



# NAYTIKA XPONIKA

NAFTIKA CHRONIKA | TRIANNUAL ENGLISH EDITION

Issue No. 207

— 02.2018

[naftikachronika.gr](http://naftikachronika.gr)

6€

ISSUE SPONSOR



**QUILTER CHEVIOT**  
INVESTMENT MANAGEMENT

— Assuming Authority in a Family Shipping Business,  
by Elias Kulukundis

— Can companies with “small” fleets  
survive in this environment?

— What is a Minimum Safe Power for Ships?

— Consolidation of Greek companies  
and growth of fleet in 2017

— Considerations to take into account  
when structuring your fleet

— Uptake of LNG as a fuel for shipping



## Greeks at the helm

*Exclusive interviews and articles*

**Anastasios Papagiannopoulos**  
President of BIMCO

**Panagiotis Laskaridis**  
President of ECSA

**Dr. Nikolas P. Tsakos**  
Chairman of INTERTANKO

**John Platsidakis**  
Chairman of INTERCARGO

**Capt. Dimitrios Matthaiou**  
Chairman of Green Award Foundation



Most people see a sunrise.  
Our people see the dawn  
of an exciting career.


At Maran Tankers Management, we fully appreciate the demands our industry places on seafaring and shore-based personnel. Ever since 1947, we've ensured that through the safe, efficient and environmentally-sustainable operation of our vessels, our company will remain a paragon of stability not only in our industry but in the lives and careers of our people as well. Which is why, with us, every working day becomes a building block towards an exciting career.



**MARAN TANKERS MANAGEMENT INC.**

[www.marantankers.gr](http://www.marantankers.gr)





# SHE'S GOT YOUR SMILE. GIVE HER YOUR GOOD FORTUNE TOO.

Since 1771, we've been seeking out the best investment opportunities globally. Established over 40 years ago, our Jersey office has built up an enviable reputation for on the ground, bespoke, solutions and exceptional levels of client service. Our managers have worked with Quilter Cheviot for an average of over 16 years which is why clients and their families trust us over many generations.

**Contact Tim Childe**  
**Head of International & Jersey Office**  
**t: +44 (0)1534 506 070 or visit**  
**[www.quiltercheviot.com](http://www.quiltercheviot.com)**



**QUILTER CHEVIOT**  
INVESTMENT MANAGEMENT

PERFORMING FOR GENERATIONS

Investors should remember that the value of investments, and the income from them, can go down as well as up and that past performance is no guarantee of future returns. You may not recover what you invest.

Quilter Cheviot Limited is registered in England with number 01923571. Quilter Cheviot Limited is a member of the London Stock Exchange, authorised and regulated by the UK Financial Conduct Authority and regulated under the Financial Services (Jersey) Law 1998 by the Jersey Financial Services Commission for the conduct of investment business and funds services business in Jersey and by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 to carry on investment business in the Bailiwick of Guernsey. Accordingly, in some respects the regulatory system that applies will be different from that of the United Kingdom.



Published by  
Gratia Publications I.K.E.

Editor  
Ioanna Bissias

Executive Director  
Ilias Bissias

Editorial Coordinator  
Dr Panagiotis Kapetanakis

Editorial Advisor  
Maria Bertzeletou

Scientific Associates  
Harilaos Psarftis  
Panos Zachariadis  
Rear Admiral (Ret.) Michalis Malerbas

Special Contributors  
Capt. George Georgoulis  
Nikos Vergounis  
Petros Kefalonitis  
Michalis Nikolaou

Features Editor  
Angeliki Koliomichou

Commercial Manager  
Chris Kapadais

Advertising Manager  
Demetra Tsakou

New Media  
Charis Pappas

New business development  
Afroditi Kordela

Creative Directors  
Panos Papanagiotou  
Pandora Giamalidou

Photos  
ΑΠΕ/ ΜΠΕ/ ΕΡΑ

Gratia Publications I.K.E.  
132 Syggrou Ave,  
117 45 Athens  
T: 210-92.22.501 / 92.48.006  
F: 210-92.22.640  
info@gratia.gr

www.naftikachronika.gr  
Web strategy development by ITBOX

While every effort has been taken to ensure the accuracy of the information contained in this magazine, no responsibility can be accepted for errors, omissions or inaccuracies. Opinions expressed herein are those of the authors and are not necessarily those of Gratia Publications I.K.E. Reproduction in whole or in part is prohibited without the prior written permission of the publisher.

ISSN 1106-7152

MAIL  
CODE 1449



February 2018

Special triannual English edition

Cover: Chios Navigation (Hellas) Ltd's recently delivered Kamsarmax bulk carrier 'Doric Armour'

ISSUE SPONSOR



QUILTER CHEVIOT  
INVESTMENT MANAGEMENT

- 4 **Maritime numbers**
- 6 **On the seafront**
- 16 **International waters**
- 24 **"The industry stands cautious towards the Global Sulphur Cap 2020"**  
By Nikolas P. Tsakos, Chairman of INTERTANKO
- 26 **"We need to see where shipping is heading in the next 20 to 30 years"**  
A discussion with Panagiotis Laskaridis, President of ECSA
- 32 **"The shipping industry has adapted quite well to a lower level of demand growth over the past couple of years"**  
An interview with Anastasios Papagiannopoulos, President of BIMCO
- 36 **"A success of Greek shipping is to be represented in international organizations"**  
An interview with John Platsidakis, Chairman of INTERCARGO
- 40 **"The dry cargo sector is still facing the problem of over-supply and too many different ship sizes"**  
By Capt. Dimitrios Matthaiou, Chairman of Green Award Foundation
- 42 **Book presentation: Assuming Authority in a Family Shipping Business**  
By Elias Kulukundis, Writer
- 46 **Consolidation of Greek companies and growth of fleet in 2017**  
By Maria Bertzeletou
- 50 **Can companies with "small" fleets survive in this environment?**  
By George Skrimizeas, General Manager, Allseas Marine S.A.
- 52 **"The debate on the terms of Brexit has clearly caused great turmoil"**  
An interview with Messrs Peter Jackson, CEO of Hill Dickinson & Patrick Hawkins, Resident Partner of the Greek branch office of Hill Dickinson
- 56 **"Wealth management experienced significant regulatory change in the past year which will have an impact on the industry"**  
An interview with Tim Childe, Head of International & Jersey Office at Quilter Cheviot Investment Management
- 58 **Can shipowners be "winners" in the new world of digitalization?**  
By Dr. Anna Bredima, Senior Policy Advisor on European Affairs, Cyprus Union of Shipowners
- 62 **Considerations to take into account when structuring your fleet**  
By Evi Platsidaki, Solicitor, Athens office of Norton Rose Fulbright LLP
- 64 **What is a Minimum Safe Power for Ships?**  
By Panos Zachariadis, Technical Director, Atlantic Bulk Carriers Management Ltd.
- 66 **"Any activity developed on water, in water and at the bottom of the sea uses marine technology"**  
An interview with Konstantinos Kalogeropoulos, Vice President of H.I.M.T.
- 68 **Risk profiling is becoming more important to port state control inspections**  
By Petros Achtypis, CEO of Prevention at Sea Ltd.
- 70 **Technology**  
By Nikos Vergounis
- NEWBUILDINGS**
- 74 - Liquefied Natural Gas Carrier (LNGC), "GASLOG HOUSTON"
- 76 - Crude Oil Tanker (VLCC), "M/T AGIOS SOSTIS I"
- 78 **Market Insight: ABB makes ready for the rise of the Chinese cruise ship**  
By Alf Kåre Ådnanes, Head of China Marine & Ports, ABB & Marcus Höglblom, Vice President of Global Sales, Passenger vessels and Azipod propulsion, ABB
- 80 **Benelux Overseas expect reduced maintenance costs and enhanced efficiency with fleet-wide Jotun SeaStock agreement**  
By Nikos Ioannou, Managing Director of Benelux Overseas Inc.
- 82 **Uptake of LNG as a fuel for shipping**  
An analysis by DNV GL
- 86 **Energy and natural resources**
- 90 **Aviation industry news**
- 92 **American Club: one-hundred years of service to the global maritime community**
- 96 **SPECIAL REPORT**  
13th Annual Forum of the Institute of Chartered Shipbrokers, Greek Branch



NAFTIKA CHRONIKA

Lloyd's List Greek Shipping Awards 2017  
Piraeus International Centre Award

● NAYTIKA XPONIKA





# FAFALIOS SHIPPING S.A.



FAFALIOS SHIPPING S.A.

35 - 39 Akti Miaouli, GR-18535 Piraeus - Greece

Tel: +30 210 4292268 Fax: +30 210 4292271 E-mail: [fafpir@fafalios.com](mailto:fafpir@fafalios.com)

## MARITIME NUMBERS

**16.72%**

the increased share of Greek owners in the world fleet, according to UNCTAD.

**320**

vessels approximately, the number of ships on the current Greek orderbook.

**682**

the number of ships flying the Danish flag.

**1,500,000**

the number of seafarers employed by the shipping industry worldwide.

**27**

the days it takes a cargo ship to sail from Seattle, Washington, US to the port of Shanghai, China.

**77,000 metres**

the length a train would need to have to be loaded with all the containers in an 11,000 TEU ship.

**27.2 million**

the number of passengers expected to set sail in 2018.

**8 Euros**

approximately, the cost of transporting a bicycle from Thailand to the UK in a container.

**550,000**

the number of barrels of oil per day produced by Maersk Oil.

**173 metres**

the length of "Sibir", the world's largest nuclear-powered icebreaker ship, built by Russia.

**1,000 times more**

the amount of power a container ship engine has compared to an average family car.

**\$400 billion a year**

approximately, the value of the liner shipping industry to the global economy.





## TMS CARDIFF GAS LTD TMS TANKERS LTD



### **TMS TANKERS LTD**

OMEGA BUILDING, Λ. Κηφισίας 80,  
Μαρούσι 151 25  
Τηλ.: 210 8090164, 210 8090113  
E-mail: crew@tms-tankers.com

### **TMS CARDIFF GAS LTD**

OMEGA BUILDING, Λ. Κηφισίας 80,  
Μαρούσι 151 25  
Τηλ.: 210 8090232  
E-mail: crew@tms-cardiffgas.com



Με σύγχρονο στόλο Δεξαμενοπλοίων και Υγραεριοφόρων  
(Tankers, LNGCs & LPGs) προσφέρουμε

- Υψηλά μισθολόγια
- Επιδόματα
- Συνεχή εκπαίδευση

και εξασφαλίζουμε σε Έλληνες Αξιωματικούς καριέρα  
στην θάλασσα και στην ξηρά.

**Το μέλλον είναι  
TMS TANKERS - TMS CARDIFF GAS**





## ON THE SEAFRONT

.....  
This month's top news stories  
from **naftikachronika.gr**

### The top Greek cruise ports list

JANUARY 4, 2018

For one more year, the Hellenic Ports Association - ELIME has presented the final list of Greek ports in which cruise ship and cruise passenger arrivals were recorded in 2017.

The source of the data are the members of ELIME, the members - observers (Port Funds) and the country's local Port Authorities (where there are no ELIME members or observers).

The 2017 figures confirm the cruise market executives' forecasts for a drop in cruise ship arrivals and passenger visits to Greek destinations, which were mainly affected by instability and uncertainty in the wid-

er eastern Mediterranean region and the ports in the region's countries.

In particular, for the year just ended, there was a drop of approximately 20.5% in cruise ship arrivals (from 4,307 in 2016 to 3,415 in 2017) and a drop of approximately 11% in cruise passenger visits (from 5,204,231 in 2016 to 4,625,363 in 2017).

The top ten destinations in the final ranking list remain the same as in all previous years, with the port of Piraeus a constant first in cruise and passenger arrivals, and the only notable change the port of Mykonos in the second place, replacing Santorini, which for the first time moved to the fourth place. The port of Corfu remains in the third place, while included in the top ten are the





ports of Katakolo, Rhodes, Heraklion, Chania, Patmos, and Kefalonia - Ithaki.

### **New ship management and shipbroking companies settling in Piraeus**

JANUARY 5, 2018

14 ship management and shipbroking companies have applied and obtained licenses to operate from the port of Piraeus. The relevant licenses were signed on Thursday, 4 January 2018, by the Minister of Maritime Affairs and Island Policy Panagiotis Kouroubilis. It is recalled that the number of companies that have applied for licenses, established offices and recruited staff here in

Greece in the last three years is about 290. It is noteworthy that according to the official figures of the Bank of Greece the first 10 months of 2017 (January to October), the inflow of foreign exchange under the code "Transports" in the Balance of Services transactions amounted to EUR 7,533.60 million (i.e. more than 7.5 billion). Compared to the corresponding period in 2016 (which stood at EUR 6,376.5 million), there is a significant increase in the inflow of foreign exchange in Greece reaching 18.15%.

### **Positive growth outlook for the Japanese economy**

JANUARY 7, 2018

Japan is experiencing its second longest economic expansion in the post-World War II era, with economists expecting the positive trend to continue throughout 2018 due to strong demand at home and abroad, according to a Japantimes article. Having accumulated cash reserves, Japanese companies are promoting new investments or wage increases in order to boost productivity with higher returns on their capital. Analysts expect wage increases to affect both full-time and part-time workers.

Inflation in the Country of the Rising Sun is expected to pick up slightly boosted by increased domestic demand, which may lead the Central Bank of Japan to make some moves to restrain its loose monetary policy.

According to Merrill Lynch estimates, Japanese GDP in 2017 closed with 1.8% growth, while for 2018 growth is expected to be 1.7%. Last year, exports were strong, a trend likely to continue this year, although to a lesser extent.

Finally, as the country prepares for the 2020 Olympic and Paralympic Games to be held in Tokyo, demand in the construction sector (hotels and infrastructure) seems highly promising.

### **A first assessment of the maritime accident in the China Sea**

JANUARY 8, 2018

By Capt. **George Georgoulis**

2017 was a year that cost the lives of over 100 seafarers in the seas around the world,

especially in the China Sea. Unfortunately, despite the wishes of the global shipping community for a year with fewer shipping accidents, the new year began with the collision of the Iranian Suezmax oil tanker M SANCHI carrying light crude oil from Iran to South Korea with the Chinese bulk carrier CF CRYSTAL carrying grain from a US port to a port in the Bohai Strait.

As a result of the collision, the tanker was engulfed in flames due to a leakage of oil from its tanks, with all 32 crewmen missing, although it was hoped that they could be safe in some part of the ship not reached by the dense smoke. Poor weather conditions and huge masses of smoke from the tanker hampered the rescue attempts by the sea-air search & rescue teams deployed in the wider area of the accident by the Chinese authorities.

According to China's ministry of transport, the latest news on the accident is that the tanker was at risk of exploding, creating a huge oil spill, and finally sinking, thus causing a huge ecological disaster. The bulk carrier CF CRYSTAL has suffered damage but its crew is safe and the ship is not in danger.

The conditions under which the two ships collided remain unclear and although the rescue of missing persons clearly comes first, an investigation into the causes of the collision and the apportioning of blame to the ships should also follow at a later stage. Although there is insufficient data, the existing data on the two ships' destinations and the map of the area leads us to the scene of the collision and the following thoughts:

Accident location and possible routes of the ships according to their destination:

- The collision occurred at dusk, i.e. as day was turning into night, when the difficulty in identifying targets increases.
- The severity of the collision indicates that nothing was done on the ships' bridges to reduce the impact of the imminent collision.
- From the photo that has been published, the oil tanker (red boat) seems to have been hit on its right side and according to the collision avoidance regulations (COLREGS), it should be giving priority to ships on its right side.
- Moreover, the result of the collision also betrays the collision's intensity since the bulk carrier (blue ship) managed to

reach the inner shell of the oil tanker where the oil was loaded, i.e. it hit the outer shell, destroyed all the reinforcements, and penetrated the inner shell. It is evident that no one on the bulk carrier's bridge had anticipated the collision either because they believed they were sailing according to regulation or because they had miscalculated the situation.

Based on the courses of the two ships, the bulk carrier hit the oil tanker on the right side, therefore, according to regulations, the onus is on the tanker, although the bulk carrier seems to have reacted as if the tanker did not exist and thus has an equal share of responsibility.

The location and time of the accident play an important role, as does the fishing boat traffic in the area. This collision ultimately proves to the entire shipping community that the double shell of tankers alone does not ensure that polluting the marine environment will be avoided as long as international maritime traffic regulations continue to be violated and ship officers lack an understanding of the situation and a safety culture, a lack which leads to our mourning victims. In the hope that all seamen will be saved, we must ensure that a similar incident will not be repeated.

### **Trains will "connect" Athens-Thessaloniki in 3.5 hours**

JANUARY 9, 2018

The situation in rail transport within the country is now changing. Passing through the cities and villages of Amfikliia, Lilaia, and Bralos will be a thing of the past on the Athens-Thessaloniki route thanks to the long-awaited upgrading of the railway line. This change is due to the important railway projects carried out by OSE and ERGOSE in the mountainous section between Tithorea and Domokos.

A successful test was carried out recently with the first train passing the Kallidromo Railway Tunnel which joins the new Tithorea - Lianokladi line. The Kallidromo Tunnel, which is 9,063 meters long, is the largest in the Balkans.

In a few months when the railway works are completed, railway travel time between Athens and Thessaloniki will be reduced to just 3 hours and 20 minutes.

This is expected to be a decisive factor in the choice of rail as a means of transport between Athens and Thessaloniki, making the train for the first time a competitive means of transport compared to the airplane.

### **China preparing barrage of mergers in coal mining operations**

JANUARY 9, 2018

China's National Development and Reform Commission (NDRC) said in a statement that by the end of 2020 the country plans to build up a number of "miners", each capable of producing 100 million tons of coal a year, which will compete in the global market and contribute to the modernization of the sector.

According to a National Energy Agency (NEA) statement released last November, last year China had more than 4,000 coal mines with a total capacity of 3.41 billion tonnes per year.

Only six of China's coal mining companies are currently capable of producing more than 100 million tons a year, according to the China National Coal Association.

Beijing is deepening its war on smog by promoting cleaner energy consumption and limiting the use of coal used to produce the majority of China's electricity.

NDRC said it would encourage the coal industry to make more deals with coal, shipping, steel and chemical companies. It has also called for the phase-out of outdated production with the closure of inefficient mines, as it said.

### **Greece's export activity rising considerably**

JANUARY 11, 2018

A remarkable increase by 15.5% was recorded in Greece's exports last November, which coupled with the lower growth rate of the country's imports (+ 4%) led to a drop in the trade deficit by 11.5%.

