milestone in Turkey's aviation history. Almost seven decades later Turkish Airlines has expanded as a global carrier and a major player in the Greek aviation market.

Mr Alp Yavuzeser, Turkish Airlines General Manager in Greece, points out the importance and the potential of Greece and emphasizes on the escalating tourist and marine traffic that brings the two countries closer together.

**What are your predictions for incoming tourism to Greece this year? Will the increase in size of aircrafts used in the Athens - Istanbul flight absorb this expansion?**

On February 12, 1947, 68 years ago, Turkish Airlines launched its very first international service, Ankara –Istanbul – Athens. Being the first international destination of Turkish Airlines, Greece is an important market as already proven by all Turkish Airlines' activities.

We are now offering 4 daily services on the Istanbul - Athens - Istanbul route with A330 and B777 type of aircraft, and we are also operating twice daily from Thessaloniki. Even in the most severe times of the crisis we kept our operations in Greece and even increased them from Athens and Thessaloniki.

We believe in the potential of this market and we continue to contribute to the country in the best possible way, mostly through incoming tourism. As a result, we are observing a growing interest in Greece from all the destinations we have invested in and are enthusiastic about our future in Greece. With all these efforts the capacity increase will go over 50% this summer and we have already increased our passenger number by 35% percent.

**The new bilateral aviation agreement will bring Greece and Turkey closer. How will TK develop its flights/ routes to Greece in the immediate future? Will this bilateral affect your code share agreement with A3?**

The code share agreement between Turkish Airlines and



Aegean Airlines started in 2014 for flights to/from Istanbul – Athens and Thessaloniki and its expansion with Aegean Airlines on domestic routes is currently under discussion.

**How important is marine traffic for Turkish Airlines? How have you managed to attract this niche market share once controlled exclusively by other carriers?**

For any airline especially for global airlines like us it is of course very important and our share in this market is growing every year. We are serving 110 countries which is more than any other airline in the world and the number of destinations we fly is 274.

This makes us one of the most important players in this market. Our strength has improved with the operation of the Manila flights.

**TK has one of the best business classes in the aviation industry. Does this class attract passengers in short haul flights?**

Turkish Airlines has been chosen "Best Airline in Europe", "Best Airline in Southern Europe" and awarded "Best Business Class Onboard Catering", "Best Business Class Lounge Dining" in 2014 Skytrax

World Airline Awards. Its 'Flying Chef' service for Business Class passengers on all its international flights, earned Turkish Airlines the top spot in the category, "Best Business Class Catering. Our operation with B777 and A330 between Istanbul and Athens has caused great excitement and is appreciated by many. Especially our transit passengers are very fond of the services we offer in Business Cabin.

In addition to awarded business on board catering, spacious seats, flat beds, free wi-fi opportunity and the professionalism of cabin staff is adding to the high standards of our business service.

**TK's marketing campaign is world famous in difficult times for advertising and the Media.**

**Is this expensive campaign proven to be successful?**

In sports, we have a strong presence and a wonderful group of brand ambassadors like, Messi, Drogba and we are title sponsor Europe's elite club basketball competition, the Turkish Airlines Euroleague. Sports is one of the few industries that create a genuine emotional connection with consumers and has really helped us in creating strong ties with our customers also adding to brand awareness.

**How do you view your future as a company in the Star Alliance consortium?**

Turkish Airlines chose to join Star Alliance network which was established in 1997 as the first truly global airline alliance to offer worldwide reach, recognition and seamless service to the international traveller through its esteemed members' network.

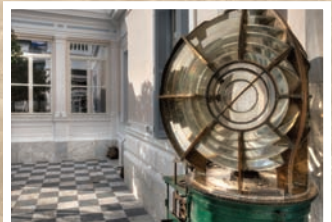
Turkish Airlines is able to offer a much larger network to its customers with enhanced Frequent Flyer Benefits; such as earning and redeeming miles across the entire Star Alliance network, Gold status benefits, lounge access to more than 1000 lounges all over the world by the implementation of new backend technology to further enhance Star Alliance FFP service levels.

Turkish Airlines will continue to grow its network within Star Alliance, a family of airlines, where we share common values and standards, by also keeping our own individual identity. We aim to optimise connectivity in order to extract more value from the alliance network, further improving customer experience by raising the consistency of our travel experience across the entire network and further incorporating new technology to support our business.



# The Aikaterni Laskaridis Foundation:

ΠΑΝΑΓΙΩΤΗΣ ΛΑΣΚΑΡΙΔΗΣ





# A safe haven for our maritime heritage

**The activities and initiatives of the Aikaterini Laskaridis Foundation remain particularly important in the promotion and visibility of our maritime culture and history. The Foundation, one of the few in Piraeus with a significant involvement in literature and the arts, reflects the maritime tradition of its founders and remains faithful to the most important industry of the country's largest port.**

The Foundation's historic library as well as its lending library contain a large number of rare and modern books covering various maritime subjects such as maritime history, underwater archeology, the maritime professions, maritime technology and ship-building, fishing etc., which allow the reader or researcher a significant deepening in multiple subject areas. In addition, the Foundation's co-operation with the Eugenides Foundation and the Aegean University allow the reader to find books and collections from the other two major maritime libraries of the country through a common internet information platform.

The visitor will be impressed by the permanent collection of objects and studies from Admiral Nelson's era. The collection is considered one of the richest outside England and visitors to the renovated neoclassical building in Akti Moutsopoulou can enjoy a unique and delightful journey through the naval history of the 19th century. Actually, this summer the collection will be travelling to the naval museum of Chania in Crete.