Specifically, according to Hellenic Statistical Authority (ELSTAT) data, last November the total value of Greek imports amounted to € 4.05 million, compared to € 3.89 million in the same month of 2016, representing a 4% increase.

The total value of the country's exports during the same period amounted to €

2.58 million compared to € 2,239.3 million in November 2016, showing an increase of 15.5%.

Last November, Greece's trade deficit amounted to € 1.46 million compared to € 1.65 million in November 2016, representing an 11.5% decrease.

For the period January-November 2017, the total value of the country's imports amounted to € 46.02 million compared to € 40.23 million in the corresponding period in 2016, an increase of 14.4%.

The total value of exports for the same period amounted to € 26.20 million compared to € 23.13 million in the first eleven months of 2016, showing a 13.3% increase.







Greece's trade deficit in the first eleven months of 2017 amounted to 19.82 million euro compared to 17.10 million euros in the corresponding period of 2016, showing an increase of 15.9%.

### **Suez Canal Authority renews tariff discounts**

JANUARY 11, 2018

The Suez Canal Authority (SCA) has announced that it is extending its tariff discounts to specific ocean-going ships crossing the canal until the end of 2018. A 75% discount will be given to dry bulk carriers - whether loaded or not - travel-

ling to and from ports in the southwest, southern and eastern parts of Australia. The SCA will also follow the same pricing policy with ships traveling between South African and Mediterranean ports.

Furthermore, a 40% discount will be offered to all ships traveling to and from Iskenderun port in Turkey but also further west, up to the port of Marmaris. In addition, ships operating to and from ports west of the port of Marmaris, i.e. Black Sea ports, Mediterranean ports, the Port of Gibraltar and South African ports, will be offered a 50% discount by SCA. At the same time, the Suez Canal Authority provides significant discounts to VLCCs (Very

Large Crude Carriers) as the Authority aims at encouraging crossings by large-capacity tankers.

With regard to containerships, discounts are as follows:

Container ships traveling from ports north of the Port of Norfolk to ports east of Port Kelang receive a 45% discount.

- Container ships traveling from ports south of the Port of Norfolk to ports east of Port Kelang receive a 65% discount.
- Container ships traveling from ports south of the Port of Norfolk to ports east of the Port of Colombo receive a 55% discount.

## A project that will change the global transport map

JANUARY 13, 2018

The head of the Russian Railways, Vladimir Yakunin, has come up with the innovative idea to link London and New York via Moscow by rail and superhighway.

Specifically, the transport corridor proposed by Mr. Yakunin would start in London and run across Western Europe and capitals such as Berlin, and across Western Russia through Siberia. Drivers would then cross the Bering Strait to Alaska and drive across Western Canada and the Eastern United States, to finally reach New York. If built, it is estimated that the highway will cover 20,777 km from London to New York.

Part of Mr. Yakunin's plan is also to construct oil and gas pipelines along the transport corridor for the direct export of Russian oil and energy products to other countries.

If implemented, this plan will make a decisive contribution to shaping a global road and rail map by bringing London and New York closer together.

For many, the realization of the project - dubbed the Trans-Eurasian Belt Development (TEPR) - is a fantastic scenario as there are practical difficulties and, moreover, the cost of its construction is enormous: the TEPR is estimated to be a

multi trillion-dollar project, and according to international media it appears that part of the project's funding will be undertaken by Vladimir Putin.

## The German merchant fleet continues to shrink

JANUARY 13, 2018

The number of ships in the German merchant fleet continues to decline, according to data released by the German Federal Maritime and Hydrographic Agency (BSH). According to official statistics, on 31 December 2017 the German merchant fleet, which includes vessels of over 100 dwt, numbered 2,343 ships compared to 2,630 on 31 December 2016 and 2,844 on 31 December 2015 - i.e. a 10.91 % reduction to the number of German-owned vessels compared to 2016 and a 17.62% reduction compared to 2015.

Another interesting point is that during the last three years ships have been leaving the German flag, although at a rate that shows some signs of slowing down. Specifically, the number of ships that left the German flag were 2,497 in 2015, 2,349 ships in 2016, and 2,017 last year. On this basis, the merchant fleet under the German flag was only 326 vessels at the end of last year (from 330 in 2016 and 351 in 2015). 2017 was a difficult year for German merchant shipping, as several traditional

German shipping companies either went bankrupt or ended up changing hands.

## A new era for Europe's busiest port?

JANUARY 15, 2018

Over the past year, 29,646 sea-going vessels entered the port of Rotterdam. This is over 600 more than the preceding year (29,022 sea-going vessels). The number of incidents in the port fell from 159 to 129. This unfortunately included one 'serious accident'. The incident, according to local authorities in Rotterdam, involved an inland vessel that went adrift after hitting a groyne with its rudder. More specifically, according to National Harbour Master René de Vries, the decrease in the number of minor incidents can be explained by the Port Authority's investments in infrastructure in recent years. Efficiency in inspections continued to increase further in 2017. Over the past five years, the number of inspections decreased from 11,000 to approximately 8,500. There was also a significant drop in the number of minor spills. The Port Authority is still working to determine what contributed to this decrease.

The past year marks also the Port Authority's first participation in a pilot project that focuses on autonomous shipping. The Harbour Master expects this trend to become explicitly relevant for Rotterdam in the medium term and is introducing standardisations with the port's Traffic Guidance System to prepare it accordingly. In 2018, the Port Authority will continue to participate in pilot projects that take structural advantage of autonomous shipping - and unmanned aircraft - in its own operations.

As a consequence of a large-scale global cyberattack with ransomware (NotPet-ya), which affected companies all over the world - including a container terminal in the port of Rotterdam raising awareness of cybersecurity issues has become a new concern. Although FERM was set up in 2016 by the Port Authority and various partners to inform companies in Rotterdam's port area about cybersecurity, last year within the port of Rotterdam, the Port Authority has worked closely together with nautical service providers







## **PANTHEON TANKERS MANAGEMENT LIMITED**

---

Λεωφόρος Συγγρού 354, 176 74 Καλλιθέα, Αθήνα

Τηλ: +30 216 600 4930 - Fax: +30 216 600 4910

e-mail: [crew@pantheontankers.com](mailto:crew@pantheontankers.com)

[recruit@pantheotankers.com](mailto:recruit@pantheotankers.com)

on building up an organisational structure around the Nautical Crisis Team. This team ensures that the port remains accessible during the possible failure of a key ICT system. Next year, this collaboration will result in a central cybersecurity hotline for the port area.

The Port Authority also wants to encourage the transition from fuel oil to Liquefied Natural Gas (LNG) as a transport fuel for the shipping sector. Over the past few years, the Port Authority has worked to prepare systems and staff for the arrival of LNG-powered vessels. 2017 saw the first LNG bunker vessel, the Cardissa, become operational in Rotterdam's port area. The relevant legislation and regulations have been improved and updated to enable the smoother bunkering of LNG. "We expect that by 2020, LNG bunkering will be a routine operation in the port of Rotterdam," says René de Vries.

### What is the strength of the Greek Merchant Fleet?

JANUARY 16, 2018

According to the Hellenic Statistical Authority (ELSTAT), the strength of the Greek Merchant Fleet Force (ships of 100 GRT and above) increased by 1.1% in November, compared to November 2016, while there was a decrease of 0.1% compared to the corresponding periods in 2016 to 2015.

The total capacity of the Greek Merchant Fleet by vessels of 100 GRT or more decreased by 0.5% last November compared to November 2016. An increase of 0.9% was recorded compared to the corresponding periods in 2016 to 2015.

### The new Directive on Port Reception Facilities; an (over) ambitious European objective?

JANUARY 16, 2018

The European Commission adopted an ambitious Circular Economy Package on 2 December 2015, whose next strategic steps were announced in mid January. The Plastics Strategy makes a tangible contribution to reaching the 2030 Sustainable Development Goals and the Paris Agreement objectives on climate change. More specifically the first-ever Europe-wide strategy



on plastics, adopted on 16 January in Strasbourg, is a part of the transition towards a more circular economy. Every year, Europeans generate 25 million tonnes of plastic waste, but less than 30% is collected for recycling. Across the world, plastics make up 85% of beach litter.

First Vice-President Frans Timmermans, responsible for sustainable development, said: "If we don't change the way we produce and use plastics, there will be more plastics than fish in our oceans by 2050. With the EU Plastics Strategy we are also driving a new and more circular business model. We need to invest in innovative new technologies that keep our citizens and our environment safe whilst keeping our industry competitive."

Vice-President Jyrki Katainen, responsible for jobs, growth, investment and competitiveness, said: "With our plastic strategy we are laying the foundations for a new circular plastics economy, and driving investment towards it. This will help to reduce plastic litter in land, air and sea while also bringing new opportunities for innovation, competitiveness and high quality jobs. This is a great opportunity for European industry to develop global leadership in new technology and materials." Under the new strategy, the European Union will include new rules on port reception facilities that will tackle sea-based marine litter, with measures to ensure that waste generated on ships or gathered at sea is not left behind but returned to land and adequately managed there. Also included are measures

to reduce the administrative burden on ports, ships and competent authorities.

**Drive investment and innovation:** The Commission will provide guidance for national authorities and European businesses on how to minimise plastic waste at source. Support for innovation will be scaled up, with an additional €100 million financing the development of smarter and more recyclable plastics materials, making recycling processes more efficient, and tracing and removing hazardous substances and contaminants from recycled plastics. The new Directive on port reception facilities proposed on 16 January will now go to the European Parliament and Council for adoption. Subject to Better Regulation requirements, the Commission will present the proposal on single-use plastics later in 2018. Stakeholders have until 12 February 2018 to contribute to the ongoing public consultation.

The Commission will launch the work on the revision of the Packaging and Packaging Waste Directive and prepare guidelines on separate collection and sorting of waste to be issued in 2019.

### Happy ending for the 22 crew members of the MT Barrett

JANUARY 18, 2018

The ordeal of the 22 members of Union Maritime's tanker MT Barrett had a happy ending. The tanker had been attacked by pirates in the Gulf of Guinea on Wednesday 10 January, and Union Maritime had lost contact with the crew since then.





# **EURONAV®**

The ocean is our environment



## **NEW ADDRESS**

**Euronav Ship Management (Hellas) Ltd.**

**Athinon Avenue 31-33**

**10447 Athens, Greece**

**Tel.: +30 210 455 8000**

**Fax: +30 210 455 8010**

**E-mail: [admin.gr@euronav.com](mailto:admin.gr@euronav.com)**

**[www.euronav.com](http://www.euronav.com)**

**EURN**  
LISTED  
**NYSE**



According to the company's latest update, the tanker and the crew have been released after having been held hostage for 6 days.

The British shipping company had announced that it had lost track of the Marshall Islands- flagged 11,999 DWT tanker while it was anchored in Benin waters in West Africa.

The company had taken all necessary steps by alerting the local port authorities in Benin and other ships in order to locate the tanker and its crew.

The piracy incident only became known to Union Maritime when the pirates who held the crew hostage made contact with the company.

The company has announced that the crew members are well and have now been transferred to a safe location.

### **Of the 14,350 officers in the United Kingdom, only 3% are women**

JANUARY 18, 2018

New UK Maritime Minister, Nusrat Ghani MP, has welcomed the establishment of Maritime UK's 'Women in Maritime' Taskforce. Ghani, only the second woman after Glenda Jackson to hold the Department for Transport portfolio for the UK's £40bn maritime sector, said: "I am delighted to see Maritime UK taking action to attract more women into our maritime industries, and I welcome this taskforce as

an important first step. In the autumn, the Government challenged maritime leaders, businesses and colleagues to find ways of increasing the number of women in the sector, and it is great to see them respond in this way. There is a fantastic wealth and breadth of career opportunities in maritime, and I am determined to see more women accessing these."

During London International Shipping Week, her predecessor, Rt Hon John Hayes MP called for industry to address gender imbalance in the sector. Government is represented on the Taskforce. Maritime UK has established a Taskforce to address fairness, equality and inclusion within the maritime sector.

The Taskforce brings together leaders from across the maritime sector to identify practical steps to increase the number of women in maritime, and crucially within senior roles across its shipping, ports, marine and business services industries. Achieving a balanced workforce at all levels in the maritime sector will undoubtedly improve culture, behaviour, outcomes, profitability and productivity. The Taskforce will make a series of recommendations and utilise best practice from other sectors that have taken similar action.

Sue Terpilowski, Chair of the Taskforce, said: "The need for fairness, equality and inclusion is clearer than ever and the maritime sector must embrace diversity because it's the right thing to do. There

are women of all ages and abilities wanting to be a part of our maritime future and we must make sure we don't waste any more time in not addressing this issue."

David Dingle, Chair of Maritime UK, said: "The entire maritime sector needs to do much more to address gender imbalance. Just looking at the Merchant Navy, the ITF estimates that women make up only 2% of the world's maritime workforce, and those figures are replicated here in the UK too. Of the 14,350 officers in our country, only 3% are women. Only 4% of our technical officers are women. Of the 6,500 engine officers, only 1% are women. It means that talented women could be missing out on careers in which they could best use those talents."

### **Cement carrier attacked by Somali pirates**

JANUARY 23, 2018

A cement carrier was attacked on Sunday, January 21, by pirates in the Gulf of Aden but has been reported as safe in the high-risk area off of Somalia. The 9,146-dwt NACC Valbella (built 1992) was approached by the mother ship north of Somalia's eastern tip, according to information provided by maritime security provider LSS' Special Anti Piracy Unit (SAPU). The Panama-flagged vessel is owned by Nova Marine Carriers, according to Clarksons. The incident took place at 20:30 (East Africa Time Zone) 90 nautical miles southeast of Mukallah, a seaport and the capital city of Yemen's Hadhramaut governorate. It was destined for the Philippines province of Cebu by 5 February, according to VesselsValue.

An armed SAPU onboard the Valbella exercised its Rules for the Use of Force, first firing a warning flare, which was ignored, and then warning shots. The attacking mother ship responded by firing against the vessel, prompting the SAPU to fire a second volley of warning shots. In response, the pirate vessel reduced speed and altered its course. United Kingdom Maritime Trade Operations have been alerted of the incident, LSS said. The Valbella and crew are safe, LSS reported.



The New UK Maritime Minister, Nusrat Ghani MP.



*Serving the world seaborne trade since 1948 and for many years to come*



**ANANGEL MARITIME SERVICES INC.**

*Where Tradition meets Innovation in Harmony*







## INTERNATIONAL WATERS

News from the seas  
of the world

COLUMN SPONSOR



### OCEAN-GOING SHIPPING

#### Great expectations for the car carrier market

According to a recent Clarksons report published in the Shipping Intelligence Network, the car carrier sector has been experiencing difficulties in recent years as a result of the 2% reduction in global seaborne car trade over the 2013 - 2016 period. However, the difficult days seem to be over and market players are moderately optimistic regarding the improvement of the market over the next year.

Analytically, the car carrier sector was hardest hit in 2009 when a dramatic decline in seaborne car trade that reached 34% was recorded. It took more than a decade for the industry to return to pre-crisis levels, i.e. 2007 levels.

The main causes of this ten-year crisis were the sluggish growth of the global economy as well as reduced consumer spending on vehicle purchases in the major markets. Another factor that exacerbated the crisis in this market was the decision of many automakers to establish car production plants in regions closer to countries that were major importers.

However, the recovery of the global economy coupled with improved commodity prices has allowed a more rapid growth in the car carrier market, surpassing initial expectations. Thus, it is estimated that for the whole of 2017 there has been a 5% increase in seaborne car trade representing a total of 21.5m cars.

The largest increases in exports were recorded this year in North America and Europe reaching 5% and 10% respectively, while it is also expected that there will be 3-4% growth in the exports of the world's leading automobile manufacturers, namely Japan and South Korea.

Improved global demand coupled with reduced capacity (many car carriers were driven to recycling in 2016 and 2017, while only 5 new ships have been ordered since 2016) have allowed for improved freight rates in the last quarter of 2017, while according to market players the prospects for 2018 are positive.

#### Fewer and financially stronger companies in the containership market

A new record in the total tonnage of ships owned and operated by the world's ten largest container companies has been recorded.

According to Alphaliner, the consolidation trend characterizing the containership market in recent years has led to an increase in the share of ship capacity held globally by large companies in this market. By the end of 2017, the total tonnage of the 10 largest companies' ships operating in the containership market accounted for 77% of the world's tonnage.

The consolidation trend in the container shipping market was confirmed at the end of November with the acquisition of Hamburg Süd by A.P. Møller-Mærsk and the merger of UASC (United Arab Shipping Company) with German Hapag-Lloyd. As reported in Alphaliner's report, consolidations will continue in this market as the acquisition of OOCL by COSCO and the merger of K Line, MOL and NYK are expected to be completed in order to create the Ocean Network Express (ONE). With the completion of the above, the share held by the 10 largest container companies will account for 82% globally. At present, the three largest companies in the containership market are Maersk, MSC and CMA CGM. After the acquisition of OOCL by COSCO, the latter may rank third in the world.



### **Cyber-security: a great challenge for shipping**

2017 was a year in which cyber security issues were high on the agenda of the international maritime community, while there were also serious cyber-attacks. Danish giant A.P. Møller-Maersk, Russian oil giant Rosneft, several Ukrainian commercial banks, one of India's largest trading ports (Jawaharlal Nehru Port Trust), British Airways, and even a freight forwarding house, UK-based Clarksons PLC, were the targets of cyber-attacks.

Cyber security is a matter of utmost importance to the international shipowning community and this is confirmed by the interesting data from a survey carried out by the Danish Shipowners' Association last November, in which 26 CEOs of Danish shipping companies participated, with the latter accounting for more than 79% of the Danish commercial fleet.

The survey revealed that 42% of executives are worried about possible cyber-attacks against their shipping companies or about data loss within the next 12 months. Moreover, 69% of the CEOs responded positively to the question of whether their company's IT systems had been attacked over the past 12 months.

However, according to Maria Skipper Schwenn, Director of the Union of Danish Shipowners it is positive that 69% of Danish shipping companies have increased

their budgets for preventing and fighting cybercrime, a fact which in itself shows that shipping companies take their cyber security very seriously.

"It is worrying that a majority of shipping companies have been subject to attacks against their IT systems and unfortunately this is a threat that is not expected to diminish in future. At the same time, it is important to emphasize that the attacks experienced by the shipping companies are attacks that any company is at risk of being exposed to. Therefore, it is not the ships and the safety of the crew that are of the greatest concern but attacks on land based systems and the consequences of these", concluded the Danish shipping executive.

### **Wave of orders for new containerships**

Increased orders for new containerships will lead to a new imbalance in this market. The new orders are being placed mainly by Asian companies operating in the container shipping market, according to Alphaliner.

Among the companies planning to place orders for new ships are Hyundai Merchant Marine and Yang Ming.

As part of its strategic planning for 2018, the South Korean company Hyundai Merchant Marine (HMM) has revealed plans to further increase its fleet by building new

container ships with a capacity of 22,000 TEUs each.

According to Alphaliner data, it is estimated that in 2018 the capacity of deliverable new ships will increase compared to 2017, reaching 1.49 million TEUs. In contrast, during this year, there will be a decrease in the tonnage of ships to be sent for recycling (350,000 TEUs) compared to last year. This will lead to a 5.6% increase in the fleet of container ships in 2018, an increase which is even higher than the one recorded in 2017 (+ 3.7%).

### **The contribution of the shipping cluster to the economy of Wales**

A new report by Maritime UK and the Welsh Ports Group published on 12 December, shows a significant growth in the Welsh maritime sector, which reached 16% over a period of five years.

More specifically, the turnover of shipping and shipping related companies increased by £ 2bn, while the maritime sector supports a total of 31,000 jobs and contributes £ 900m to the gross value added (GVA) of the Welsh economy.

Interestingly, if compared to other sectors of the Welsh economy such as the construction or agricultural sectors, the maritime sector appears to be excelling in all key economic indicators such as turnover, AMM, and employee compensation.





Commenting on the report, Callum Couper, Chairman of the Welsh Ports Group and member of Associated British Ports (ABP) South Wales, said Wales' ports were vital international trade gateways for both Wales and the United Kingdom. At the same time, they offer significant employment opportunities at regional and national level.

For his part, David Dingle, President of Maritime UK, argues that the Welsh shipping industry will help maintain and increase Britain's strength in global trade and shipping.

At the same time, however, several market players have reservations about what the future will hold for the UK outside the European Union as the expected implementation of a new customs system, which may entail increased tariffs and controls, would result in detrimental time-lags and cost increases. This would be a major blow to the Welsh maritime sector and the British maritime sector in general.

## GEOPOLITICS AND GEOECONOMY

### US trade deficit reaches a 6-year high

The US trade deficit is rapidly increasing as imports are rising rapidly compared to exports, according to US Commerce Department data.

Analytically, last November the country's trade deficit stood at \$50.5 billion, representing an increase of 3.2% compared to last October. Last November's trade deficit was the largest recorded in the US since January 2012.

In the same month, the value of US exports jumped to \$200.2 billion, an increase of \$ 4.4 billion compared to October 2017. The value of the country's imports for the same period, however, rose more than the value of exports, reaching \$ 250.7 billion, a



\$ 6 billion increase compared to October last year.

International analysts point out that the widening trade gap may have a negative impact on the country's economy in the last quarter of 2017.

US President Donald Trump believes that efforts to reduce the country's trade deficit coupled with the tax cuts planned by the US government could lead to a 3% per annual growth in the economy.

### India in the world's largest LPG importers club

Indian Prime Minister Narendra Modi's decision in May 2016 to implement a plan to change the energy mix of poor Indian households by supplying household appliances using LPG instead of other polluting fuels such as wood or animal dung has led to an impressive increase in LPG imports in India.

According to data released by Thomson Reuters Eikon, this December will be the first month in which India surpasses China in LPG imports and thus becomes the world's largest LPG importer. In fact, it is estimated that in December shipments of LPG cargo to India will reach a total of 2.4 million tons, with China occupying second place with 2.3 million tons.

Commenting on developments, Ted Young, Chief Financial Officer at Dorian LPG, told Reuters: "The growth in India is amazing. The fact that they have grown from 140 million subsidized household connections in 2015 to 181 million today is very impressive". Dorian LPG expects a further increase in Indian imports, as the imposition of a tax on gasoline has boosted the use of LPG as a fuel for cars. According to estimates by the Indian Ministry of Petroleum, by 2031-32, annual LPG imports in the country are expected to reach 35 million tons.

Of course, with the exception of this December, India's average monthly LPG imports of about 1.7 million tonnes are still significantly lower than China's average imports of 2.2 million tonnes. However, according to market players, India's growing need for LPG is expected to lead India steadily ahead of China in the near future, while since last April India has already overtaken Japan, which now occu-

COLUMN SPONSOR



# “Safety Means the World to Us”

GasLog's reputation has been earned as one of the world's leading owners, operators and managers of LNG Carriers. As each ship leaves port we are keenly aware of our responsibility toward ensuring the safe passage of our people, our cargoes and our environment.

Our attention to detail is a reflection of our company's values and a demonstration of our dedication.



design bug



[www.gaslogltd.com](http://www.gaslogltd.com)





pies third place among the world's biggest LPG importers. South Korea ranks fourth. It should be noted that India's largest LPG imports are from Middle East countries, while the US is gradually emerging as a new major exporter.

### **South Korean shipyards redefining their position**

The three major South Korean shipbuilders are optimistic about the future as they are targeting a higher orderbook in the new year compared to last year.

According to a Yonhap News Agency report, shipbuilding giant Hyundai Heavy Industries aims to increase its orders by 76% in 2018 compared to last year. In particular, the group expects the value of orders for new ships it will receive this year to reach \$ 13.2 billion, against orders worth \$ 7.5 billion in 2017.

With regard to Samsung Heavy Industries (SHI), South Korea's second largest shipbuilding group aims to increase its orderbook by 18% in 2018. SHI expects to increase its overall new orders value to \$ 7.7 billion in the new year compared to \$ 6.9 billion in 2017.

Finally, Daewoo Shipbuilding & Marine Engineering also aims to double its orderbook value compared to last year, reaching \$5 billion.

After a period of decline in their shipbuilding activity due to reduced orders for new ships caused by their previous intense oversupply in the world market, South Korean shipyards are trying to redefine their position in the global shipbuilding industry and to leave their financial difficulties behind.

### **Russia is strengthening its geopolitical position in the energy sector**

The first LNG load from the Yamal LNG Project, the largest gas liquefaction unit in Russia, has recently arrived in a UK



port. The Russian icebreaker Christophe de Margerie has recently carried this load to the National Grid LNG terminal. A representative of National Grid, the British energy giant, confirmed the fact without disclosing the exact amount of LNG. However, she stressed that it was the first time that cargo from Russia had been delivered to the company's National Grid LNG terminal and the first time an ice-breaker ship had berthed in that port. All three production lines of the "Yamal LNG Project" – which is jointly owned by Novatek, Total, China National Petroleum Corp., and the Silk Road Fund - are expected to be fully operational by 2019, while its full production capacity is estimated to reach 16.5 million metric tons.

### **Singapore Coast Guard puts fuel smuggling under the spotlight**

Seventeen people were arrested by the Singapore police on suspicion of being involved in misappropriating fuel from the Shell refineries on Pulau Bukom Island, which is five kilometers south of Singapore.

According to international news agencies, some of the suspects were allegedly former employees of Shell Eastern Petrole-

um, while there are rumors that others continued to work there. Eleven of the seventeen suspects have already been charged in court.

A Shell spokesman in Singapore said that last August there were suspicions of possible fuel theft from the refineries, leading the company to make a report to the Singapore police.

Following extensive investigations, the country's police authorities assisted by the Singapore's coastguard launched an operation during which \$ 2.3 million and a tanker carrying 12,000 tons of oil were seized, cargo deemed to have been stolen from Shell's refineries.

A Shell spokesman said that due to the incident and the investigations carried out by the Singapore police, there would be a slight delay in supplying tankers with oil from the Shell refineries in Pulau Bukom.

## **BLUE ECONOMY**

### **Good news for German shipyards**

At the end of last December, Germany's Federal Government announced it was extending the financial aid programme for

COLUMN SPONSOR





# Andriaki Shipping Co. Ltd



***“ BE OUR PARTNERS IN SAFETY  
AND IN OUR QUEST FOR EXCELLENCE ”***

- *Long Tradition*
- *Modern Fleet of Tankers*
- *Strong commitment to our people*
- *The right choice for a successful career at sea*

Learn more/ Send your CV to: [www.andriaki.gr](http://www.andriaki.gr)  
9, Fragoklissias str, 151 25 Maroussi, Greece  
Tel: 2106152300 / 2106152400





the German shipbuilding industry entitled "Innovative Shipbuilding Ensures Competitive Jobs" to the end of 2019.

Creating incentives for increased innovation in the German shipbuilding industry is part of the high-tech strategy implemented in recent years by the Angela Merkel government.

The aim is for the country's shipbuilding industry to maintain and expand its position in the global shipbuilding market through investing in innovation and focusing on the construction of special purpose ships and offshore structures and facilities. The German Shipbuilding and Marine Technology Association believes this policy is the one that will also ensure the creation of dozens of highly skilled jobs which will allow the German shipbuilding industry to continue to implement innovative shipbuilding solutions in the future.

### British ports preparing for Brexit

March 29, 2019, has been set as the date for Brexit, a development that is causing great upheaval in the British economy. One of the UK industries that have begun to prepare intensely for the post Brexit era is the ports industry. With the issue of leaving the EU high on its agenda, the British Ports Association has criticized the British Government for lack of substantial interest in the country's port affairs. Speaking about the Association's key priorities for the new year, Richard Ballantyne, CEO of the British Ports Association (BPA), noted that "2018 will be critical for UK ports as by the end of the year we should know what Brexit will look like." For him, the British Government should turn its attention to the ports, which are the international gateways of the country's import and export trade, giving emphasis to customs policy issues and environmental regulations. For BPA, there is a real fear that following the country's exit from the EU single market and customs union, British passenger and commercial ports will face new bureaucratic border control procedures that could slow down both passenger and freight traffic.

As the second phase of the Brexit negotiations between the EU and London begins, the British Port Association expects Teresa May's government to give more prominence to trade facilitation issues. It is interesting that Richard Ballantyne accuses the British government of a muted response to BPA's continued requests for support toward the domestic ports industry, while he also expresses his concern over the introduction of the bureaucratic EU Port Services Regulation before Brexit.

Another major priority for UK ports is increased road and rail infrastructure investment in order to improve the interconnectivity of British ports, facilitate the movement of goods and reduce transport costs.

### Upward trend for Singapore and Shanghai

Singapore's economy is experiencing an upward trend according to a recent announcement by the country's prime minister, Lee Hsien Loong. The Gross Domestic Product of the country increased by 3.5% in 2017 compared to 2016, which is impressive as it is double the initial government prediction.

The country's prime minister also said Singapore would go ahead with investments in infrastructure and transport projects aimed at further economic restructuring. The economic growth of the country is due to a significant extent to the growth of its export activity, according to Bloomberg.

Economic analysts point out that the country's economy will not grow further in 2018, but this should not be a cause for concern as it shows that the economic situation in the country is characterized by stability.

At the same time, another major shipping center, Shanghai, is also experiencing a strong upward trend as the city port has set a worldwide record with its annual handling capacity exceeding 40 million TEUs last year.

According to data from the Shanghai International Port Group, the port began its operation in 1978 handling just 7.951 TEUs that year. In 2011, the port's annual throughput exceeded 30 million TEUs.

COLUMN SPONSOR





# PANAMA

## SHIP REGISTRY

# A CENTURY

Promoting global trade



Celebrating our first century ranked as the #1 Flag State with more than 18% of the world's marine fleet.



General Consulate of Panama in Greece

1-3 Fillelinon & Akti Miaouli • 185 36 Piraeus • Greece • T: +30 210 428 6441 • [www.panamaconsulate.gr](http://www.panamaconsulate.gr)





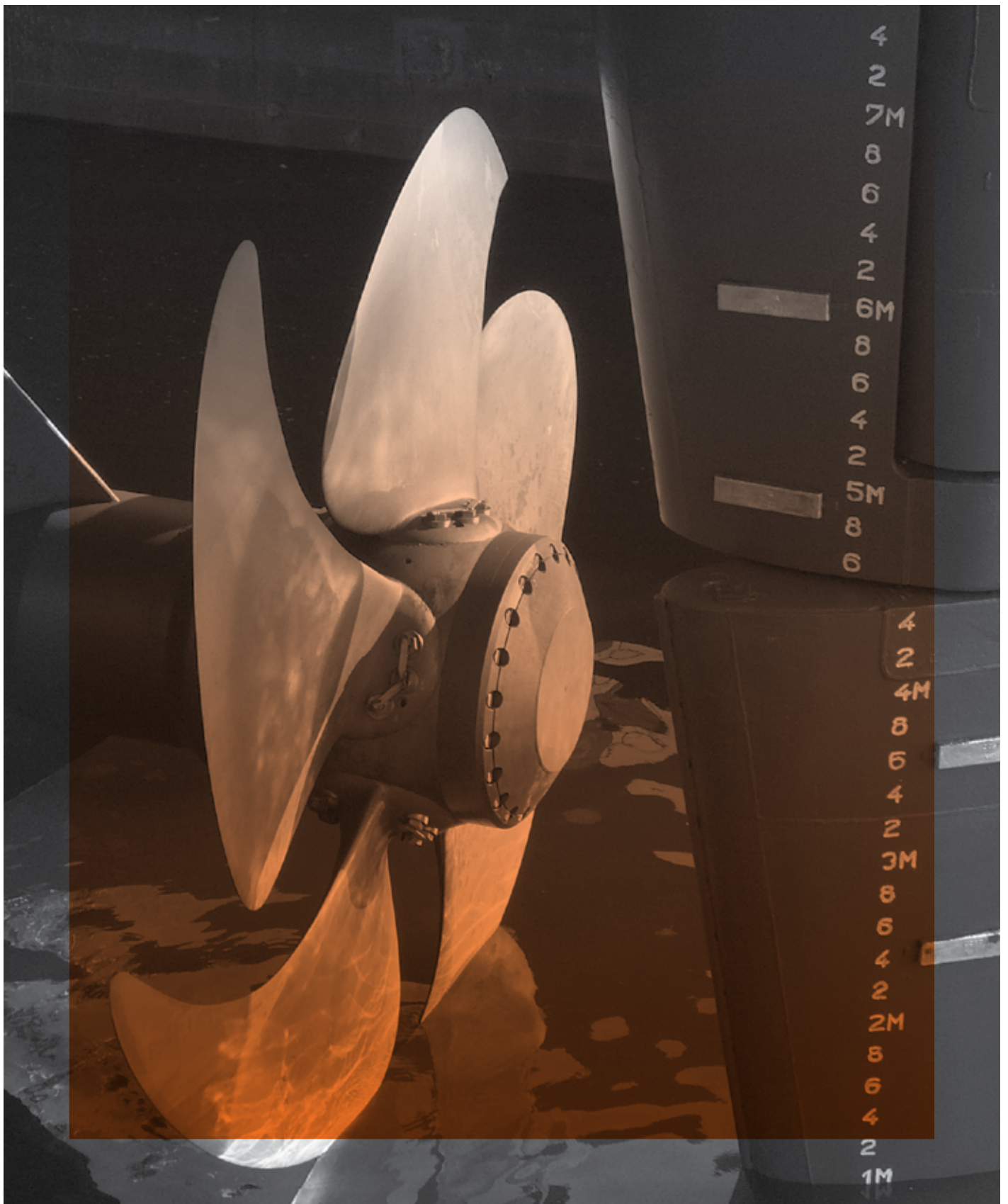
## The industry stands cautious towards the Global Sulphur Cap 2020

By Dr. **Nikolas P. Tsakos**  
Chairman of INTERTANKO  
Founder, President and CEO of TEN Ltd.

The maritime industry has demonstrated its adaptability to developments that follow regulations that protect the environment. In particular, owners of tanker vessels, which INTERTANKO represents, have proven their commitment to international legislations that safeguard and protect the maritime environment. This was demonstrated in the 1990s by the adaptability and commitment shown by owners regarding the OPA 90 requirements, especially concerning double hull ship designs. Let us not forget that all conversions from mono hull to double hull vessels were eventually financed by the owners themselves, without any State aid or subsidy. This commitment by tanker owners was attributed to

their firm belief that the technology proposed by the legislators was -and still is- to the long-term benefit of international shipping, trade and commerce as well as the protection of the environment. This has hence been proven by the fact that this law has dramatically contributed to the elimination of accidents and oil pollution. During the last three decades, whenever ship owners have been called to prove their commitment to the protection of the environment, they have done so willingly and successfully. An example of this firm and longstanding dedication is the establishment of HELMEPA in the 1980s, an Association that I was proud to preside over some years ago.

As for Scrubber technology, we as owners are not convinced that it is to the long-term benefit of the industry or the environment. On the contrary, it transforms the vessel into a rather peculiar refinery that at the end of the day may create dangers for the crew on board as well as the vessel itself. As representatives of the tanker owner industry, we firmly believe that until the oil industry is able to offer us the most appropriate and environmentally friendly bunker oil and diesel for our vessels we could have better results by choosing low steaming, up to 20% from maximum speed. For this reason, the maritime industry is not convinced that scrubber technology is the solution to the sulphur requirement 2020.







## We need to see where shipping is heading in the next 20 to 30 years

**Panagiotis Laskaridis**

President of ECSA,  
CEO of Laskaridis Shipping Co. Ltd. and CEO of Lavinia Corp.  
talks to Charis Pappas and Panagiotis Kapetanakis

The editorial team of *Naftika Chronika* discusses with the newly elected president of ECSA, Mr. Panagiotis Laskaridis, the challenges that the European shipowners, as well as the shipping industry as a whole, will face in the upcoming years and his priorities for ECSA in 2018.

### **What do you consider as the major challenges that the European shipowner will face in 2018?**

The challenges are many. However, it is unlikely that any of these will emerge or reach their peak during 2018. There are, of course, continuous developments on various issues that we must monitor and influence. Indicatively, I will mention shipping's constant opposition and objection to regional regulations. It is the ECSA's steadfast position that the various issues should be addressed internationally by the IMO, rather than at regional level. Unfortunately, there is a tendency in many regions of the world, including Europe, to address these issues at regional level.

Let's look, for example, at the EU's MRV regulation, which has already come into effect. The aim is to replace this regulation with a new one which will be applied universally by the IMO.

Another example are the different regional regulations for ballast water treatment systems. Although there is an international treaty already in force, the US does not accept it and in fact only approves systems that meet its own terms and regulations. Something similar also applies to the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, which, although agreed upon, has yet to be ratified by several states, while Europe is still discussing its own requirements. The shipping industry is certainly against these unilateral and regional initiatives.