Two other important maritime activities of the Foundation that are running concurrently are the support of the archaeological research in Antikythera, where scientists this summer will 'photomap' the rich and unexplored seabed of the area with the help of robotics, and the renovation of stone-built lighthouses in areas of Greece that have a history of maritime tradition. Innovation in the narration of our past is also reflected in the new website Travelogues,



which allows the interested visitor to explore paths and trails of the past through the eyes and descriptions of travelers of centuries past. The activities of the Foundation, through partnerships with the Greek Navy, the country's universities and publishing houses specializing in shipping, aim at recording but also promoting our rich naval and maritime tradition and strengthening the Greek shipping community's relations with the young people of Attica and beyond. In this context, the educational activities and the hosting of conferences and events on shipping issues, distinguish the Aikaterini Laskaridis Foundation as an important center of international caliber for the protection and promotion of maritime literature. The Aikaterini Laskaridis Foundation is a key supporter and sponsor of numerous scientific and social activities of Naftika Chronika, among which are the Annual Efkranti Awards, lectures under the "Go Maritime- Επιλέγω Ναυτιλία" research program and workshops on subjects of maritime history and tradition.







# Middle East: Navigating in dangerous waters

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**The Suez Canal, the Hormuz Straits and the Bab al-Mandeb Straits, are the three most important crossings in the Middle East and of crucial importance to the shipping industry due to the significant amount of cargoes transported daily between Asia, Africa and Europe. These corridors are in turn crucial to the global economy and energy security, therefore, keeping the peace in the region is vital to securing freedom of navigation for merchant vessels .**

**I**n one of the worst conflicts in recent times, Yemen has descended into chaos, a situation that is not easy to overcome. The period of instability began with the resignation of Prime Minister Mohammed Basindawa after Houthi insurgents stormed the Yemeni capital Sana'a on September 21 2014 and escalated with the resignation of President Abd Rabbuh Mansur Hadi and his ministers on January 22 2015 after Houthi forces occupied the presidential palace and residence as well as key military facilities. The situation escalated further with the dissolution of parliament and the formation of a ruling council by Houthi militants on February 6 2015. The Houthi-led interim authority has not been recognised by the international community and faces widespread domestic opposition.

For the U.S., Yemen's turmoil jeopardizes its efforts to eliminate terrorists, especially Al-Qaeda in the Arabian Peninsula. For Saudi Arabia, which supports President Hadi, Yemen is a foreign policy test against Iran, which supports the Houthis. Saudi Arabia's decision to form an Arabian coalition and proceed with air attacks on Yemen was seen as a necessary action for the containment of the Houthis. From a broader perspective, civil war in Yemen adds another nexus of instability in a region already dealing with turmoil in Iraq, Syria and Libya. These severe violent events have an impact on the shipping industry. The Iranian Revolutionary Guard Navy often harasses merchant ships in the Persian Gulf (also proceeding with vessel detention). Saudi Arabia recently issued a notice of partial restriction regarding navigation around some oilfield areas. In the

“ Civil war in Yemen adds another nexus of instability in a region already dealing with turmoil in Iraq, Syria and Libya and have a significant impact on the shipping industry. ”

Med, Libya's internationally recognized government has shelled four merchant ships since the beginning of 2015 as a measure of preventing the supplying of the Islamist militias that reign in the country.

The US has been monitoring the situation in the region and as a sign of US intervention in the region US Navy frigates have been discretely patrolling the straits of Hormuz in cooperation with the Egyptian Navy in order to ensure safe

navigation for merchant ships. The US has an ongoing presence in the Middle East since the establishment of its 5th Fleet naval base in Kuwait in 1944. In the event that the freedom of navigation is compromised and the Straits are closed, the US will probably not hesitate to deploy military forces or become militarily involved in order to ensure its interests in the Middle East.

Saudi Arabia, the United Arab Emirates, Oman, Qatar, Bahrain and Kuwait cur-

rently act as sources of stability in the Persian Gulf trying to prevent further escalation and the dissemination of the turmoil situation in the broader region. As Mrs Maria Bertzeletou, Shipping analyst Golden Destiny S.A., Research Valuations, pointed out, it is still too soon to make any safe prediction on how insurgence and violent events will ultimately influence the shipping freight market. One would need to examine the geopolitical changes that have occurred during a period of up to three years in order to have a view on which of them will persist. This way one might understand which are the significant threats or even opportunities for the shipping industry and how they will affect the market (oil, dry bulk etc.) in the long run.

In addition to the aforementioned, threats such as piracy and potential ter-



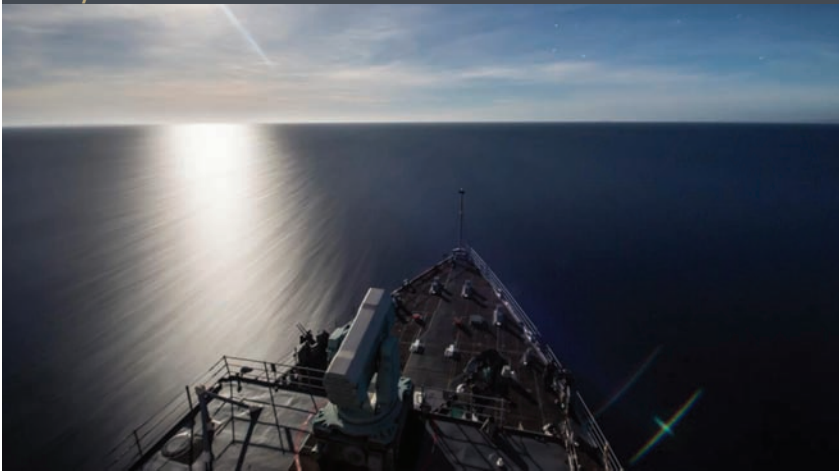
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rorist attacks from extremist groups such as the Islamic State, have made us decide to investigate how these events have impacted the activities of companies that provide security services for ships. Therefore, we have posed two questions to Manos Roudas, General manager Aspida Maritime Security Co. and to Dimitris G. Maniatis, Business Development Manager, Defense and Security Divisions of Franman S.A.:

#### **ASPIDA MARITIME SECURITY Co**

##### **What are the challenges you face due to the turmoil in the Middle East Region and how do you manage to cope with them?**

Regarding the Middle East Region, our clients' operations are affected and as such our company's operations have been also affected. Ports like Hodeida in Yemen recently faced serious problems imposing risks to vessels operations. So far, neither Saudi Arabia nor Iran has been able to dictate Yemen's future. After weeks of air strikes and artillery bombardments by the Saudi Arabian-led coalition, the Houthi rebellion has been halted but not destroyed.

So the problems are likely to remain for a while. At Aspida Maritime Security we maintain our own intelligence for decision-making in order to streamline our operation flow. On top of that, we utilize information from our partner, Dryad, which is also forwarded to our premium customers so they are well aware of any incident, even before that happens!

##### **How have the activities of your company been affected on a daily basis?**

Aspida Maritime Security business intelligence is now more focused on these

areas that bear potential risks to our clients. We use a network of information sources to keep an eye on the areas and ports of interest. Our Operations Department is briefed 24 hours a day – 7 days a week, to adjust operations logistics accordingly, if needed. The risk assessments we produce are enriched with specialized information to cover the latest geopolitical developments as well. Our goal is to minimize risks and this is guaranteed by utilizing only trusted, well-established agents worldwide and the most accredited people in the business. Aspida Maritime Security is well prepared to operate in critical and hostile environments, all over the world.

#### **FRANMAN S.A.**

##### **What are the challenges you face due to the turmoil in the Middle East Region and how do you manage to cope with them?**

The main challenge we face is to convince the shipping industry that security is a concept that must enrich the daily operation of a shipping company and should not be limited to High Risk Area (HRA) transits.

For example, some of the world's most volatile waters are just a short sail away from our Southern borders. The Greek shipping community has recently suffered casualties in Libya and this was a warning for us all.

We are facing these challenges and many more by developing and implementing solutions for the maritime cluster, like for example the recently introduced service for vessels calling Libyan waters and ports. Through actual intelligence and teams of experts we mitigate the risk posed to our seafarers

and our vessels delivering a unique product worldwide.

We are proud to say we are the first and only company to have a solution for vessels trading in Libya.

Furthermore, the challenges we face in providing absolute security solutions to our clients in the Eastern Mediterranean are complex and volatile, they range from cooperation with various national forces and organizations, to logistical elements that need accurate planning and very capable professionals.

Fortunately we manage all these elements and deliver above and beyond our promise.

##### **How have the activities of your company been affected on a daily basis?**

It is our duty to provide accurate and up to date information to the shipping community that will lead to knowledge-based decisions on where and how to trade in this new hostile environment.

In our continuous effort to honor our obligations towards our clients and the shipping community, we spend many man hours in analyzing intelligence from restricted and open sources and then proceeding in a cross check in order to verify them.

We push our collaborators to seek new ways of securing our clients assets while being 100% compliant on all levels.

This new situation we face in the Eastern Med has made us more vigilant and we are in a continuous search of the best security solutions for our clients.

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#### **Sources:**

- 1) Center for Strategic and International Studies.
  - 2) BBC
  - 3) The Wall Street Journal
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# Cyber Security : The new frontier

By **Apostolos Belokas**, Managing Editor SAFETY4SEA / GREEN4SEA

Shipping seems that is now entering the age of cyber crime as new technologies are opening numerous opportunities for the cyber criminals. Protection against malicious attacks on IT infrastructure ashore and onboard is now entering at the top of the agenda for many organisations. The vulnerabilities may be numerous and the threats imminent - the question of protection is a complex set of issues and not just about operating a firewall on a ship or installing virus scanning software on the onboard computers. All major systems on a modern ship are controlled and monitored by software; these include the main engine, steering and navigation systems, and the ballast water and cargo handling equipment.

**C**yper risk may include cyber vandalism [ deliberate or accidental infection of a vessel's or facility's essential systems where the safe operation of a vessel might be jeopardized ] navigational safety [ e.g. an attack on a satellite positioning system, such as caused the disruption to the Russian Global Navigation Satellite System in 2014]



cyber theft [ espionage with economical motivation to steal business secrets and/or financial gain and/or competitive advantage and/or Client and Staff personal data ] and last but not least business reputation damage resulting from the above. Voices have been raised recently for a number of issues :

1. The IMO has already received calls for action and the insurance industry repeatedly lists the issue as one for raising concern. IMO MSC 94 (Nov. 2014) proposed the issuance of voluntary guideline development on the issue the soonest possible.
2. The IMB has called for vigilance; for systems managing the movement of goods to be strengthened and action to be taken to close down cyber vulnerabilities in those sectors.
3. The Round Table of international shipping associations (RT) [BIMCO, ICS, Intercargo and Intertanko] have joint forces to develop standards and guidelines to address the major cyber security issues faced by the shipping industry and has made a submission to the IMO outlining the steps to be taken by the industry to address and mitigate risk.

To address cyber security and help the industry to protect it-



self against these risks, the RT is working with industry partners on a number of complementary projects to develop standards and guidelines to address the cyber security issues including how to minimize cyber-attack risk through proper user access management, on board systems protection, contingency planning and incident management.

Furthermore BIMCO and CIRM (Comité International Radio-Maritime) are also in the final phase of developing a standard for the maintenance and update of programmable electronic systems. These programs are all interrelated and address how industry stakeholders should develop, manage, update and secure IT systems onboard and ashore.

Angus Frew, Secretary General of BIMCO, stated on the issue : "The RT representing the global shipping industry is taking cyber security seriously.

The standards under development are intended to enable equipment manufacturers, service personnel, yards, owners & operators, as well as crew, to ensure their shipboard computer-based systems are managed securely - and kept up-to-date to protect against the ever-growing threat from exploitation by criminals."