Another big challenge is the debate on the reduction of greenhouse gas emissions, mainly of carbon dioxide. On this issue too, there are EU initiatives which we feel overshoot the current realities and go way beyond the discussions and actions really needed today. Note that an initiative was launched in the EU by the European Parliament and the environmentalists, with the latter coming forward with very aggressive proposals. These proposals were not approved when the debate reached the so-called trilogue involving the European Commission and the European Council of Ministers. As a result, shipping is called upon to present a general and credible plan to reduce greenhouse gas emissions by 2023. This is a major debate currently in progress, mainly through the IMO's Environment Committee, which from one session to the next puts forward a number of proposals that seem to be moving in a positive direction. The pressure on shipping is that these proposals need to be clear and include quantitative criteria and that this particular program needs to be as ambitious as possible.

We also need to be aware of the fact that one of the most important challenges stems from the issue of shipping finance, where there has been some progress, but things are not as simple and easy as they used to be. Undoubtedly, banks have their own issues and the regulations which are slowly being imposed on banks' capital adequacy make it more and more difficult for them to extend loans lavishly.

Part of the financing gap and the withdrawal of European commercial banks from shipping financing has been filled by Chinese banks, without of course completely being replaced. In the past, this gap was partly covered by cheap, opportunistic money from various investment funds. To summarize, finding and securing proper shipping financing is one of the issues we will be facing in the years to come.

**How does the maritime community, and we are talking mainly about ship owners, react to this new order of things that requires environmental "responsibility"?**

Shipping accounts for the production of only 2.3% of global pollution and therefore

the ECSA's position is that shipping is by far the least polluting industry - especially if one considers that 90% of world trade is transported by ships. In addition, however ambitious the ideas or plans are, there are always a number of developing nations that are unwilling to go as fast as the developed nations want. Nevertheless, because shipping is a responsible industry, it has accept-

Europe's ocean-going shipping is in danger of being over-shadowed by the shipping centers of the Middle and Far East. This would cause enormous damage to the European fleet which today carries out the transport of the entire Western world.

ed that it has to do its share, i.e. it has to participate in the effort to limit greenhouse gas emissions according to various criteria and objectives. A fair, equitable and proportional participation - nothing more, nothing less. It is strange, however, that the political and environmental pressures on shipping are much greater than on any other sector of the economy.

**What do you consider to be the main challenges facing the shipping industry, and more specifically ECSA, in 2018?**

The challenges for shipping do not mainly or only concern 2018. We need to see where shipping is heading in the next 20 to 30 years. There are many debates taking place, initiated mainly by the European Transport Commissioner, which from time to time initiates discussions, conferences, councils and processes regarding the future of shipping.

There are some issues that are clear. Indicatively, I will mention digitization, an issue that is progressing rapidly and is expected to have a great impact on how shipping will operate in the future.

Another issue is the so-called social agenda. In other words, what can and should be done for seafarers and sailors both during their active service and after their retirement, and what efforts should be made to deal positively with seafarers' employment issues.

The third main point is what we in Europe call the "European Single Window", which

is a whole series of procedures to improve, streamline and simplify the various complex national procedures in freight and document handling. The aim is to simplify the transfer of documents between the various recipients (ships, ports, terminals, etc.) as much as possible by using the new technologies and by leaving behind the current maze of national legislation.

A fourth, very important issue is to maintain the competitiveness of European shipping. Here, there are some difficulties and reservations, mainly because there are challenges and risks for certain sectors of the European shipping industry because of other - mainly Asian - shipping centers. An example is the relocation of shipping companies operating in tramp shipping outside the EU.

Another issue is the intense debate that has arisen from the fact that Chinese businesses come to Europe and easily buy freight terminals, ports, logistics centers, etc., whereas this is not possible for Europeans in China - and that is of particular concern to us.

ECSA's challenges include the challenges facing shipping as a whole, which I briefly mentioned above, but also the extent to which it will eventually succeed in rep-



representing the entire European Shipping industry in an efficient way. Myself and the new secretary, who is a very important person in the running of ECSA, are working on these issues.

**Nevertheless, several international media have been focusing on the intention of the Competition Commission to look into the Greek institutional framework as well as those of other Member States as regards the taxation of maritime entrepreneurship. Are there any developments in the investigations carried out by the Commission?**

This is a serious issue for which it is best not to say much. We have to recognize, however, that serious work has been done by the Greek shipping industry and especially by the Greek government, which also happens to be the main negotiator. It seems that a climate of cooperation between the Greek government and the Commission has now been established and we have good reason to hope that an agreement will be reached between Greece and Europe as regards our shipping industry, while an agreement between the Greek government and Greek shipowners is expected to emerge later.

If the above two agreements are completed, then we will have an extension of the institutional framework for many years and thus Greek shipping will be able to proceed unaffected and without being concerned with doubts regarding the stability of its institutional framework. These are agreements similar to those reached with other European countries, with Cyprus being the latest example.

**What will your main priorities be as the newly elected president of ECSA?**

One of my most important priorities is to bring to the forefront of the debate on shipping firstly the ship itself and the shipowner, and secondly the large ocean-going shipping sector, which currently covers about 75% of all European shipping. These two issues have been somewhat neglected in previous years.

Of course, we will not neglect other issues. But we will try to highlight this very large

sector, which is very important to Europe. It is not true that we want to put emphasis on ocean-going shipping because we Greeks are coincidentally active in this sector. On the contrary, the reason we want to focus on this sector is primarily because Europe's ocean-going shipping is in danger of being over-shadowed by the shipping centers of the Middle and Far East. This would cause enormous damage to the European fleet which today carries out the transport of the entire Western world. Just think of the great Western powers transporting their cargoes on ships that have been designed, built, manned and managed by the West's major trade rivals, such as China, Japan, Korea, Singapore, et al. Who would want this? A Western world without maritime transport capacity would be "crippled" because it would depend on the Far East fleet for the transport of its goods and its trade. Therefore, it is a European matter rather than the national policy of any state.

A second priority concerns the transmission of a "cleaner" and clearer message by ECSA. ECSA has a major weakness, which in fact also exists in many other European associations: each state has one vote. This means that Malta, which has thousands of ships on its registry, has exactly the same vote as a state which has just a few ships. That is why it is obliged to consult within a climate of consensus and unanimity.

Of course, this is not always possible. Generally speaking, however, it works and it has to work. We nevertheless have to take into account the specific interests of the national associations which represent very large fleets. In short, we must take into account all the important issues, prioritize them and represent and defend them as best as we can.

**Taking into account the significant differences in the structure and nature of the shipping industries of EU nation-states, can European shipowners cooperate?**

It is indeed as you say. There are different types of shipping in Europe, resulting in difficulties in understanding, not so much among the members themselves, but primarily among the so-called stakeholders. For example, the Commission, which is very active in shipping, does not have a full

and clear view of that part of the international shipping we call oceangoing or tramp shipping.

In Europe, on the one hand the term shipping refers to what we call a cluster - namely shipping and the shipping related industries - and on the other hand they are not knowledgeable in what we call tramp or blue water shipping. In contrast, they are much more knowledgeable about shortsea shipping, passenger shipping, RO-ROs, river shipping, etc.

Therefore, there is always a relative difficulty in consulting the Commission and the Parliament on issues concerning ocean-going shipping.

**Does ECSA have a specific strategy for attracting the younger generation to the maritime profession? Is there a need for a constructive dialogue among stakeholders in order to modernize the curriculum and the teaching and learning methods of the Merchant Marine Academies in the EU?**

First of all, ECSA has a long standing and continuous cooperation with and involvement in the European Maritime Labor Organizations, ETF and others, and there is great and continuous communication on this particular issue. Unfortunately, however, one has to understand that with the passage of time the great maritime powers have almost lost their entire seafaring workforce. This happened 40-50 years ago in England, 30 years ago in Norway, 20 years ago in Japan, 15 ago in Korea and we can see it slowly happening in Greece, where laborious efforts are really being made to reverse this trend. But the reality is that regardless of how much the conditions of the profession have improved and how perfect the ships are, young people simply do not go to sea.

Consequently, the issue on the social agenda in Europe is how we will protect, improve and upgrade the services for existing seafarers, both during the period they are active at sea and after they retire. It is clear that what is happening in Greece is also happening in Europe, meaning that retired seafarers usually work at shipping offices in order to transfer their knowledge, experience, know-how, etc.

Clearly, there is also a debate about Merchant Marine Academies, but in general,



**D. KORONAKIS S.A.**

- \* SYNTHETIC ROPES**
- \* WIRE ROPES**
- \* ANCHOR CHAINS - ANCHORS**

## **WORLDWIDE SERVICE**

### Head Offices & Warehouse:

56, Gravias Str. 185 45 Piraeus-Greece  
Tel: +30 210 4060600, Fax: +30 210 4615211, 210 4612548  
E-mail: [koronakis@koronakis.gr](mailto:koronakis@koronakis.gr), [sales@koronakis.gr](mailto:sales@koronakis.gr)  
Web Site: [www.koronakis.gr](http://www.koronakis.gr)

### Stock Points

Piraeus, New York, Houston, New Orleans, Los Angeles,  
Panama, Dominican Republic, Singapore, Fujairah,  
Durban, Cape Town, Rotterdam, Antwerp, Hamburg,  
Livorno, Tarragona, Algeciras, Las Palmas





The extroversion of ECSA is undoubtedly another priority for us. But extroversion requires substance. Supporting this extroversion is precisely what will make the difference.

keeping in mind the current size of the European fleet, it is very difficult to change the current situation, i.e. few officers and virtually no lower crews.

However, the debate on the social agenda is very much alive and all the organizations participate on a regular basis. ECSA has in fact a special committee which, in cooperation with the ECSA Board, interacts with all the unions representing seafarers and their interests.

**For more than two decades all international and regional associations have been re-examining the rather unpleasant public image of shipping. Despite lengthy discussions and EU initiatives, this image does not seem to be changing. Has the battle been lost or are the key players not cooperating enough?**

Shipping has always had a strange or even negative symbol in front of it. This, I think, happens for 4 reasons. The first is that shipping does not have an electoral audience it can address that will listen, follow and support it after shipping has said what it wants

to say. Secondly, even the small audience interested in shipping is scattered in nearly 200 countries around the world making it impossible to reach fully. In addition, shipping has traditionally been too weak and reluctant to come forward, to highlight its advantages and to emphasize that there can be no prosperity, no trade and no economy if there is no effective and prosperous shipping. Finally, shipowners, who have to deal with the presence of their fleet across the lengths and widths of the world, have traditionally tried to keep their voices as low as possible.

This of course cannot go on any longer. It has to change. The challenges today are too many and shipping must go out and explain in a credible way that without it, world trade and prosperity cannot exist.

The extroversion of ECSA is undoubtedly another priority for us. But extroversion requires substance. Supporting this extroversion is precisely what will make the difference. Our goal is for ECSA to carry out studies, research and support work that will demonstrate what it wants to communicate and highlight. Therefore, if it succeeds firstly in convincing its associations and then generates studies and arguments in collaboration with institutional bodies with a solid and strong foundation, I think its success will be considerable and its views will have great penetration.

Of course, to date, its efforts have borne fruit many times, whilst it is also engaged in open discussions with Parliament and the Commission on many issues. ECSA's voice is heard, but it actually needs to gain more weight and power.

For years, we, Greeks, have been accustomed to having the full support of our own state, government and institutional bodies and now this must be done at a European level where, although such support has already begun to exist, there is still much room for improvement.

**In your opinion, what does the future hold for Greek shipping in 2018?**

First let me tell you something that many might not know. I remember that 10 years ago, when the freight market was good and everyone was very pleased, there was a great deal of international talk about the fleets. Then everyone said that in a few years China would surpass not only the Japanese, but also the Greeks. It was going to build a fleet that would be the biggest of all.

What is happening today, 10 years later? Then as well as today, the largest fleet was and still is the Greek one, the second largest is the Japanese and the third largest the Chinese. The difference between the Greeks and the Japanese and the Greeks and the Chinese not only did not diminish, it actually grew.

Why did this happen? Because when the crisis came, the Greeks managed the situation much better and with greater efficiency than the other maritime powers. Where we had to sell, we sold, where we had to scrap, we scrapped, and where we had to order, we ordered, and so this difference grew instead of diminishing.

With regard to the 2018 freight market and the shipowners operating in the chartering of bulk carriers, there are reasons for further optimism. It is a course that has already begun and although it is not of course where we would like to be yet, the prospects are fairly good. There have not been many orders, scrapping continues to take place, and the global economy is doing well. As a non-expert, however, I would not like to make predictions for other specific sectors of our shipping industry, but I would like to emphasize that its strength, its global primacy, its size and quality, as well as the young age of its ships, are a guarantee for a very positive and profitable future.



Jotun Protects Property

# CARGO TANKS SHOULD NEVER STAY EMPTY FOR LONG

Tankguard Special Ultra delivers the shortest turnaround available on the market with the widest cargo resistance.

High cargo resistance and fast desorption give the fastest turnaround time between cargos, helping ship operators optimise cargo flexibility and maximise profitability.

All backed by a proven coatings partner with over 50 years experience in the tank coatings industry.



***Tankguard*** | SPECIAL ULTRA

[www.jotun.com/tankcoatings](http://www.jotun.com/tankcoatings)







## The shipping industry has adapted quite well to a lower level of demand growth over the past couple of years

### Anastasios Papagiannopoulos

President of BIMCO,  
Principal of Common Progress Co Na S.A.  
talks to Ilias Bissias and Charis Pappas

Mr. Anastasios Papagiannopoulos presents his views on the contemporary challenges that the global shipping industry is facing and thoroughly analyzes his main priorities as the newly elected president of BIMCO while sharing his aspiration to make the organization useful to its members and the international shipping community.

### What do you think are the major challenges that the shipowners will face in 2018?

In the short-term, ship owners need to stay calm and carry on focusing on managing the growth of the fleet. In nominal terms by limiting newbuilding orders to actual need while keep on demolishing excess capacity. In absolute terms by keeping slow steaming around, as higher ship speed is toxic to this fragile recovery. In the long-term, the shipping industry, being at the mercy of globalisation for better and for worse, has to consider how to respond to the changes in trades and volumes. Changes originating from technological advances, aging populations and changing consumer behaviour in the developed countries. Moreover, expecting a different evolution path of the developing and emerging economies than that seen in past for (now) developed nations.

### What will your main priorities be as the newly elected president of BIMCO?

The major themes for the Presidency are to promote digitalisation across the industry to drive efficiency, safety and security, to reduce the administrative burden for the ship's master and the successful implementation and effective enforcement of new environmental regulations. Other underlying themes are the whole industry to speak with one unified voice, to communicate more effectively with our members, to remain relevant to the industry and its members.

### How do our northern friends view your role, as a Greek, in this key position?

I was very lucky to be at the helm of BIMCO whose staff are very experienced professionals, have a long tradition in inter-

national shipping and are open minded towards foreign cultures.

In addition, I share with the BIMCO staff the aspiration to make the organization useful to its members and the international shipping community. Therefore, as it always happens in international shipping, a representative of the Greek shipping community was more than welcome in BIMCO.

**The IMF predicted that global growth would hit 3.6% in 2018 — the fastest rate since 2011. Are you optimistic that the shipping market will benefit from this growth?**

Global GDP growth in 2018 is increasing slightly (+0.1%) on gains made in 2017. Nevertheless, the world trade volume growth rate (goods and services) is expected to drop from 4.2% in 2017 to 4.0% in 2018. Continuing from there, global GDP growth rates are forecast to stay around 2018 levels, all the way into 2022 (source: IMF).

The shipping industry has adapted quite well to a lower level of demand growth over the past couple of years. The next challenge is to understand that this is as good as it gets, and to avoid wishful thinking that demand levels will increase significantly — as that may not happen. The biggest risks to the forecast remain on the downside, meaning that fleet could grow too much or demand too little.

**What are your thoughts on the digitalisation of the shipping sector? What do you consider to be the immediate effects and threats of the new technologies in shipping?**

Digitalisation is the new hot topic in shipping and elsewhere. I believe digitalisation is the answer to some of the challenges shipping has been struggling with for decades, such as standardisation of information flows between ship and shore when calling ports around the world. You cannot digitalise processes without standardising them. Standardised processes can then pave the way for paperless trade. In some shipping

sectors the paper flow is almost endless and takes up lots of resources and cost.

That was the business side of digitalisation. The other is about making ships smarter. It is about the level of autonomy in ship operation — ultimately leading to unmanned autonomous ships.

Such advanced technology to execute entire voyages of ships without human intervention is also prone to risks of unauthorised access. Cyber risk management is a new discipline in shipping and one that we need to embrace and master to make the employment of advanced technology safe. Cyber risk management is not optional. All shipping companies must establish processes and procedures as part of their ISM Safety Management System in the next few years.

My personal view is that digitalization and smarter ships are inevitable and useful developments, but they should be managed in ways that make indispensable the control by qualified and experienced professionals on and off shore.

**Chartering used to be centred on the principle of 'my word is my bond'. Are traditional principles and axioms still relevant for contemporary charterers or brokers?**

We at BIMCO work on contracts and documents which will cover changes and developments in the transitory period from a western dominated to a global industry.

**Will the forthcoming Brexit affect maritime arbitration as well as the role of London as a chartering hub of the Western World?**

I hope Brexit will not make a great difference. London is a very important hub for the industry especially where arbitration and chartering are concerned. The British professionals in these sectors are of high quality and have great experience. It would be detrimental to all of us to miss out on their skills and experience.

On the other hand, things change and international shipping is versatile and adaptive to the circumstances.

The shipping industry, being at the mercy of globalisation for better and for worse, has to consider how to respond to the changes in trades and volumes. Changes originating from technological advances, aging populations and changing consumer behaviour in the developed countries.



The most realistic scenario seems to be the emergence of a new relationship of the seaman with the ship, where highly educated persons with a multitude of skills and capacities will handle the highly automated ships of the future.



**Does BIMCO have a specific strategy for attracting the younger generation to the maritime profession? Is there a need for a constructive dialogue among stakeholders in order to modernise the curriculum and the teaching and learning methods of the Merchant Marine Academies worldwide?**

One of the fundamental points in the strategy of BIMCO is the education and qualitative upgrading of seafarers. To this purpose, BIMCO organizes more than 100 seminars and educational courses every year. However, as it concerns the attraction of young people to the shipping industry, BIMCO lacks the means and the authority to play a constructive role of major importance. This is the field of the national educational authorities. The international dialogue leading to the improvement and upgrading of the educational programs is welcome and necessary. Unfortunately, however, the national

authorities consider this education from the point of view of narrow and unrealistic perspectives to the detriment of a fully international industry with many consequences on the safety and the environmental protection of all of us.

**Do you believe that recent technological developments will affect future demand for seafarers onboard ships? What do you consider to be the future skills for young seafarers?**

Inevitably new technologies will be applied to shipping as in all other major sectors of economic activity. Our strategy should be not to deny reality trying to resist change and procrastinate with protective and restrictive regulations. On the contrary, the human factor should and could be of decisive importance to the development and the application of new technologies. To achieve that target, the whole structure of the MMAs should

be reformed, upgraded and radically oriented towards the needs of the new challenges caused by the new technologies.

The most realistic scenario seems to be the emergence of a new relationship of the seaman with the ship, where highly educated persons with a multitude of skills and capacities will handle the highly automated ships of the future.

Naturally, the numbers of seamen serving on ships will be reduced but at the same time the jobs related to the proper functions of ships from on-shore may well increase as the security and the efficiency of navigation will require a more equitable distribution of on / off-shore activities.

The seaman of the future will be a person with a multitude of skills and capacities capable of handling complicated machinery and processes. In my opinion, this sort of professionals will be indispensable and extremely valuable to international shipping.



UK P&I CLUB



# PREVENTING LOSSES STARTS WITH PEOPLE

---

With better know-how, board to crew members benefit from the industry's most extensive loss prevention programme.





## **A success of Greek shipping is to be represented in international organizations**

**John Platsidakis**

President of INTERCARGO

Managing Director at Anangel Maritime Services Inc.

talks to Margarita Pournara

During a special event that took place at the IANOS Bookstore in Athens on Monday 4 December 2017, Mr. John Platsidakis discussed with journalist Margarita Pournara the contribution of Greek ocean-going shipping to the Greek economy and the challenges that the industry is facing in this turbulent era.

The event was organized in cooperation with the Isalos.net educational initiative and was aimed at informing the general public and especially representatives of the Greek arts and letters about the contemporary profile of the Greek shipping community and the issues currently facing the managers of Greek shipping companies.

Transcription by Angeliki Koliomichou

**Before we start talking about the miraculous course of Greek Shipping and your personal journey, I would like you to give me some biographical data. First of all, let's start from Crete and Chania and let me ask, what is the legacy a Cretan always carries with him from the day he is born to the day he dies, regardless of whether he chooses or circumstances dictate that he live on the island or not?**

Difficult question. I expected a question related to shipping. You know, Crete has no real prehistory from the Minoan era and thereafter. It has never been considered a place with a maritime tradition. And I do not hide the fact that my ending up in shipping had nothing to do with my place of origin. It was a series of coincidences, as it usually is for most of us. One can plan a lot of things, think about them, want to succeed in them, and in the end, through a series of coincidences, one might end up somewhere else. I think this has been my own journey too. As for your question regarding what a person who comes from Crete wants, I do not think that it is something specific. I would say that perhaps he has been lucky throughout the ages because he has had the experience of independent thinking. So, if I can say one thing about the Cretans, it is that they possess, as a rule, an independent spirit, which of course is not always a good thing.

**How would you define the duties of a good manager today? What is required in terms of character and culture to be able to manage?**

I was struck by a comment made a few years ago by a company employee, who characterized me as particularly tough but also very fair. Which shows that people appreciate discipline, provided you are fair. I think a key quality is to be able to highlight the employee's strengths as well as their weaknesses. Meaning that what we often follow in our social life, i.e. emphasizing only someone's negative aspects is

completely wrong. And if you like, I can tell you a secret, seeing that I am slowly completing my professional cycle: if you want to reprimand someone, you should first tell them what they are doing right and then reprimand them. They will deal with it much better. I also think it is very important to give clear instructions so that they know where they are going as this will help them and, at the same time, I think that when you are strict, fair and clear, you are doing them a great service.

**If a young person asked you to describe in one paragraph how this ascending course of Greek Shipping was achieved over the last 100 years, how would you summarize it and what would you give special emphasis to as a narrative of success? What was it that made our transition from the sailing ship to the steamship quite successful and allowed us from there on to take advantage of many even adverse circumstances in order to survive?**

I would say that relatively few parameters influenced this really impressive progress. I would say that primarily, as Greek shipowners, we did not rely on anyone but ourselves. We never received loans from the state, we never received subsidies, we did not get preferred cargoes, we actually did not get anything material. The only thing we got was an institutional framework within which we were allowed to

operate, provided of course we respected this framework.

A second characteristic is that the Greeks have traditionally been in shipping, for many reasons. It was not, therefore, a new industry which we suddenly created.

I think a third and very important reason is the personal nature of the company and personal involvement of the shipowners in their company's activities. As we do not have the structure of companies with boards that meet once a month to decide what to do or whether to buy or sell, Greek shipping has a particular dynamism and ability to adapt to various developments. And the reason for this is not a matter of intelligence, it is a matter of survival. In other words, the shipowner understands that if he cannot adapt quickly he will die. A few years ago, Greek shipping had nothing to do with LNGs, with gas carriers. As soon as there was some optimism, in 2003, a relatively small number of companies began to operate in this sector. A few years later, when this optimism became more intense, within 2 to 3 years, 40% of the LNG ships under construction were Greek. So, what you suddenly see is an intense adaptability. Of course, this does not mean that whenever you react quickly you will do well. The same also happened in containers: besides the 2-3 large companies traditionally involved in these ships, today, taking advantage of the poor container market and the dramatic situation of German shipping in this

「The ship is not an investment asset whose value we just follow every day keeping track of the share value, the stock market, the capital investment and so on. We must maintain our bond with our ship and our seamen.」

Shipping's misfortune is that advanced states such as the US and the advanced European states do not have invested funds in shipping. It is not only that it has no political cost for them and so whatever they say does not matter, it is also that they do not understand it.

sector; the Greek-owned container fleet is the third largest in the world. So here we see another adaptability trend.

**There has been a change over the years in the sense that in the past you saw Captains becoming shipowners and suddenly entering the profession with their own ships. I think that today, in the second and third generation, there is not this practical experience gained by going to sea and knowing the ship well from the inside. Is that detrimental or does it not matter?**

I personally believe that what differentiates Greek from foreign shipping is that we have this bond with the ship. The magic of ocean-going shipping is that you are managing a capital asset that is usually terribly expensive. It might cost \$10 million, \$5 million, or \$200 million per ship which, at the end of the day, you have entrusted twenty-odd sailors to manage. You may not have seen it and you may never manage to see it before you sell it or scrap it. And yet you are called upon to understand how it performs its duties from a distance having deposited your fate in the hands of the sailors. But this is something that is especially important. To put it differently, I often say to young people that if you had a factory in Livadia, you would probably go live in Livadia, perhaps inside the factory. With the ship, this remote management concept is what makes it very interesting. Therefore, this hands-on management we are talking about, i.e. this personal involvement in the daily routine of the ship, is what differentiates us from foreign flags. We are neither smarter nor more capable, nor is it because we have king Minos or anyone else from our 10,000-year-old involvement in shipping. It's the personal involvement. So, in conclusion, we have to find a way to maintain this bond. The ship is not an investment asset whose value we just follow every day keeping track of the share value, the stock market, the capital investment and so on. We must maintain our bond with our ship and our seamen. Otherwise, we will become just like the foreigners, and unfortunately, we have seen very important countries, France, Italy, England and so on, who have left shipping. One of

the many reasons they left shipping was because they became alienated from the ship. They saw it entirely as an investment. You cannot see the ship solely as an investment.

**What do you think the EU's position on shipping, not just Greek but European shipping in general, should be?**

I would say that shipping's misfortune is that advanced states such as the United States and the advanced European states do not have invested funds in shipping. This is a serious problem because it is an industry they do not understand. It is not only that it has no political cost for them and so whatever they say does not matter, it is also that they do not understand it. Shipping for them is mainly river transport, it is the bridge, the cranes in Rotterdam, the shipping related industry as we call it. And here we have a problem that begs for an explanation. Just think, Greek shipping accounts for approximately 50% of European shipping and yet they do not listen to us. I remember many years ago, it was actually at the time when together with Ilias Bissias of Naftika Chronika we started the Hellenic Maritime Day - because unfortunately up until then we did not have such a day - and Commissioner for Transport Barrot, who incidentally was among those who wanted to criminalize maritime accidents, was there. We were making a presentation at the Eugenides Foundation to commemorate that day and we had arranged that during my presentation, while I was talking about the seaman who is away from his family and is trying to cope with all the hardships at sea, we would show a large tanker battling in very bad weather, literally becoming a submarine, sinking into the sea and re-emerging just like submarines do. I will never forget the expression on Barrot's face, who had frozen watching this thing. We have a problem with filling this gap in knowledge.

**There are two challenges concerning the future of shipping. I think one has to do with the environment, green shipping as we call it, and what it means, what changes it might bring. The second has to do with the new, unmanned ships. One might say they**



**are both bets to be won in the future. Each of them in a very different way. What is happening there?**

Green shipping is the extension of the environmental philosophy that prevails throughout the world today. The environment, the sea, the air and so on. All these things are correct. There is, of course, an exaggeration stemming once again from the fact that the advanced states, the big states, the economically strong and politically powerful states, do not have invested funds in shipping. So, regulations come into effect which are not in touch with reality. Allow me to give you a quick example. An International Convention on BWM (Ballast Water Management) was voted 14 years ago. Well, this International Convention would come into effect under certain conditions, that is if it was signed by 35 countries representing a proportion of world shipping. Actually, this happened recently. We do not have the technology yet. You see how vulnerable global shipping is to regulations that are not directly related to reality. What does this mean? It means that we need to be constantly vigilant, and that is why I think it is a success of Greek shipping to be represented in international organizations, one of them being INTERCARGO in which I have the honor and the opportunity of serving as President; Mr. Tsakos is in INTERTANKO, Mr. Papagiannopoulos in BIMCO, Mr. Laskaridis in ECSA, a few years ago Mr. Mitropoulos was General Secretary of the International Maritime Organization. So, in this way, we manage at least to have a presence in international organizations and gatherings and we can convey the anguish of shipping not to avoid laws and regulations, but to have the right ones applied. I remember that during the last Posidonia, the Transport Commissioner had come to Greece and in a gathering at



the Grande Bretagne Hotel in Athens we were told that shipping, and in particular Greek shipping should do this and that, do the other. My position was clear: "Do not worry, when something is offered that makes sense, Greek shipping will adopt it out of necessity. Not because they are good people but because the competition is such that it leaves no room for anything else."

So, as far as the environment is concerned, regulations are welcome provided they are applicable while also respecting the investment. Let us not forget that we are not talking about insignificant amounts which, if lost, it wouldn't be the end of the world. We are talking about very serious investments, we are talking about investments that have to withstand global competition, they have to withstand the competition of the states I mentioned earlier, i.e. China, South Korea, etc. From that point on, Greek shipping considers them all welcome.

**You are a successful man in a successful industry. You have a 20-year-old in front of you who is starting his life now and must decide what job he will do. This young person is in Greece, a country that in any event does not provide young people with the skills**

**they will need in the future and which often distorts reality or what will be required of them professionally one day. What would you advise this young person?**

I would say "try to leave the gravity of the earth behind you." Meaning that in order to fly you need to find a way to beat gravity. Unfortunately, I believe, perhaps because of my age, that our youth is quite attached to this gravity. They have certain assumptions, without being able to check these assumptions, which makes it very difficult for them to really see what is happening. So, what you can do is evaluate yourself, see what you can do. I think that today, with our open borders, education is no longer a problem for someone who wants to learn. I think what really is a problem is building character. Being able to improve one's personality. Being able to stand upright, to communicate, to discipline one's self; this is especially true for young people, meaning they should not forget that every day passes never to return. There are people of a certain age who have said: "If only we had known then!" It is important, therefore, especially for young people, to take stock every day and to be able to say that something of worth will remain from each day.



## The dry cargo sector is still facing the problem of over-supply and too many different ship sizes

By Capt. **Dimitrios Matthaïou**

Chairman of Green Award Foundation,  
CEO of Arcadia Shipmanagement Co. Ltd. & Aegean Bulk Co. Inc.

Capt. Dimitrios Matthaïou analyzes the parameters that affected the dry market's upheaval in 2017 and the prospects for the coming months. Capt. Matthaïou with cautious optimism focuses on future market prospects and threats.

In dry bulk shipping, transported volumes follow a seasonal cycle throughout the year - first quarter volumes being the lowest and fourth quarter volumes the highest. This was also the case last year, as during the third quarter of 2017 freight rates turned profitable for all sizes of dry bulk ships. This was the first time since 2012 that it has happened at industry average level. An important factor related to the dry bulk shipping's course is the state of the world economy. During 2017 global economic growth strengthened, especially in Europe and Asia. Moreover, due mainly to environmental pressures but also pricing, imports of the key seaborne steel making commodities (iron ore, coking coal etc.,

which represent as much as 20% of world seaborne trade) grew, as coal and iron ore mining around the world was rationalised. In the dry sector, China is as usual at the centre, being the driving force of dry bulk shipping demand growth. During 2017 an unexpected market development occurred as China increased its imports - of essentially all commodities - by a large margin. China's seaborne imports of coal grew by 18.7% during the first nine months of 2017, and its seaborne imports of iron ore during the first eight months grew by 6.9% year-on-year. In total, this was a demand growth of approximately 79m tonnes for these two commodities.

Moreover, in September, Chinese iron ore imports exceeded 100m tonnes for the first time, as a result of the substitution of China's own low-quality iron ore with seaborne imports of a higher quality.

All these increases in China's imports during 2017, especially the increases of coal and iron ore imports, gave profits to several bulk owners and operators. If 2018 delivers similar demand growth (+5%), the bulk industry will see profitable business for the full year.

But China is not the only key player in the global bulk commodities trade. As renewable energy comes into play, its growth will slow down the growth in global demand for thermal coal, but thermal coal use will still continue to grow. Demand for coal will eventually decline in European countries and North America, where renewable energy and natural gas will rise, but in Asia Pacific countries and mainly in India, thermal coal demand will continue to grow.

India also plays an important role in the trade of steel. The Indian government's infrastructure push is creating more demand for crude steel, resulting in an increase of ferrous scrap imports. This may have a positive impact on the dry bulk sector, considering the long-haul nature of the trades towards India.

According to BIMCO, owners need to be cautious in 2018 in order to sustain last year's improvement in shipping markets, with China remaining as the driving force of demand. As the dry bulk fleet is already expected to grow at a pace that matches demand growth expected in 2019, the focus must be on improving the fundamental balance ahead of that. Particularly, the level of growth in the fleet and the extent of excess capacity demolition are key factors in the 2018 market.

Apart from the developments in commodities import/export during 2017, some other factors also had a positive effect on the dry bulk sector during last year.

An important factor resulting in a healthier market was arguably the decline in global shipbuilding capacity, as in the last years the number of active yards has continued to decline, resulting in less tonnage entering the market. Moreover, many owners appear to be hesitant about placing new orders as they know the danger



of making down payments to bankrupt or non-performing yards.

Further to the economic factors that affected the dry bulk sector in 2017, the influence of the regulatory and operational factors was also significant.

The new regulations regarding Ballast Water Treatment and vessels' emissions monitoring that are coming into force have become a headache for many shipowners who already can barely cover the operating expenses for their older vessels. The installation of new equipment in order to comply with the BTW regulation further increases the operating costs for owners, resulting in the elimination of many uneconomical vessels. The new Sulphur Emission Control Area (SECA) zones and navigational speed limits are also contributing to balancing supply.

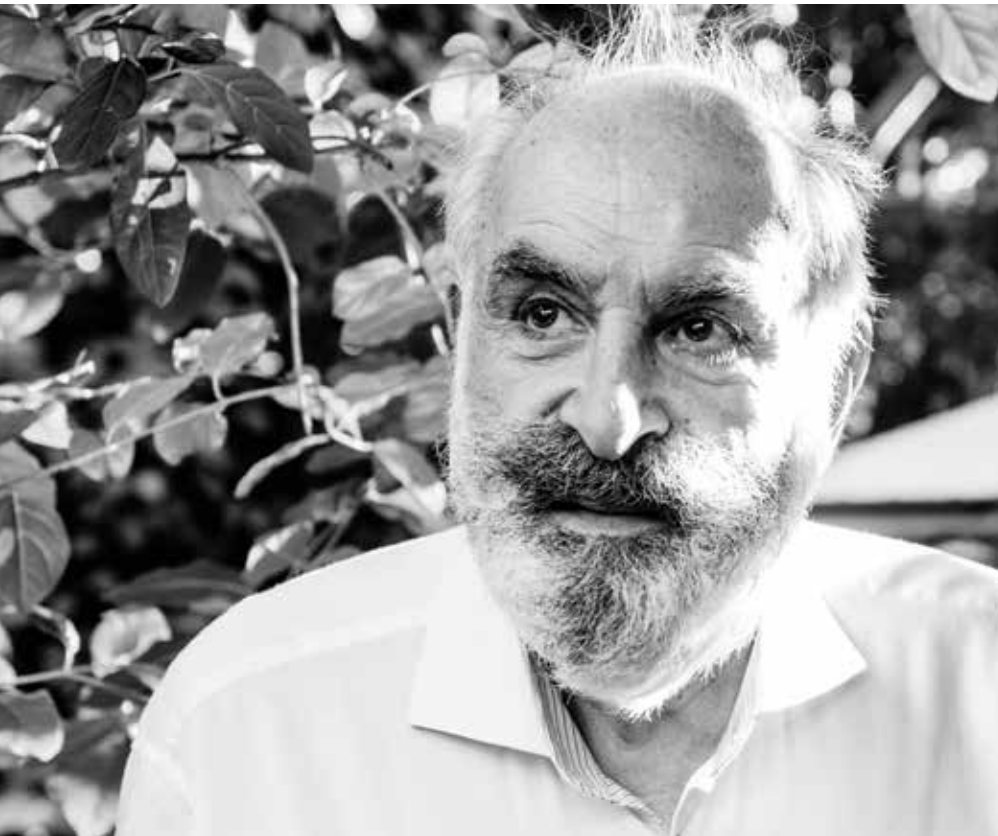
Overall the demand growth last year was broad in terms of commodities and

importing nations, a good sign for the dry bulk industry after the last bad years. The main sectors of the dry bulk shipping industry, which are the movement of raw materials, are very likely to undergo changes as the major nations revise their manufacturing policies and the devastated countries in the Middle East remain stagnant. Once again, China is going to play a key role during this year, and its investment and trading decisions may have a big impact on the sector. The Belt and Road initiative (BRI) of China, also known as One Belt One Road, is expected to give a boost to dry bulk shipping in the long run. As far as supply is concerned, the dry cargo sector is still facing the problem of over-supply and too many different ship sizes. However, it is generally believed that the industry will see more significant improvements from 2018 and 2019 when the global fleet capacity growth is expected to moderate.