We also have to acknowledge that while cyber risks are spread all over the shipping chain [ ship operators, ships, ports, terminals, charterers, flag states, financial and other institutions and stakeholders] victim organisations may often try to limit publicity on successful hacks either due to the fact that they value reputation more than any financial or other loss or as cyber criminals are stealthy same organisations may be unaware of any hacking incident.

As ninety percent of the world's freight goes by sea each hack may cost millions [ e.g. British government revealed that cyber attacks cost the UK oil and gas industry cost about \$672 million a year.] with unforeseen consequences to all stakeholders. We have to act now in shipping before it is too late !



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# World leading Registries responding to contemporary challenges



**Michalis Pantazopoulos,**  
Senior Vice President &  
General Manager of the  
Liberian International Ship  
& Corporate Registry's  
(LISCR) Piraeus office,  
managers of the Liberian  
Registry



**Ivan Sammut,**  
Registrar General of  
Shipping and Seamen at  
Malta Flag Administration



**Theofilos Xenakoudis,**  
Director, Worldwide  
Business Operations Officer  
IRI/The Marshall Islands  
Registry

.....

**As the shipping industry is operating in an extremely volatile environment, Registries have to respond to contemporary challenges, risks, opportunities and threats. We addressed three world leading Registries in order to have their views on specific issues faced by operators and managers today.**

.....

**The new generation of shipowners in Greece has a different mentality as far as corporate strategy and business expansion are concerned. In your opinion, is quality or price more important in attracting new clients and satisfying existing ones?**

**Michalis Pantazopoulos:** The younger generation of Greek shipowners place the same emphasis on quality service as the older generation. Liberia is the flag of choice for quality-minded, discerning operators looking for a like-minded, responsive open register with a first-rate safety record. The phenomenal growth of the fleet is testament to the quality of service provided by the Liberian Registry.



As the world's leading quality registry, it's not surprising that Liberia is the number one registry of choice for Greek shipowners and operators again since the early seventies. Figures produced recently by Marine Information Services in Greece confirm that the Greek merchant fleet now includes 830 Liberian-flag ships, making Liberia the most popular and fastest growing flag for Greek owners and operators. Moreover, figures released by the Greek Shipping Co-operation Committee (GSCC) show that in the year to end-March 2015, the number of Greek-controlled ships in the Liberian Registry increased by a net total of 61 vessels, more than any other registry.

The Greek shipping community appreciates Liberia's broad spectrum of quality services and daily support offered locally by LISCR Piraeus office, one of the Registry's longest established offices with dedicated staff available to provide assistance to clients whenever it is needed. The relationship between the Greek shipping community and the Liberian Registry is built on strong and long-standing foundations, and has grown stronger still during the worldwide economic downturn of recent years, when shipowners and operators have looked to their ship registries for innovative solutions to help maintain efficiency and profitability.

Liberia has recently surpassed all time tonnage records with a registered fleet of approximately 4,000 ships, aggregating more than 134m gross tons, with an average age of 12 years, whilst maintaining its internationally renowned status as the "quality" registry. Liberia is featured on the White List of all PSC Memorandums of Understanding, worldwide, and is included in the US Coast Guard's QUALSHIP (Quality Shipping for the 21st Century) program, to which only a small percentage of foreign-flag ships calling at US ports are admitted, based on the excellence of their port state control record.

We regard this as the single largest independent endorsement of Liberia's commitment to quality and safety. Our outstanding PSC record means that Liberian-flag ships suffer fewer delays and inspections than those ships registered with other flags

which cannot point to a comparable PSC performance record. And of course, that is very important when it comes to attracting new owners and operators.

**Theofilos Xenakoudis:** International Registries, Inc. and its affiliates (IRI) provide administrative and technical support to the Republic of the Marshall Islands (RMI) Maritime and Corporate Registries. The RMI Registry is the third largest registry in the world, surpassing 121 million gross tons and 3,515 vessels at the end of May 2015. The RMI Registry is very conscious of maintaining competitive fees and avoiding duplication of costs by providing full authorization to International Association of Classification Society (IACS) Members to act on behalf of the RMI Registry to ensure vessels meet all technical and operational standards. The RMI Registry also maintains its own technical team responsible for any oversights, simplifying the process for owners/operators. Other cost benefits include the flexibility of choosing the nationality of seafarers, the competitive rates of seafarer documentation, competitive tonnage tax including in-service support, and an emphasis on simplifying procedures so that all maritime documentation is processed swiftly. However, the success of the RMI Registry lies in its commitment to providing the highest quality ship registry services to the shipping community. Our qualified personnel, with experience at sea and ashore, focus on quality, service, and continual improvement. By continuing to strengthen its team worldwide, the decentralization of registry related services for the increasing number of RMI flagged vessels ensures a high level of service and responsiveness to clients. As the largest network among any registry, each of IRI's 26 full-service offices has the ability to handle all types of ship registry, marine safety, and technical support services. IRI prides itself on providing reliable and prompt service to international business clients, legal and financial professionals, and shipowners and operators.

**Ivan Sammut:** In any industry, prices and fees will always be





considered important in attracting new clients as well as maintaining existing ones but we certainly believe that this should never come at the cost of quality. We strive to maintain competitive fees at par with the level of service expected by our customers but never consider compromises with the level of service that many customers of the Malta Registry have now been accustomed to and demand from the Administration. Although we believe that competitive pricing is a must for all leading registries, fees are not necessarily the most important determinant of flag choice for many ship owners and managers of international repute. Long-term competitiveness is not achieved just by maintaining attractive prices, but most essentially by excelling in the quality of service provided, being available to provide support as and when required, and bringing the needs of clients at the focus of attention. The Maltese Administration has always strived to offer to its owners a streamlined pricing system with no hidden costs that is of value added service to its clients.