The main sectors of the dry bulk shipping industry, which are the movement of raw materials, are very likely to undergo changes as the major nations revise their manufacturing policies and the devastated countries in the Middle East remain stagnant.



## Assuming Authority in a Family Shipping Business



By **Elias Kulukundis**  
 Writer  
 President, Kulukundis Shipping Investments

I had my first encounter with shipping long before I went into the business. At twenty-nine, I had just finished my first book, and being ready for new travels and adventures, I planned to board the m/t Proteus, a 27,000 tanker, for a thirteen day journey from the Inland Sea of Japan to Singapore.

I took the bullet train from Tokyo to Osaka and was met on the station platform by the ship's agent, Mrs. Ohara, who gave me a piece of paper with Japanese characters written on it and an English translation that said, "Please take me to Central Pier." From the Central Pier, I looked out and saw the Proteus, anchored in the roads, with the red, blue and yellow R & K

*Naftika Chronika* magazine attended the presentation of "Bold Coasts—My Life in a Greek Shipping Family", the new book by Elias Kulukundis published by Potamos Publishers. The presentation took place last November at the Lillian Voudouri Great Music Library, Athens Concert Hall. This is an important autobiographical book which opens a window onto the closed world of Greek shipping and chronicles the fortunes of one of the oldest Greek shipping families over three generations. One of the most important shipowning families of Greece, the Kulukundis family originates from the island of Kasos, the southernmost island in the Aegean Sea with a long maritime tradition. In the following pages *Naftika Chronika* magazine has the pleasure of hosting an excerpt from Elias Kulukundis' book, which is scheduled to appear in English in 2018.

(Rethymnis & Kulukundis) markings on its funnel, and the letters Monrovia Liberia written on its stern.

Some of our seamen eyed me curiously across the launch's empty hold as I sat tailor fashion on the floor boards in my college-boy clothes. We rode in silence until we came alongside, and then they let me be the first to take hold of the ladder with the ship towering above me.

With several seamen following each step I took, I felt more fear than I had in giving my graduation speech at Exeter. I put one foot after the other -one cordovan shoe above the last- and I concentrated on not looking down and held onto the iron ladder for dear life.



The island of Kasos

In his memoir *The Mirror of the Sea*, Joseph Conrad says that while a ship is in port, seamen are often restless and discontent. Being neither at home nor properly at sea, they are in a never-never land, concerned about what is happening in their families but unable to affect it in any way. But as soon as the ship weighs anchor and the pilot has been put ashore, they are no longer connected to the land and they become peaceful again.\*

In that era before e-mail, after the ship had dropped outward pilot, the crew would have no contact with the shore for the duration of the voyage, in this case for thirteen days. The night before, I saw the crew hastily writing letters for the pilot to take ashore the next day.

In the morning, I was standing on the bridge as we proceeded past the outer anchorage. Whenever the pilot is aboard, he is technically in command, and he gives his directions to the captain, who relays them to the crew. Finally, when the pilot's work is done, a launch comes to pick him up at the anchorage, and the next voyage commences symbolically with "dropping the outward pilot."

The launch came alongside. I watched the energetic figure of the pilot going swiftly down the gangplank which had been lowered for him, carrying his briefcase with

the precious ship's mail. As the launch departed, I saw his solitary figure becoming smaller and smaller in the stern. The last connection with the land was severed, and the crew could now turn their full attention to the voyage ahead.

The captain knew excellent English and we got on surprisingly well, as he did not seem interested in judging either my seamanship or my command of Greek. In addition, he liked that I asked him questions and was intent on learning everything about the ship, including the principles of navigation. Thirteen days later, with our passage down the South China Sea recorded in the log, I was on the bridge again when a new pilot came on board to guide the ship into Singapore. This time there were two pilots -or the pilot had brought along an apprentice. Both men were British, wearing immaculately pressed khaki Bermuda shorts and white knee-length socks in the colonial style.

As the ship made its way into the harbor, suddenly a pair of diminutive men climbed up the ship's ladder and scurried around the deck looking in all directions to steal anything that wasn't tied down. Crew members immediately went out on deck to chase them, and the vagrants promptly climbed over the rail and vanished over the side.

I was standing near the wheel, wearing a white shirt and khaki pants and a two day growth of beard that made me look like an anonymous member of the crew.

The pilots were discussing the fact that these small boats, like the one that had brought the vagrants, were called bum-boats; and they preyed on all the ships that put it into Singapore harbor.

"They're all owned by a syndicate," one pilot said to the other, "And the little guys have to hand over most of their loot to the bosses."

"You mean there are bigger bums behind?" I said suddenly.

The pilots looked around and, in the British manner, they did not even blink. When they decided that they indeed had heard correctly and a member of the Greek crew had just made an English pun, one of them looked at the other as though to say -"Did you hear what I heard? Was it a talking horse?"

Conrad says that when a ship is in port, it no longer fulfills its intended function. Moored to a dock, it is no longer a vessel journeying by sea between distant points. It is an appendage of the land, and not a very comfortable one at that.

This was true of the *Proteus* as we made fast in Singapore. The spirit of fellowship that had existed throughout the jour-

ney gave way to the anxiety surrounding the anticipated arrival of Mr. B., of the R & K (Rethymnis & Kulukundis) technical department. His name was on everyone's lips well in advance, and before anyone could lay eyes on him, he had become a legend -of the kind used to scare children. I was not in a position to judge the technical faults that Mr. B. might find, but it seemed to me that the officers and the

with a mixture of deference and condescension. Finally, he gave me a dissertation on comparative Far East cultures, beginning with Cambodia, continuing through Viet Nam, (without mention of the war then going on), on to Hong Kong, Taiwan and finally ancient Korea and Japan. It was the kind of lecture I used to hate at Harvard -a survey course which like many amounted to a display of superficial knowl-



R&K Partners: Front row left to right: Manuel Kulukundis, Minas Rethymnis, Basil Mavroleon.  
Back row: the four Kulukundis brothers, left to right John, Nicholas, George, Michael.

crew viewed him as a carping schoolmaster or a customs inspector. In anticipation of his visit, their morale had deteriorated from the peaceful and harmonious cooperation that had lasted for two weeks at sea to an anxious frenzy.

B. came on board, wearing a dark suit and sun-glasses, carrying a small suitcase. He was surprisingly fair for a Greek, with blond eyebrows that made him look like an Albino, and he spoke with a strange Greco-Oxonian accent.

The captain showed him to one of the owner's cabins, and soon B. emerged in a costume of blue-jean overalls, with a battery of pens in his outside chest pocket. The captain introduced me, and at first B. looked at me apologetically. "I'm sorry if I seem to neglect you, Mr. Kulukundis, but you understand I have work to do."

I stared at him. There is something about being patronized that often leaves me speechless. I tried to break into the conversation a few times but B. kept me out

edge, no more than a scratching of the surface of a variety of subjects, in this case, the archaeological attractions of Southeast Asia, which I must be sure not to miss, Angkor Wat, etc. That was patronizing in its assumption that the only topic of conversation he could pursue with me would be about the sights I should see; and that my only interest in South East Asia, where there was a war on, would be as a tourist.

When it was time to leave, Mr. B. said, "Young man, I've booked you a room at my hotel, the Goodwood Park. Come with me. I've made all the arrangements."

But by that time my inner devil had been activated and was ready to spring.

"No, thank you, Mr. B.," I said, without hesitating, "I'll stay with the ship."

B. was dumbfounded, but after a moment to take this in, the Captain and the officers looked at me as though they were about to throw their caps into the air and carry me on their shoulders like Henry the Fifth on St. Crispin's Day.

I don't think Mr. B. ever forgave me for rejecting his "arrangements," and the accolade from the crew that greeted my gesture of solidarity with them.

I wrote my brother Stathe at R & K a first-hand account of the consternation the engineer's arrival had caused on the Proteus. Ostensibly I could have been offering it for its literary value, although I admit I didn't mind what other use Stathe might make of it.

Since Stathe had his own troubles with B. in the past, he sent a copy of my letter to each of the directors, but B. had protection from on high. One of the directors showed the letter to B, who did not appreciate the skill I had displayed in the little portrait I had drawn of him. At the same time, he did not refute anything I said, replying only that "a young poet" was hardly qualified to give an opinion on complex technical issues.

Thirteen years later, in one of my first visits to London after I went into the business, I needed to get some information from the technical department and I picked up the internal telephone and asked to be connected. A moment later I heard B's familiar Greco-Oxford accent.

"Hello, Mr. B.," I said, "This is Elias Kulukundis. Can you tell me..." And I went on to ask my question.

"Now which of all the many Elias Kulukundises are you?" said B., with a swish on the word which that was like a whip.

"How do you establish authority when you have none?" I had asked my wife Lucy, who had been an accountant at Deloitte's and had audited some high-powered companies before I met her.

"Just assume it," Lucy answered, and I did that now.

"I'll you what, Mr. B.," I said, "Let's just keep talking and see how long it takes you to figure it out."

From Bold Coasts—My Life in a Greek Shipping Family, by Elias Kulukundis, published by Ekdoseis Potamos, Athens, October 2017, scheduled to appear in English in 2018.

Copyright by Elias Kulukundis

All rights reserved.

(\*The Mirror of the Sea and A Personal Record by Joseph Conrad.)





# Husky Pumps



Οι αντλίες διπλού διαφράγματος Husky της Graco διατίθενται σε μεγέθη από 1/4" έως και 3" και σε διάφορα μοντέλα για να μπορούν να φέρουν εις πέρας κάθε δουλειά κάθε φορά!

- Εξαιρετική αντοχή στη διάβρωση για αξιόπιστη απόδοση και μεγάλη διάρκεια ζωής.
- Βαρέως τύπου κατασκευή για αυξημένη παραγωγικότητα και χαμηλό κόστος συντήρησης.
- Μέγιστη απόδοση: 1135lpm (300 gpm)
- Εύκολη και γρήγορη επισκευή.
- Κατάλληλες για τη μεταφορά όλων των υγρών, από νερό μέχρι και βαριά χημικά, λάδια κ.α.



**ZISIMOPOULOS S.A.**  
Sandblast & Paint Systems

**ΕΔΡΑ:** ΒΙ.ΠΑ ΣΧΙΣΤΟΥ, Οικ. τετράγωνο 7, Οδός 3η  
188 63 ΠΕΡΑΜΑ, Τ: 210 43.24.200-1, F: 210 43.29.786

**ΥΠΟΚ/ΜΑ:** Νίκης 9 & Καραβαγγέλη 2, Ιωνία 57008, Θεσσαλονίκη  
Τ: 2310 574823, F: 2310 574971

e-mail: [sales@zisimopoulos.gr](mailto:sales@zisimopoulos.gr) • [www.zisimopoulos-sa.gr](http://www.zisimopoulos-sa.gr)

**f A. Zisimopoulos S.A**



## Consolidation of Greek companies and growth of fleet in 2017

By **Maria Bertzeletou**  
Maritime Analyst

The overall number of Greek vessels continues to increase, the fleet is getting younger and the larger owners are becoming even larger.

The number of Greek companies decreased most significantly in 2017. According to Petrofin Research, the total reduction amounts to 41 companies. Considering that there were some new entrants (11 companies) and in conjunction with the increase in vessels and tonnage, the research noted that consolidation has progressed more this year than in any other of the last 20 years. Interestingly, the companies running very young fleets (0-9 years of age) of any size show a small reduction, from 187 in 2016 to 184 in 2017, reflecting the vigorous trend of acquiring younger second hand tonnage this year and relatively fewer newbuildings. Smaller companies (with 1-2 vessel fleets) are down to 233 from 265 last year. 41 companies have either left shipping or have merged, leaving in operation 597 companies compared to 638 last year.

Overall the Greek fleet grew from 361.5m DWT to 387.3m DWT or 7%. This took place during a period when almost all shipping markets, with the exception of dry bulk, were poor, with uncertain prospects, and with bank finance being relatively scarce for all owners, but more noticeably for the small to medium owners. Admittedly, the number of vessels comprising the

Greek fleet grew more moderately in numbers from 5230 to 5281. However, the average vessel size in the Greek fleet continued to grow from 69,203 to 73,330 or 6%.

Bank ship finance continues to be challenging to obtain, with alternative ship finance and leasing available, albeit expensive. This is not reflected, however, in the growth of the Greek fleet. Greek owners have increased yet again their share of the world fleet (Source UNCTAD) to 16.72%, from 16.36% in 2016, 16.05% in 2015 and 15.41% in 2014.

Japan has fallen slightly, China has gone up and there are two additions to the 1% and above Group, those of Iran and Indonesia. In the practically permanent absence of bank finance for the majority of small to medium owners, growth ventures have relied on a number of sources:

- Private capital
- Investment and private equity funds
- Leasing
- Short term BBHP (4-6 years).

The current Greek orderbook consists of approximately 320 vessels. Greek owners took advantage of the relatively poor markets and low-level prices to acquire young second hand vessels for their fleets.



Second hand purchase costs compared favorably to those of newbuildings and this is evidenced by the rise in the acquisition of second hand vessels by approx. 30% in the last year, from about 200 the year before to 260. The Greek orderbook fell from 502 to 326 vessels, as owners preferred 'propellers in the water' rather than longer term deliveries in anticipation of improving market conditions.

The trend towards bigger and younger vessels has continued unabated. Economies of scale continued to impact Greek shipping not only in terms of operating costs, procurement, and insurance costs savings but also in finance. Hence, it is not surprising that last year's 68 over 1m ton DWT Greek companies are now 75 and their share of the Greek fleet is just below 80%. Greek owners continued to take advantage of the sale of modern vessels by bank promoted deals, especially as German owners and banks continued to be under financial pressure.

Across all sectors, there has been a drive towards younger vessels and considerable upward mobility from lower to larger fleet sizes. Every owner has come to realise that small, older fleets are at a distinct disadvantage to larger, newer fleets in

terms of operation, finance, maintenance, employment, and insurance.

According to Petrofin Research, Bank finance is a lower loan cost financing option, preferred by Greek owners. As the prospects for bank ship finance remain relatively poor and only the very big owners (private or public) have access to bank finance, Greek owners turned to other means of financing their vessel purchases. On the whole, the public markets

remained inactive last year, although prospects appeared to pick up as the year progressed. With dry bulk share performances recording healthy rises and with market projects turning to positive, the public markets are expected to provide increasing capital to Greek shipping in 2018.

The Norwegian market showed a remarkable rise last year and attracted an increasing (but still small) number of Greek owners.

The main provider of finance has been Chinese leasing with Japanese and Korean leasing reentering the market. The number of Chinese lessors and their commitment has risen and this rise included Greek owners, mainly for newbuildings, but also increasingly for second hand purchases. The Chinese only ship approach was relaxed last year but the Chinese state has tried to restrict this development recently, in order to support local builders.

Another major finance provider has been the alternative finance market, which re-embraced shipping and was very active last year. An increasing number of Greek owners accepted the considerably higher costs involved and entered into such 'alt finance' transactions, in the hope that the markets shall rise and justify the higher cost of capital.

Export finance has continued to provide solid finance support to Greek owners, especially in China and Korea.

On the capital side, Greek owners have continued to pour substantial fresh equity into acquisitions. Private investment funds

Nationalities owning over 1% of World Fleet	2017	2016	2015	2014	Annual Rate of Growth 2014-2017
Greece	16.72%	16.36%	16.05%	15.41%	2.76%
Japan	12.12%	12.78%	13.19%	13.46%	-3.45%
China	8.95%	8.87%	8.74%	9.47%	-1.87%
Germany	6.06%	6.65%	7.13%	7.56%	-7.10%
Singapore	5.65%	5.32%	4.97%	4.75%	5.96%
China, Hong Kong SAR	5.07%	4.88%	4.63%	4.15%	6.89%
Korea, Republic of	4.38%	4.40%	4.60%	4.60%	-1.62%
United States	3.63%	3.36%	3.45%	3.35%	2.70%
United Kingdom	2.8%	2.88%	2.85%	2.73%	0.79%
Bermuda	2.6%	2.70%	2.43%	2.24%	5.09%
Norway	2.8%	2.69%	2.69%	2.55%	3.11%
China, Taiwan Province of	2.54%	2.58%	2.51%	2.87%	-3.99%
France	2.36%	2.35%	1.99%	1.68%	11.89%
Denmark	1.97%	2.14%	2.12%	2.33%	-5.48%
Turkey	1.5%	1.56%	1.61%	1.71%	-4.35%
Italy	1.12%	1.27%	1.33%	1.44%	-8.08%
Belgium	1.27%	1.23%	1.21%	0.85%	14.26%
India	1.23%	1.21%	1.23%	1.30%	-1.94%
Switzerland	1.28%	1.14%	1.04%	1.05%	6.72%
Russian Federation	1.19%	1.01%	1.06%	1.11%	2.24%
Iran	1.02%				



have increased their role and interest in joint ventures with the larger owners.

The options available for the smaller owner have been few and consist of the smaller banks that have entered the market with low advance ratios and higher margins, or Chinese leasing or act finance at costs that are often in the 10% plus area.

Higher finance cost represents a substantial risk for owners, especially in the light of rising US Dollar interest rates, and requires a robust rise in vessels' cash flows (and values) to justify itself.

The challenges to Greek shipping remain i.e. technological, regulatory, compliance and financial. However, the key to meeting these challenges and continuing with the remarkable growth and quality story lies in the performance of the shipping markets.

2017 was a year of change in Shipping. Economic growth has accelerated in Europe, Asia, and the Americas since mid-2016, and the IMF now expects the global GDP growth rate to rise slightly in 2018 to reach 3.7%, up from 3.6% in 2017.

According to BIMCO, in 2018, the dry bulk sector is likely to improve the fundamental market balance further; if operational speeds do not increase. For the container shipping sector, the improvement in 2017 will carry on into 2018, when fleet growth rate seems to match demand growth, and as a result, no big freight rate changes are expected to lift earnings. For oil tankers, there is a potential upside in low fleet growth for both crude oil and oil product tankers. The growth in demand - coming from increased oil consumption and a return of more price arbitrage-driven trading activity - depends on a better-balanced oil market. BIMCO expects that the world's oil demand will only marginally outstrip the world's oil supply, and this will be a negative factor for the oil tanker market.

China is at the centre of shipping activity. Being the one driver of dry bulk shipping demand growth, China has also taken a giant leap in hiking crude oil import levels during 2017. By introducing robotics into its enormous manufacturing sector, China aims to remain the world's top exporter of containerised goods too. There is a lot of competition in that field, and maritime supply chains will change a lot over the coming years.