**Different Port State Controls around the globe have different control mechanisms and safety standards. Is there a need for a global restructuring in relation to this scheme?**

**Michalis Pantazopoulos:** There is an imperative need for increased standardization amongst Port State Control regimes worldwide. There has been a push for concentrated inspection campaigns through the efforts of the IMO and its harmonization of PSC standards. These inspections focus on specific areas where high levels of deficiencies have been encountered by PSC, or where new convention requirements have recently entered into force. But there remains an ongoing issue with underperforming PSC regimes in some parts of the world. IMO experience has shown that PSC works best if countries join together to form regional PSC regimes. It is logical to assume that, by the same token, those PSC regimes will work

best if they operate to a set of standardized procedures. Different regimes in different parts of the world will have their own priorities based on a variety of factors, including trade patterns and types of tonnage. But safety is a matter of priority, rather than priorities. It should be no more open to compromise than to regional variation. Implementing universal standards for PSC regimes everywhere must be the way forward.

**Theofilos Xenakoudis:** The International Maritime Organization (IMO) encourages harmonization and coordination of port State control (PSC) activities, and addresses such matters with IMO committees and sub-committees comprised of industry leaders who work to address and answer leading industry concerns. The RMI is an active member at the IMO, and maintains a significant role in the shaping of future regulations, particularly with respect to international regulations regarding the condition of ships, ships' equipment, and operation standards. The RMI Maritime Administrator's (the "Administrator") technical team ensures that IMO codes and conventions are carried out to the fullest extent practicable by RMI vessels.

All commercial vessels under the RMI flag are subject to an annual safety inspection, conducted by either Administrator personnel or an authorized nautical inspector. This allows the RMI to proactively manage the implementation of new regulations by owners and operators of RMI flagged vessels.

The RMI has received the highest ratings in PSC international rankings and is the only major open registry to be included on the White Lists of both the Paris and Tokyo Memorandums of Understanding and has maintained Qualship 21 status with the United States Coast Guard for ten consecutive years, which is unprecedented.

**Ivan Sammut:** In an ideal world, port state control systems would be homogenous so that ships can expect the same level of enforcement of the applicable international conventions.



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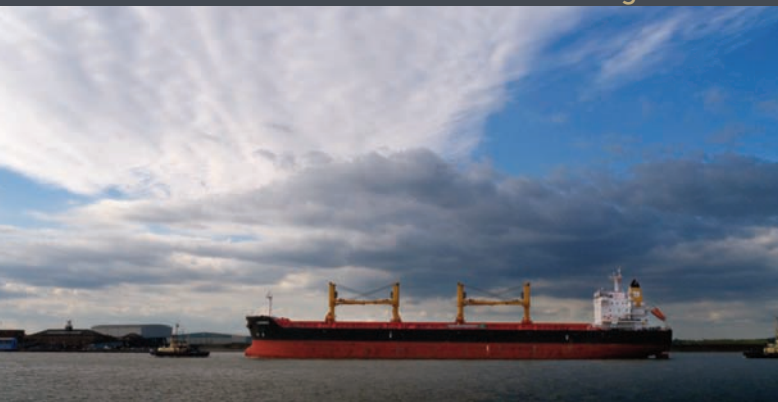


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The safety standards established by the international conventions are meant to be applied and enforced in a same manner around the globe. In a global industry like shipping, a global restructured and harmonised port State control system could help towards achieving an international level playing field in terms of the treatment received by shipowners from port State control authorities. Nevertheless, it is also recognised that it is difficult to achieve agreement on global restructuring of port State control given the differences that exist both between the main established port State control regimes and those regions of the world that do not have established or advanced port State control systems, or view the matter of port State control as territorial in nature in spite of its international repercussions.

**How do you react to the new EU environmental initiatives and how do you view the aspirations for a single (exclusive) maritime zone that might restrict trading of foreign flagged vessels within EU member states?**

**Michalis Pantazopoulos:** The Liberian Registry feels strongly that emission issues must be solved with multinational agreements rather than by the unilateral approaches that some governments are taking. In this regard, the IMO is the most appropriate international forum for the development of these new requirements.

Liberia is taking an active role in identifying practical and cost-effective solutions for the challenges faced by shipowners that are focused on addressing shipping's impact on global warming. Most recently, as part of its ongoing commitment to environmental excellence, the Liberian Registry has entered into a partnership with EuroShip Finance, a U.S. based specialty finance firm, to launch an innovative environmental retrofit finance program designed to reduce global carbon emissions, enhance fleet efficiency and competitiveness, and promote a greener Liberian fleet.

The Registry is also offering special tonnage tax discounts for ships participating in this green initiative. We caution against any protectionist measures. Sovereignty and protectionism have often caused inefficiencies in the international shipping industry. These inefficiencies are not only in costs, but also in terms of safety, environment and welfare initiatives.

**Ivan Sammut:** The new EU environmental initiatives, in particular the EU monitoring, reporting and verification of CO2 emissions system (MRV) has pre-empted international negotiations, thereby creating great concerns amongst the international shipping community.

Regional environmental regulations have the potential for creating market distortions in an industry that is global in nature. Although the EU MRV contains a provision on international alignment, there are serious concerns that the EU regulation would go beyond a global MRV system.

The EU Ship Recycling Regulation is another example where the EU imposes obligations on shipowners outside the international framework of international rules. Imposing new obligations on vessels arriving in the EU may discourage foreign-flagged ships from trading in the EU.

This also applies in relation to the possibility of imposing serious penalties, including banning from EU ports, for ships in breach of EU environmental regulations.

**How has the MLC changed crew mentalities and the everyday working environment on board vessels?**

**Theofilos Xenakoudis:** Due to the global nature of international shipping, seafarers are exempt from most national labor laws and could be susceptible to exploitation.