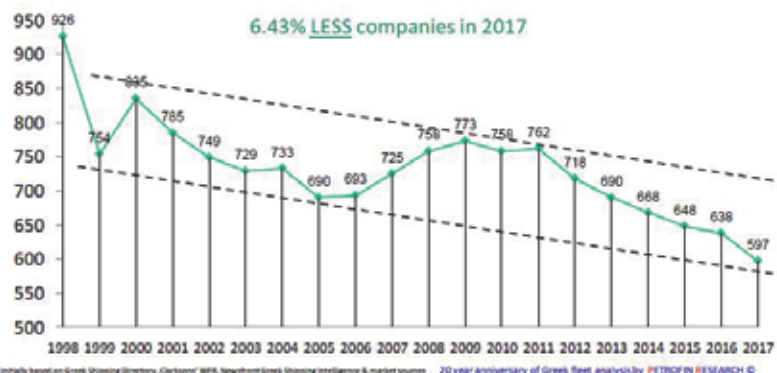
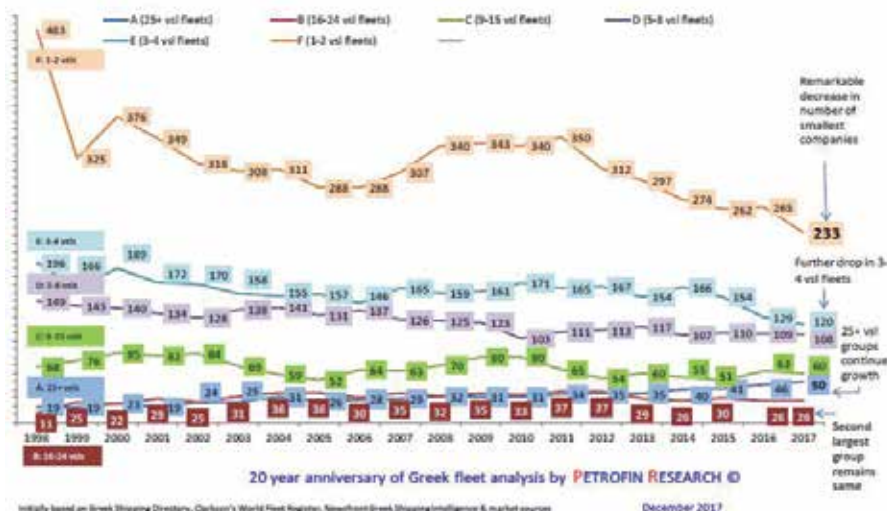
TABLE 1: GREEK FLEET PERCENTAGE HELD BY EACH SIZE GROUP IN TERMS OF NUMBER OF VESSELS

Year	Group F 1-2 vessel companies	Group E 3-4 vessel companies	Group D 5-8 vessel companies	Group C 9-15 vessel companies	Group B 16-24 vessel companies	Group A 25+ vessel companies
1998	52.16%	21.17%	16.09%	7.34%	1.19%	2.05%
1999	43.1%	22%	18.9%	10.1%	3.4%	2.5%
2000	45%	22.6%	16.8%	10.2%	2.6%	2.8%
2001	44.45%	22%	17%	10.45%	3.7%	2.4%
2002	42.45%	22.69%	17.08%	11.21%	3.37%	3.2%
2003	42.24%	21.66%	18.92%	9.45%	4.25%	3.48%
2004	42.43%	21.14%	19.24%	8.06%	4.9%	4.23%
2005	41.73%	22.75%	18.99%	7.54%	5.22%	3.77%
2006	41.55%	21.07%	19.77%	9.24%	4.33%	4.04%
2007	42.34%	22.76%	17.38%	8.69%	4.83%	4%
2008	44.85%	20.98%	16.49%	9.23%	4.22%	4.22%
2009	44.37%	20.83%	15.91%	10.35%	4.53%	4.01%
2010	44.85%	22.55%	13.6%	10.55%	4.35%	4.1%
2011	45.93%	21.66%	14.57%	8.53%	4.85%	4.46%
2012	43.4%	23.2%	15.7%	7.5%	5.1%	4.8%
2013	42.75%	22.32%	16.95%	8.69%	4.2%	5.07%
2014	41.02%	24.85%	16.02%	8.23%	3.89%	5.99%
2015	40.43%	23.76%	16.97%	7.87%	4.62%	6.32%
2016	41.54%	20.22%	17.08%	9.87%	4.08%	7.21%
2017	39.03%	20.1%	18.09%	10.05%	4.36%	8.38%

Petrofin Research ©

December 2017

Numbers of Greek shipping companies in terms of fleet size



\* All tables from Petrofin Research team



**Operations Head Office**

43, Iroon Polytechniou Ave., 185 35 Piraeus, Greece. T: +30 210 422 3355 / F: +30 210 422 3356  
ops@mylakiltd.gr / www.mylakiltd.gr

**Greece**

Ag. Theodoroi: 1, Spirou Meleti St., 200 03 Ag. Theodoroi T: +30 27410 62301 / F: +30 210 422 3356  
Alexandroupolis: 6, Markou Botsari St., 681 00 Alexandroupolis. T: +30 21670 05952 / F: +30 23102 23932  
Aliveri (Mylaki Port): 18, A. Nika St., 345 00 Aliveri. T: +30 22230 23692 / F: +30 22230 23789  
Chalkis: 10-12, Voudouri Ave., 341 00 Chalkis. T: +30 22210 74810 / F: +30 22210 76760  
Eleusis: 19, Kanellopoulou St., 192 00 Eleusis. T: +30 210 556 1654 / F: +30 210 556 1655  
Lavriou: Lavriou Sq., 195 00 Lavriou. T: +30 21670 05953 / F: +30 210 422 8096  
Patras: 124, Ag. Andrea St., 262 21 Patras. T: +30 2610 422102 / F: +30 2610 434297  
Thessaloniki: 8, El. Venizelou St., 546 24 Thessaloniki. T: +30 2310 283375 / F: +30 2310 223932  
Volos: 32, Argonafton St., 382 21 Volos. T: +30 24210 23496, +30 24210 26196 / F: +30 24210 39361  
Yali (Island): Yali-Nissiros, 853 03 Dodecanese. T: +30 22420 92086 / F: +30 22420 92086

**Cyprus**

7, Klimentos & Kleomenous St., CY 1061, Nicosia. T: +357 22452080 / F: +357 22754801



**Mylaki Shipping Agency Ltd**



## Can companies with "small" fleets survive in this environment?

By **George Skrimizeas**  
General Manager, Allseas Marine S.A.

The post-2008 era, marking the onset of a prolonged world Shipping crisis which continues to date with small breaks, has played a major role in remodeling the map of shipping companies.

A quick glance at statistics shows that the number of Greek-owned shipping companies has declined significantly from 2010 to date. In 2010 there were more than 750 companies, whereas today we are "sliding" towards 600.

A significant drop is also seen in companies that have 1-4 ships. In 2010 there were over 500, while today there are less than 400.

It is, therefore, logical to wonder what is happening, and what the future may hold for companies of this size.

Let's start with a finding: companies with 1-4 ships manage over 60% of the Greek-owned fleet (in numbers of ships, not DWT). One can, therefore, understand how important role they play at a global level, but also, in particular, in the Greek economy.

Companies with small fleets essentially have to cope with the same challenges and find solutions to the same problems as companies that manage bigger fleets: financing, fleet renewal, new regulations, crewing.

The difference is that for smaller companies these issues are more intense.

On the issue of financing, alternative solutions are limited. Capital markets are not open to small-fleet companies, and it is also not easy while it is certainly very costly for a company with 4-5 ships to have the infrastructure required to become a public company.

On the other hand, bank lending, which traditionally has been the main source of financing for these companies, is becoming more difficult. Many banks have withdrawn from Shipping, several have reduced their portfolios, and the remaining are not very generous in approving loans, with the majority preferring to extend loans to bigger companies.

In this context, one can see that the renewal of small-fleet companies (which is imperative in such a competitive environment) becomes difficult and depends, to a large extent, on the shareholders' willingness to contribute new capital.

Considerable difficulties are also created by the new regulations; those that require significant funds, in particular, are an extra burden on a cash flow which is not very diversified and which has reached its limits (if not exceeded them a long time ago), given the prolonged crisis.

Another, particularly hefty challenge is to attract and retain staff capable of building an efficient company with structures and organization that meet current and future demands.

The above challenges, in conjunction with the many other daily challenges a shipping company has to face, create uncertainty as regards to how small-fleet companies can survive in the future.

Of course, we must not overlook the fact that small-fleet companies have successfully responded to similar challenges in the past. They have faced bad markets, new regulations, renewed their fleets, etc. before.

A well-organized company, which has invested in quality ships with "reasonable" lending, a hands-on shareholder (s) and executives who know how to operate ships with rational costs and utilization rate, may have a future and, above all, create conditions for growth.

In my opinion, growth is the key word for the coming years. Companies with smaller fleets that manage to increase their vessels to 7-8, begin to find it easier to face challenges successfully, especially when what is mentioned in the previous paragraph applies.





# ALWAYS AT THE HELM WITH DNV GL

DNV GL's digital services are now available on Veracity, our open industry platform. Sign in to access a wealth of maritime applications and analytic services that can help you make better use of your data. So no matter where you are, or what you need to do, you are always in control.

Visit [Veracity.com](https://www.veracity.com)

## The debate on the terms of Brexit has clearly caused great turmoil

Messrs Peter Jackson, CEO of Hill Dickinson and Patrick Hawkins, Resident Partner of the Greek branch office of Hill Dickinson talk to Panagiotis Kapetanakis about the challenges of the Greek and the global shipping industry.



An interview with  
**Peter Jackson**  
CEO of Hill Dickinson



and  
**Patrick Hawkins**  
Resident Partner of the Greek  
branch office of Hill Dickinson

The Liverpool-based international commercial law firm, with more than 1,050 people including 190 partners and legal directors, has a long history going back to 1810 in providing advice to businesses, organizations and individuals around the world across a wide range of market segments, including shipping. Hill Dickinson International has handled very important cases of the global shipping industry such as the RMS Titanic shipwreck, representing White Star Line. The discussion of the editorial team of *Naftika Chronika* with the CEO of Hill Dickinson and the head of the Greek branch office covered a wide range of issues: from the longstanding role of Piraeus as an international shipping center to Brexit and how challenging that may be for the City, the issue of litigation in London in the aftermath of Brexit, as well as the shift of global shipping to the seas and ports of South East Asia.



The first question we posed to the CEO of Hill Dickinson and the head of the Greek branch office was about Piraeus and how the latter manages to hold its position as one of the most important international offices of Hill Dickinson International, despite the fact that the shipping industry is turning its eyes to Asia. For Mr. Hawkins the significance of Piraeus is understandable given the great penetration of Greeks to global shipping. "Data show that nearly 23% of the world's fleet is officially owned and controlled by Greeks. This is an astonishing penetration of Greek shipping if one thinks that we are talking about a country of just 11 million people, the shipowners of which





control so much of a very big industry that handles almost 85% of world trade.”

For the Resident Partner of the Greek branch office of Hill Dickinson, what is interesting is the fact that unlike 50 years ago when Aristotle Onassis or Stavros Niarchos controlled their fleets from New York and London, today almost 80 to 85% of Greek shipping is controlled from Piraeus’ offices, making it a real global shipping center. According to Mr. Hawkins it was the positive initiatives of the Greek governments in the 1970s and 1980s that formed an attractive legislative framework for Greek shipping business. The result was many Greek shipowners took the

road back from England to Greece and the port of Piraeus.

On his part, Mr. Peter Jackson, the CEO of Hill Dickinson, noted that: “Piraeus became the seat of business for so many shipowners and general maritime interests. Therefore, not having a presence here would have seriously impacted our ability to service the entirety of the marine world. And that may have diminished in some senses, as the maritime world is shifted further East and the great preponderance of incidents occurs further East, as well. However, with that significant concentration of business interest and people in Piraeus and Greece, not having a signif-

icant presence here will seriously impair our ability to satisfy our customers, given the fact that we are one of the leading businesses in world shipping. So, Piraeus is absolutely essential for us”.

The second question was how the City’s future is going to be shaped after the Brexit. For Hill Dickinson’s CEO, “what you get at the moment in the UK is a massive feeling of uncertainty and dissatisfaction with the British government and the position we are in at the moment, right or wrong, as no one knows whether it will be a soft or hard Brexit, whenever it happens”.

However, Mr. Jackson noted that despite this feeling of uncertainty the UK econ-



Despite the feeling of uncertainty the UK economy continues to grow, notably in the sectors of insurance, bank finance, health services, retail, and of course shipping.

omy continues to grow, notably in the sectors of insurance, bank finance, health services, retail, and of course shipping, and as a result “London remains the world’s largest shipping center.”

Mr. Hawkins also expressed the same view, saying: “Indeed, London continues to maintain a leading position in the shipping sector but also in the banking and insurance sectors. However, the debate on the terms of Brexit has clearly caused great turmoil and discomfort in these business sectors.” The Resident Partner of the Greek branch office of Hill Dickinson believes that “many banks will consider the option of leaving the City and make provisions to change their seat of Business, transferring it within the EU.” Of course, with regard to shipping, Mr. Hawkins noted that the shipping industry “is not expected to be affected because it is an international industry,” adding that “our customers often point out that for shipping, Brexit can prove to be a rather positive development.”

Our interlocutors were also asked how they see the issue of dispute resolution and arbitration in London after Brexit. Hill Dickinson’s Chief Executive Officer noted that “I do not think that London’s ability to remain the leading international maritime dispute resolution center is

under threat, given the fact that London currently has almost 20 internationally-recognized law firms specializing in this field.” In other words, for Mr. Jackson it is the accumulated know-how that makes London competitive on a global scale, and this is going to change only if the existing regulatory regime is changed.

For his part, the Resident Partner of the Greek branch office of Hill Dickinson, Mr. Hawkins, stressed that “English law was and remains dominant at an international level. What is needed in the case of a Brexit is all necessary measures to be taken by the British Government in order to ensure stability in shipping markets for players and unobstructed access to this important service provided by English law even if exit from the Brussels Convention [Brussels Convention on jurisdiction and the enforcement of judgments in civil and

commercial matters/1968] is necessary.” According to Mr. Hawkins what is needed “as it is already required by UK legal circles, is to sign a relevant protocol with the EU, which will ensure that London shall be preserved as an international center for resolving issues arising from the application of maritime law.”

For Messrs Jackson and Hawkins, Brexit is a great challenge to be met by both the legal world and the company itself. However, as they both argued, “what we always seek as a company is to adapt to the demands of the times and to be where the heart of the market beats.” This “adaptability” of the Hill Dickinson commercial law firm can be perceived by the fact that it now focuses more of its business on the Far East, operating offices in Singapore (since 2009) and Hong Kong (since 2013). According to Mr. Hawkins: “There is a significant increase in shipping traffic in the Far East sea routes and ports. Singapore is emerging as a global shipping center and its growth is expected to peak within the next 20 years.”

Due to this shift of shipping industry to Southeast Asia and given the fact that Hill Dickinson is an international commercial law firm with a significant presence mainly in the Chinese market and especially in the sectors of shipbuilding contracts and bank financing, we asked our interlocutors to present their views on the difficulties and challenges a shipowner is facing today in China.

One of the most important issues, according to Mr. Hawkins, is “the credibility of the Chinese shipyards and the effort made for English law to be fully recognized by the Chinese authorities, primarily as regards shipbuilding contracts.” And the resident partner of the Greek branch office of Hill Dickinson added that “from our experience as a law firm, we can say that during the construction of a ship, the Chinese often face the shipbuilding contract as the basis for a renegotiation of the existing contract terms – contrary to what is generally the case with Japanese or South Korean shipyards, where the terms of shipbuilding contracts and the agreed times are kept with greater consistency. Another issue is the quality of the work, with Chinese shipyards often displaying more problems than their competitors in Japan and Korea.”





# Atlantic Bulk Carriers Management Ltd

Ακτή Μισούλη 41, Πειραιάς, 18535  
Τ 2104585700 F 210 4292118 E [atlanticbulk@atlanticbulk.gr](mailto:atlanticbulk@atlanticbulk.gr)

[www.abcml.com](http://www.abcml.com)







## Wealth management experienced significant regulatory change in the past year which will have an impact on the industry

An interview with

**Tim Childe**

Head of International & Jersey Office at Quilter Cheviot Investment Management

Mr. Tim Childe presents his views on the state of the global economy and analyses the geo-political developments and risks, as well as the latest trends in wealth management.

**Which economies do you consider to be the most “promising” for the coming years? Do you believe that the EU and the US will maintain their competitive edge?**

EU and US economic fundamentals are looking strong and the UK economy is improving. US unemployment rates have declined to pre-2007 levels, EU unemployment rates are dropping, stock valuations of 15x earnings look reasonable, earnings growth has recovered and investing in equities continues to be profitable.

**Aside from geo-political risks, what catalysts may cause the market to turn?**

Donald Trump remains at the front of the list with his unpredictability and it seems that while concerns surrounding Brexit are easing, much negotiating is required before we will see any certainty. While Germany used to be seen as a region of stability, it is heading for a period of transition. Each of these areas presents the potential for poor politics or policy mis-

takes which may impact investor confidence.

**The IMF predicted that global growth would hit 3.6% in 2018 — the fastest rate since 2011, with an immediate effect on world trade. Do you believe that investors will eventually benefit from that growth?**

If it feeds through to job creation, stronger consumer confidence, growth and sustainability of corporate earnings and increased merger and acquisitions activity then yes, I do believe that investors will eventually benefit from this growth.

**Do you believe that the Panama Files case will change trends towards confidentiality in business transactions?**

The Panama Papers, and more recently the Paradise Papers, have dominated headlines after exposing tax avoidance in offshore jurisdictions. This may be perceived as concerning, especially when reports suggest investing offshore is wrong or illegitimate. One point to make clear is that

---

**Quilter Cheviot**  
**Investment Management**  
T: +44(0)1534 506 070  
[www.quiltercheviot.com](http://www.quiltercheviot.com)



investing offshore in itself is not illegitimate, for example, HMRC in the UK have themselves confirmed "there's nothing wrong with having investments overseas as long as you declare all taxable income and gains on your UK tax return." There are different ways to invest offshore, and not all jurisdictions are the same. Unfortunately, some people have invested overseas through complex structures with the aim of hiding their wealth from authorities and avoiding tax. This is undoubtedly tax evasion and must not be confused with legitimate ways of structuring a tax efficient offshore personal portfolio.