When problems do arise, recourse to legal protection or compensation from ship owners or managers is often beyond the means of the seafarer. With the adoption of the Maritime Labour Convention, 2006 (MLC, 2006) on 20 August 2013, seafarers now have an equal system of justice that is codified in international regulation. Amongst these protections is the right to fair and just conditions of employment, medical care ashore, and direct access to senior vessel personnel and labour organizations, as well as to designated persons ashore (including the flag State to which the vessel is registered). By leveling the playing field for seafarers, MLC, 2006 has provided a "safety net" for seafarers, ensuring that their occupational, social, and welfare needs are adequately provided for and protected. No longer does a seafarer have to wonder when, if, or how they will be paid, fed, or given time off; they now perform their duties secure in the knowledge that they are protected from most forms of abuse and that help is readily available if required.

**Do you believe that increasing bureaucracy on board vessels is an unnecessary burden for officers and managers?**

**Michalis Pantazopoulos:** This is a definite issue throughout the shipping industry, and IMO is actively working toward an "electronic ship" to help eliminate this unnecessary bureaucracy. Liberia was the first Flag State to offer verifiable "Elec-

tronic Certificates." We are happy to see other countries such as Denmark following Liberia's lead. Liberia's electronic certificates are issued with a unique Tracking Identification Number (TID) to enable port state officials and other parties to verify the authenticity of the relevant certificate or official document on our website.

**Theofilos Xenakoudis:** Clients appreciate the RMI Registry's efforts to minimize bureaucracy, while at the same time maintaining quality service. One of the areas in which the RMI has developed non-bureaucratic procedures involves seafarer documentation. As a service to the international maritime industry, the RMI Registry provides an online officer/seafarer database that may be searched by maritime authorities, shipowners/operators, and crewing agents to verify the validity of RMI seafarer certificates. This highly secure, web-based external application system enables applications for seafarer documentation to be uploaded with supporting information and reviewed electronically, providing quick and accessible service to

clients and eliminating heavy amounts of paperwork.

IRI has proven itself capable of simplifying procedures so that documentation is processed swiftly. One of these procedures is the RMI Registry's efficient vetting process for ships entering and remaining in the RMI. The pre-registration screening process for every vessel and operator gets transferred to the point scoring system for fleet assessment once a vessel enters the RMI Registry. This data is then reviewed by fleet operations personnel on a monthly basis, which is one way the RMI Registry is able to maintain its quality fleet.

IRI also strives to ensure consistency among its network of 26 worldwide offices. IRI's unique unified database enables the smooth handling of registrations and ongoing technical and operational support, which often require attention in numerous locations worldwide. IRI has proven itself capable of simplifying procedures so that maritime documentation is processed swiftly, and stand by the commitment "service and quality is within your reach" to ensure owners/operators receive quick and efficient service 24/7.



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# The Greek Example:

## "Leading figures of Greek Shipping from the 19th century until today"

The day conference under the title **The Greek Example: "Leading figures of Greek Shipping from the 19th century until today"**, which was organized by **"Naftika Chronika"** magazine in collaboration with the research team of the academic program **"Go Maritime"** at the **"Aikaterini Laskaridis"** Foundation on Wednesday, 20 May 2015 met with great success.



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During the event, the speakers analysed and brought back to the audience's memory the historical figures of shipping that left their mark on the Greek shipping example. The speakers in the first section were Dr. **Katerina Galani**, Mrs. **Helen Beneki** and Admiral **Stavros Michailidis**, while in the second section the rapporteurs were Mrs. **Dimitra Kardakari**, Mr. **Alcibiades Kotsaftis**, Mr. **Ilias Bissias** and Professor **Gelina Harlaftis**. The discussion was moderated by Professor **Thanos Pallis**. The speeches will appear in the special issue of **Naftika Chronika**, which will be published in September 2015. The issue will be distributed to the country's Universities and Merchant Marine Academies to inform the freshmen and

students about the historical course of Greek shipping towards the top. The day conference, organized on the occasion of the "Day of the Merchant Marine," was attended by numerous guests from the wider maritime industry. **Sponsors** of the event and the special issue are: **ALBA** Graduate Business School, **ASPIDA** Maritime Security, **HMC-ICS** (Hellenic Management Centre-Institute of Chartered Shipbrokers), **S. LIVANOS HELLAS S.A.**, **LUFTHANSA**, **"MARIA TSAKOS"** Foundation.





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**1.** From right to left: Prof. T. Pallis, Mr. D. Kardakaris, Prof. G. Harlaftis, Mr. A. Kotsaftis, Mrs. I. Daifa, Mrs. E. Beneki, Mr. I. Bisias, Mrs. K. Galani and Admiral S. Michailidis. **2.** Mrs. E. Polychronopoulou and Mr. P. Moraitis. **3.** View of the library and guests among which Prof. C. Chlomoudis, Prof. A. Merikas, Messrs. S. & N. Tsalamaniotis, Mr. S. Tzimas and Mr. M. Lambros. **4.** Mr. S. Vougiotis, Mr. G. Banos and Mrs. I. Bisia. **5.** Mr. G. Gourdomichalis, Mr. N. Kosmatos and Mr. J. Kritikos. **7.** Mrs. A. Hartmann, Mrs. M. I. Mavroudi, Mrs. A. Monogioudi

**View of the library and guests:**

**6.** Mr. T. Kontes and Cpt O. Lekatsas. **8.** Mr. N. Lowry, Prof. S. Papadimitriou and Cpt V. Kouzilos.

**9.** Prof. M. Lambrou and Mr. K. Markakis. **10.** Prof. M. Lekakou, Mr. N. Gousopoulos, Prof. N. Nikitakos and Admiral S. Michailidis.



10



## ClassNK's growing register fuelled by revolutionary solutions

**Re-established as the world's number one class society by deadweight tonnage classed during 2014, ClassNK's unrivalled commitments in providing clients with the best possible services and solutions ensure that the organization's claim to leadership in maritime and offshore is no hollow numbers game.**

**L**aunched in 2009, ClassNK's Joint R&D for Industry Program continues to deliver tangible results to the industry, including financial contributions to research, such as \$28 million in funding already committed to 22 national projects in Japan in 2014, and \$12 million to various overseas projects.

As far as proven technologies are concerned, around 100 ships now feature the low-friction A-LF-Sea coating developed by Nippon Paint Marine as part of a national project with the support of ClassNK's Joint R&D for Industry Program. Based on the skin of a tuna, the revolutionary coating incorporates hydrogel to greatly reduce the friction resistance between a ship's hull and the surrounding water.

Another solution developed as part of this program was the eco-efficiency solution ClassNK-NAPA GREEN. Developed by NAPA and ClassNK, ClassNK-NAPA GREEN is a total solution for the planning, monitoring, and follow-up of ship operations and helps its users to realize operational savings through increased awareness, trim and voyage optimization, and performance analysis to an accuracy of 99.6%.

Independent research by the Society has helped tackle challenges brought about by new regulations. ClassNK developed the PrimeShip-HULL(HCSR) rule calculation and direct strength calculation software to help designers comply with the incoming IACS harmonized Common Structural Rules. New structural rules applied to all tankers over 150m and all bulk carriers over 90m contracted after 1 July 2015 mean that shipyards and designers will need to carry out more comprehensive structural analyses when designing these vessels.

## New horizons set for Inmarsat Maritime

**A fresh face and a fresh perspective. 2014 was a busy year for Inmarsat Maritime with acquisitions, new products and the launch of the first Global Xpress satellite as well as a significant change in senior management.**



Mr Ronald Spithout was appointed to the position of Inmarsat Maritime President in October 2014 and has since overseen a vertical restructuring of the business. Spithout, previously President of Inmarsat Enterprise, brings with him

the same approach that drove success within that sector of Inmarsat's business. He is quick to point out 'that it is not about me but the entire team' and that the changes implemented within Inmarsat Maritime come in direct response to the market and represent the best way to move the company forward.

FleetBroadband Xtra effectively overlays capacity from the first Global Xpress satellite on present L-band connectivity across its current functioning area of coverage. Outside this area, customers will use existing L-band connectivity. With the first satellite in position above the Indian Ocean there is a substantial business case for opening up this service, with vessels trading in this area able to take advantage of the improved connectivity almost a year before full global coverage is completed. As Spithout points out: "It made sense to make Fleet Xpress levels of service available at the earliest opportunity, and by launching FleetBroadband Xtra, we bring that capability to roughly 50% of the world's merchant ships in service, as they operate under the footprint of the firsts GX satellite. That is a lot of vessels that will benefit as soon as the initial infrastructure is operational. As the remaining two Global Xpress satellites come online, covering the Atlantic and Pacific Ocean regions respectively, FleetBroadband Xtra's Ka-band coverage will expand, but ultimately the brand will be phased out as customers migrate to Fleet Xpress."

### A clear view of the future

Under his direction, Inmarsat Maritime has been realigning itself, phasing out the last of the legacy businesses, to present a clear and consistent offering to the market. Spithout has done a lot to achieve a single brand proposition for the company, streamlining structures and integrating acquisitions vertically to optimise functional efficiency.



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## Navico builds commercial case

**Marine electronics group Navico has an objective of achieving a top 3 position in the commercial maritime sector within 3-5 years.**

Based on strong investment in organic and acquisitive growth, the target is by no means unrealistic for a group which claims a 32% share and market leadership in the recreational boating sector.

Navico, which currently does 60-70% of its business in the retrofit/repair market, operates as a fully integrated supplier, using its own design, production, and global supply chain via five logistics centres to drive down overhead across a highly efficient industrial platform.

Navico's extensive commercial product portfolio is offered under the SIMRAD brand. It includes IMO radars, ECDIS, autopilots, gyrocompasses, AIS, GPS, echo-sounders, and other navigational instrumentation, and was recently expanded with the acquisition of Norwegian navigational pioneer MARIS (Maritime Information Systems A/S).

### **Fresh ECDIS**

In April this year, Navico launched the Simrad E5024 ECDIS system, which meets latest IMO standards.



In May, Navico upgraded (and rebranded) the SIMRAD MARIS ECDIS900 to an entirely new high-performance hardware platform with updated software.

Both systems arrivals are timely, as they anticipate the upcoming deadlines for the mandatory ECDIS carriage requirements affecting existing tankers of above 3,000gt by July 1, 2015, and existing cargo ships of above 5,000gt to follow in July 2016.

## E-learning additions meet safety imperative

**Safety issues uppermost in regulatory thinking dominate second quarter training package releases from Seagull Maritime, with the E-learning specialist focusing on frontline hazards faced by modern seafarers.**

New computer-based training (CBT) modules to join the **Seagull Maritime** portfolio include two courses focusing on enclosed spaces - one of the most hazardous areas for shipboard work. Gas measurement, a safe atmosphere (CBT0425) is the first of two modules concerning gas measurement in enclosed spaces and cargo tanks and is aimed primarily at operational level crew. CBT0425 covers evaluating the atmosphere in an enclosed space, itemizing possible contaminant gases, assessing explosion and fire risks, and confirming that the enclosed space is fit for entry. It also details terms related to exposure limits for airborne toxic substances and sets out the principles of the inerting and gas-freeing of enclosed spaces.

The complementary module Gas measurement, measuring instruments (CBT 0426) also covers gas measurement in enclosed spaces and cargo tanks, but focuses on the use and maintenance of the portable instruments that check atmospheres. Again, the course is primarily aimed at operational level



staff, but could also be a useful refresher for management.

Other new CBT modules from Seagull Maritime also address safety-critical operations. The new module Use of Liferafts (CBT 0298) reinforces the knowledge gained by support level crew that have attended an STCW personal survival course, for example. After completing the module the learner will be able to launch, embark and prepare a life raft for survival should a vessel need to be abandoned at sea.

Meanwhile, Bulk carriers unloading (CBT 0349) focuses on safe unloading of bulk carrier procedures, augmenting Seagull Maritime's continuing training development initiative targeting the sector. Seagull Maritime released six new bulk titles were released in 2014, and CBT 0349 is the first of four covering bulk carrier crew and management planned for release this year.

Seagull Maritime is also developing CBT tools specifically for the offshore segment, again with the emphasis on safety. Personal safety for offshore vessels (CBT 0320) is based on the company's existing generic personal safety module (CBT 1) but has been adjusted to reflect specific offshore vessel needs. As part of a growing offshore portfolio, the company has also launched Lifting and slinging, roles and responsibilities

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## The new ABB marine drive for electrical propulsion

ABB, the leading power and automation technology group, launches a new propulsion drive. The NektonDrive helps vessels to use electrical power more efficiently and to lower environmental impact in a sustainable way

The NektonDrive is a low voltage variable speed drive specially designed for demanding marine applications. It comes with a power range from 710 to 5700 kW at 690V AC. The liquid cooled NektonDrive offers a compact dust-proof cabinet, minimizing the need for high power air conditioning in the installation area. To prevent dust from entering the power circuits, the upper section of the cabinet is kept closed during installation. The lower part of the cabinet holds a separate cabling entry and the vibration dampers are accessible from outside the cabinet.

Life cycle management and preventive maintenance have been key factors when designing the NektonDrive. The installed cabinet offers accessibility at the front and no service space on the side or back is necessary. A reduced number of spare part types and capabilities for remote diagnostics help to secure minimum downtime and easy access to spare parts throughout the vessel's lifetime. With its modular design, the NektonDrive can be designed and manufactured to meet almost any customer specific requirements.



## Infinity Fully Supports IPv6

**Navarino** is pleased to announce full support for IPv6 (Internet Protocol version 6) for its Infinity solution. IPv6 support will be automatically pushed to all Infinity units worldwide in the form of a free update. Besides an increased number of IP addresses, IPv6 has a number of other advantages over IPv4, including more efficient routing and packet processing, directed data flows, simplified network configuration and increased security. As the most advanced service of its kind, Infinity is always developed in line with both current and future expectations. Without doubt, IPv6 is going to become an important part of IT networks in future and our Infinity development team are looking forwards to seeing their work on this update being implemented live. Our customers can feel secure knowing that Infinity will be fully ready for the next generation of Internet Protocol and will be continuously updated as the needs of the industry develop.



## Nanotechnology at the service of maritime industry

**Being a purely Greek company of nanotechnology "smart coatings" NanoPhos, after the great international success in the field of building and industrial materials and coatings goes on a step further and launches products for the field of marine.**

**NanoPhos** was founded in 2005 with a vision to transfer innovation from the laboratory to everyday life, utilizing the power of nanotechnology. The products portfolio constitutes result of study by Greek researchers, they are 100% produced in Greece and exported to more than 25 countries in Europe, Middle East, Asia, America and Australia.

NanoPhos provides high quality, reliable and environmentally friendly chemical products for water repelling, thermal insulation, cleaning and protecting surfaces such as tiles, walls, metals, cement to add functionality and boost energy efficiency in buildings and construction projects. The products are patented, awarded, high-quality and high-technology craft materials, which are certified by International Classes.

In 2008 NanoPhos distinguished by Bill Gates for innovation and received the first prize of Innovation and Sustainability in the 100% Detail International Tradeshow in London.

NanoPhos Marine aims to bring innovative solutions to Maritime industry. By taking advantage of unique properties of nanotechnology invents clever materials to solve common needs such as fouling growth, sea water corrosion, incident heat radiation and accumulation of salt deposits. Antifouling coatings with no metal oxide biocides, thermal insulating paints and self cleaning protective coatings are only some of the product enhancements nanotechnology can offer. Nanophos Marine product portfolio includes 25 products focusing on maintenance, cleaning, hull protection, antifouling and fuel Saving.





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We continue to invest in Greece and to promote our homeland around the globe as one of the world's great destinations. We create jobs and support local economies throughout Greece; we contribute to the improvement of infrastructure throughout Greece, and we do everything we can to preserve and protect the country's terrestrial and marine environments.

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Chios Mastiha

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# 1 out of 20

jobs in Europe is in the transport sector. This means that 11.2 million Europeans, almost the population of Greece, are working in the transport sector.

# 6.4%

The growth of the container market for 2016 is projected at 6.4%.

# \$17,800,000,000,000

The export value of the World Trade Organization's 160 member countries in 2013 was \$17,800,000,000,000.

# 19,700,600

million cars were sold in China in 2014.

## Shipping numbers

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# 1,524,000,000

billion tons of cargo was hauled by the global container ship fleet in 2013.

Shanghai topped the list as the busiest container port worldwide in 2014, handling

# 35,280,000 TEUs.

In second place was Singapore with 33,900,000 TEUs.

# \$40.3 billion

The world's largest airline in 2014 based on revenue was Delta Airlines with \$40.3 billion. In second place was Lufthansa with \$39.8 billion.

The world's largest railway company based on market value as of April 2015 is Union Pacific (US) with a value of **\$93.5 billion**. In second place is the Canadian National Railway (Canada) with a value of \$53.5 billion.

In the five-year-period between 2009 and 2013 Piraeus had the largest container throughput growth in the world (476%), from **665,000 TEUs** in 2009 to **3,163,000 TEUs** in 2013.

Within a decade (2004-2013) the port of Dalian in China increased its container throughput by 491% from **2,211 million TEUs** to **10,860 million TEUs**.



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