**What are the key trends in wealth management for 2018? What is the role of an investment management firm in this challenging period ahead?**

It has been quite the year for wealth management and I believe it has paved the way for a strong 2018 for the industry. We are still in a bull market supported by economic fundamentals. Corporate valuations and profitability remain reasonable and equities are attractive relative to other assets. I therefore believe that markets should continue to advance. Wealth management experienced significant regulatory change in the past year which will have an impact on the industry. The new regulations are mostly common sense and will enhance the service we provide to our clients, be they located in Europe, the Middle East, or Asia.

**Who are the natural clients for wealth management?**

Our client base is very diverse. Alongside our private clients, we look after charities, pension funds, trustees and friendly societies. Within our private clients, we have a lot of expats, who are busy working overseas. While they are focusing on their day job, they are often accumulating a lot of liquid assets and need those assets to be managed properly. We also have some ultra-high net worth clients, and individuals who want to plan for the next generation, for school fees or for healthcare. Lastly, they may be entrepreneurs who have had a liquidity event and want that money carefully invested.

**What are the main challenges your clients are facing at the moment? What is the main reason for them to come to see you, what's the most common request?**

We are seeing a greater need from clients for regular communication, particularly in difficult market environments such as those we are facing today, which are characterised by volatility and political uncertainty. Keeping in regular contact with our clients and ensuring they are well informed gives them confidence.

**One final question, what do you feel makes Quilter Cheviot stand out in the industry?**

Quilter Cheviot has been at the forefront of the wealth management industry for over 240 years, managing bespoke investment portfolios for individuals and families over many generations. We really are focused on helping our clients invest for a lifetime of opportunities, keeping their goals and expectations at the heart of our investment philosophy. Experience teaches us that no two clients are the same, which is why our clients are assigned an experienced, dedicated Investment Manager who will create and manage their investment portfolio in a way that is right for them and will help achieve their goals at every stage of their life. It is all about trust and building strong personal relationships.

It has been quite the year for wealth management and I believe it has paved the way for a strong 2018 for the industry.





By Dr. **Anna Bredima**  
Senior Policy Advisor on European Affairs,  
Cyprus Union of Shipowners



## Can shipowners be “winners” in the new world of digitalization?

The technological developments in digitalization have literally invaded the entire spectrum of maritime transport operations creating a revolution in the everyday operations of ships, seafarers, ports and shipping offices. Suffice it to mention that 3D printing, replacing metal printing, will enable the building of ships by printing, thus changing the cargoes and bunkers of such ships! It sounds like a science fiction scenario. European policy makers and European shipowners concur that digitalization is going to play a leading role in future decades in the par excellence globalised maritime transport.

The leading position of Europe in digitalization aims to transform the transport system at all levels incorporating all modes of transport (land, sea, air, multimodal).

On 6/12/17 the EU Transport Council adopted Conclusions on Digitalization in Transport. The Council supports the development of a digitalization strategy for the transport sector in 2019 accompanied by a roadmap of actions. It calls for the assessment of the socio-economic and environmental implications of digitalization and the new skills needed.

It encourages interoperability of maritime and inland waterway transport digital ser-

vices and calls upon sources of funding to support the development and deployment of digital systems, services and solutions for transport in the future. It also underlines the importance of digital solutions for the short sea shipping sector and asks the EU Member States in the International Maritime Organisation (IMO) for an international regulatory framework to facilitate digitalization on board ships, including autonomous vessels and acceptance of digital certificates for ships and seafarers. The Transport Council endorsed the Valletta Declaration of the previous Transport Council (29/3/17) under the Maltese Presidency. The Valletta Declaration prompted the European Commission to propose an adequate follow up of the reporting formalities Directive including the e-Manifest and the European Single Window. The Declaration supported the initiatives for the creation of smart ports and of a Digital Transport and Logistics Forum.

The Digital Transport Days in Tallinn, Estonia (8-10/11/17), supported by Transport Commissioner Bulc, adopted a Digital Transport Declaration of 10 points. Representatives of public and private stakeholders discussed the challenges of digi-

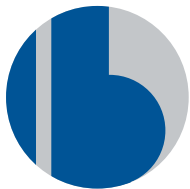
talization and stressed that the following are required:

- Higher level of data protection through the European Regulation on General Data Protection
- Increased awareness of risks from cyber attacks
- Investments in education to acquire the new skills of digitalization.

The European Community Shipowners Associations (ECSA) in its report "Setting Sail 2017" for the European Maritime Year 2017 identifies that administrative procedures concerning the certificates of ships and seafarers are arcane, useless and repetitive during a ship's arrival from a member state to a member state. There is a need for a European single window and "reporting once" to administrative authorities as well as the use of a harmonized electronic cargo manifest. Overall, ECSA supports the IMO work in facilitating digitalization and the uptake of new technologies on board ships.

Increased digitalization will increase ship automation. The new technologies including robotics will transform the ship operation: from its remote control from ashore to the fully autonomous ship operating by itself. This will be feasible by sensors providing the ship with accurate information on its surroundings assisted by radar, algorithm and information technologies. Concerning manning, there is a possibility of operating a ship with 1-2 engineers or without a crew. The first autonomous commercial vessel currently being built by two Norwegian companies is expected in 2020. Moreover, the first autonomous vessel of auxiliary services has been registered in the UK. For the time being, international law does not allow the operation of fully autonomous ships without a crew in international waters. This derives from the Safety of Life at Sea (SOLAS) Convention of IMO providing that "ships must be manned with adequate crew". However, the programme of IMO (MSC 98) provides on its agenda for the examination

of the Maritime Autonomous Surface Systems (MASS). Digitalization can create jobs and save up to 20% -40% of transport investments due to increased productivity. Until autonomous vessels become operational, a series of safety, security, navigation, and legal challenges have to be met. Concerning labour issues: according to the 2016 annual report of the European Maritime Safety Agency (EMSA), 62% of 880 shipping accidents (2011-2019) were due to human error. Therefore, autonomous ships will contribute to the solution of this problem. The international scarcity of duly certified ship officers will remain but it will be reduced by the existence of autonomous ships without a crew. However, there are unforeseen situations at sea requiring the physical presence of a captain on board in order to take decisions. Moreover, autonomous ships without crews are an easy victim of pirate attacks. The problem of liability in the event of an autonomous ship accident has to be



**becker** marine systems



Visit us at **CMA Shipping**  
Stamford, CT, USA, booth #L4, 12<sup>th</sup> - 14<sup>th</sup> March 2018



## FUEL SAVER

The energy-saving Becker Mewis Duct® for vessels with a high block coefficient is your best choice to significantly reduce fuel, NO<sub>x</sub> and CO<sub>2</sub>. The efficient device is placed in front of the propeller, has no moving parts and saves fuel by 6% on average – 8% or higher is possible in combination with a Becker Rudder.



Right: *Lavinia Oldendorff*  
Bulk Carrier • built 2014 • LOA 299.97 m • 207,562 DWT  
Its **Becker Mewis Duct®** reduces CO<sub>2</sub> by 1,401 t per year



858 Becker Mewis Ducts® have reduced CO<sub>2</sub> by > 4.5 million t (January 2018). 274 more Becker Mewis Ducts® have been ordered.



Manoeuvring  
Systems



Energy-Saving  
Devices



Alternative  
Energies

[www.becker-marine-systems.com](http://www.becker-marine-systems.com)

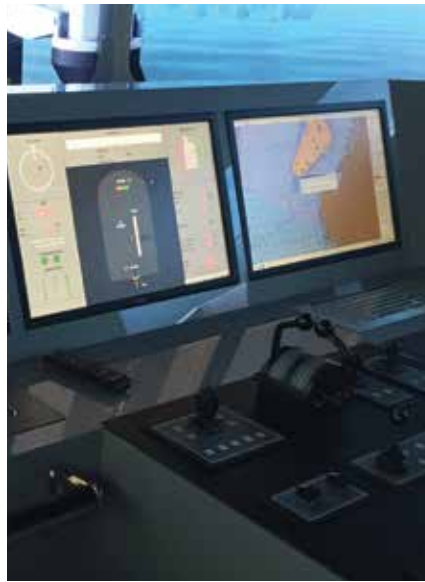


addressed: if a ship is driven by remote control and an accident occurs, who is responsible? The shipping company's shore personnel, the shipowning company, the management company? Autonomous ships will require adequately educated crews ashore specialized in new technologies. Hence, there should be limits as to their operation for reasons of maritime safety and protection of the marine environment. Digitalization should not be seen as a threat to jobs; new skills will be necessary. Certain jobs will be lost but others will be created. Overall, workers will increasingly find employment opportunities in skilled positions. Flexible legal and technical frameworks must be developed to allow innovation.

Digitalisation is expected to facilitate the administrative burden of ships due to online only-once reporting of certificates and ships' data during port calls in EU ports (European Maritime Single Window). Since 2016, the Reporting Formalities Directive (2010/65/EU) provides the administrative requirements of ships in EU ports. However, its application has worsened the situation for seafarers and shipping companies due to the fact that there are various national systems of reporting in EU ports. The representative organizations of shipowners and seamen (ECSCA/ETF) support the promotion of amendments to the Directive which are currently subject to consultations.

However, the digital ship is already here and digitalization facilitates cybercrime. A series of operations concerning shipping enterprises from ship navigation to the analysis of CO<sub>2</sub> emissions data as well as various aspects of port operations are susceptible to a wide range of cybercrimes. Circumventing customs procedures is made possible by hackers who steal data concerning ships and ports.

Internet access is increasingly made available on-board ships in order to attract seafarers by making their everyday lives more pleasant and allowing them contact with their families. This results in the possible exchange of data and information which is precious to hackers. The proliferation of pirate attacks in recent years has also been facilitated by the exchange of data on the internet concerning ship routes, types of ships and cargoes. Moreover, the



familiarization of seafarers with electronic charts (ECDIS) renders ships more susceptible to cyberattacks.

In 2016, the European Union adopted a horizontal Directive on the security of systems and information (NIS Directive) (2016/1148/EU) which concerns the cyber security of various sectors of economic activity. The Directive is applicable to shipping offices and port installations but it is not applied to ships.

How is the data sharing of ships on the internet protected against attacks? How can ports, ships, and offices be protected against hackers? How can containers be protected in ports? The port of Genoa was blocked recently for one day by a computer failure.

One wonders if the EU legislation is fit for a world moving towards digitalization.

Cyber security has become very important for the safe operation of autonomous ships. The increased use of digitalization exposes important information to hackers who can verify the GPS data and identify the exact position of ships and the existence of precious cargoes on them.

In view of the fact that the inventiveness of hackers is wide, the sharing of professional data on the internet is dangerous and the endangered sums huge, digitalization becomes the par excellence vehicle of industrial espionage. So, how can one be insured against cyber-attacks? The insurance of vessels against cyber-attacks can cover certain types of liability but not all types. When a vessel is chartered subject

to the obligation of being delivered "safe" does this imply its safety from cyber-attacks? The application of the ISPS (International Ship and Port Security Facility) Code and of the SOLAS Convention of IMO do not refer to safety from cyber-attacks but they may be useful tools for coping with them. International European and national lawmakers and policymakers examine all these questions in order to find the adequate safety valves. The USA acted very quickly and adopted legislation concerning cybersecurity: the US Coast Guard issued Guidelines for addressing Cyber Risks at the Maritime Transportation Security Act, containing practical advice for shipping companies for protection against hackers. Moreover, international shipowners associations (BIMCO, Intertanko, Intercargo, OCIMF, ICS, IUMI, CLIA) have issued Guidelines on Cyber Security on Board Ships (2017). These cover insurance issues and practical advice on how to handle cyber security during port calls and when communicating with the shore side (5/7/2017).

In conclusion, one should not be carried away by developments in technology: one should tread carefully taking into account the law of unintended consequences. Digitalization may cause disruption if it is uncontrollable; therefore, it must be sustainable. For lawmakers, a balancing act between the advantages and disadvantages of digitalization in maritime transport will be required, i.e. between privacy, data protection, innovation, cyber security and new skills needs. As stated recently by Mr. W. Lehmacher (World Economic Forum), "The Fourth industrial revolution is about how technology will be applied in our companies. We live in systems connected with systems. Data is the new oil of world economy and it is at the heart of digitalization. There will be an evolution and not a revolution, if the industry acts fast. One who cannot manage data cannot live in a system of systems". Mr. H. Hololei, Director General of the European Commission (DG MOVE) concurs that: "If the shipping sector does not change by itself, it will be forced to change".

Digitalization is not a panacea! Shipowners should help policymakers to formulate the right policies so as to become "winners" in this process.

# Cyber shipping – ship design in a digital age

Our new guidance provides the shipping industry with a route map to understanding the implications of digital technology.

This is the first edition of LR's guidance on cyber-enabled ships and is the result of detailed work and consultation with industry and academia.



**Download the guide at [www.lr.org/cyber](http://www.lr.org/cyber)**



Working together  
for a safer world



## Considerations to take into account when structuring your fleet

### Seven key questions seek answers

By **Evi Platsidaki**

Solicitor,

Athens office of Norton Rose Fulbright LLP

#### **What is the most common way to structure one's fleet?**

Vessels have in the recent past (approximately the past 75 years) been placed in the ownership of SPVs for the purposes of limiting liability. The main structuring distinction relates to how the SPV's ownership is structured. In particular, the SPV may be owned by the individual shareholders either directly, which is most commonly the case, or through a layer of companies. The latter is what we refer to as a group structure. In Greece, many owners, particularly the larger groups, have created a group structure for their fleet but there remain owners, mainly in the small to medium size fleet range, who have retained the simpler former structure where individuals directly hold the shares (often in bearer form) of the ship-owning SPVs.

#### **Why might one prefer to have the vessels fall under a group structure?**

The main benefit of setting up a group structure is the ability to consolidate assets and present consolidated financial statements to financiers. In fact, producing consolidated statements is a prerequisite for the majority of banks these days. They allow the financier to have a broad and complete view of the assets and debt in the group and allow the provision of a corporate guarantee from the parent company to the financier (as opposed to a personal guarantee which may not be forthcoming from the shareholder or a management company guarantee which may not be sufficient for the financier). For these reasons, the existence of a corporate structure will often facilitate the loan approval process and may even lead to better loan terms. Given the lack of liquidity in the market, this is crucial for owners, particularly smaller to medium size companies for whom financing may otherwise not be so accessible.

#### **Which entities usually comprise the group?**

A group will typically comprise of the SPVs which own the vessels and their parent company/companies as well as any intermediate holding companies. The management company will invariably be left out of the group.







### **How does one create a group structure and is this a costly exercise?**

Creating a group structure is a straightforward exercise with relatively low costs (depending on the chosen jurisdictions and the complexity of the structure) comprising of legal fees, incorporation costs as well as annual costs of maintaining the relevant companies.

The relevant entities (parent companies and intermediate companies if applicable) will need to be incorporated in the chosen jurisdiction. Legal advice may be sought to advise on which jurisdictions may be most appropriate and to ensure that all necessary documentation is duly prepared and registered. In the case of existing vessels, the shares in the ship-owning SPVs will need to be transferred from the current shareholders (e.g. individuals) to the relevant companies. Tax advice must also be sought to ensure that any relevant considerations, particularly relating to the tax treatment of share transfers, are taken into account.

The shares in the companies can be registered shares or bearer shares, the former being favoured and often required by financiers for the purposes of obtaining security over them.

### **Will the details of the group once formed become public?**

Not necessarily. The registers of most jurisdictions in which ship-owning companies are incorporated are not public registers so the details of the management and subsidiaries of such a group cannot

be accessed by way of registry search. However, one may want to watch out the extent to which the group's details (e.g. fleet vessel names) are set out in detail in any publicly available documents such as the company website, press announcements and ship mortgages which become publicly available on registration (ship mortgages may attach the relevant loan agreement though the latter will not necessarily include a full disclosure of the fleet/group details).

### **Are vessels in the same group automatically considered sister ships?**

Given that they have separate direct ownership (each vessel's owner being the relevant direct SPV) they are not "sister ships" in the exact sense of the term for the purposes of an arrest by reason of ownership. In fact one of the reasons for the use of SPVs is that it will offer the owning companies protection from sister ship arrest claims as courts will, as a general rule, respect the corporate veil and will not look beyond that to identify the ultimate beneficial owner and other vessels in such person's ownership.

However, in certain (limited) jurisdictions and even under English law, the courts may pierce the corporate veil in the case of fraud so as to hold the common parent of the relevant SPVs liable for a claim of one of these vessels. The test that needs to be met for such purposes is invariably a very high one. South Africa in particular is known for its statutory framework which allows a claimant with a maritime claim against a vessel to arrest another vessel in the same group

(the test being one of common beneficial ownership and/or common control). But the claimant will still need to establish that there is indeed a connection between the ships and, as mentioned above, this information will invariably not be readily available. If the details of the corporate structure do become public information this could form the basis of a successful associated ship arrest. Furthermore, there are other ways in which a claimant may establish a connection between the relevant vessels, so the lack of information about a group structure does not necessarily protect a vessel from an associated ship arrest.

### **Any practical tips for the owners who choose to consolidate their fleet?**

Yes:

- Multiple groups can be created by separating the vessels so that everything is not under one "umbrella". This may however limit the value of the parent company's guarantee and will create some further administrative work so should be done to the extent deemed necessary and practical.
- Choose jurisdictions which do not have public registers of group information (this will invariably be the case in the jurisdictions commonly used in shipping) but are also acceptable by financiers. One should bear in mind that financiers may have a preference for certain jurisdictions and may veto others. Inserting an additional layer in the corporate structure between the SPV and the parent company may make the link between vessels less traceable.
- Consider whether bearer or registered shares are more suitable, bearing in mind that financiers will invariably demand the latter so as to avoid further changes being required at a later stage.
- Seek legal and tax advice to ensure that the share transfers are duly effected and that any tax considerations are taken into account.

Overall, it is necessary to strike a balance between a structure which gives the company the aforementioned benefits without being too complex or difficult to manage. This balance will depend on the company's financing needs and relationships and the overall value of its assets.

# What is a Minimum Safe Power for Ships?

By **Panos Zachariadis**

Technical Director, Atlantic Bulk Carriers Management Ltd.



I'll start this article in a rather unorthodox way, giving the answer to the article's heading from the very start: There is NO minimum power number that can be found to render any ship type, or size, safe. Namely, no one power number for supramaxes can be regarded as "safe" for all supramax bulk carriers, no one number for VLCC power can be regarded as "safe" for all VLCC designs, etc.

This should be obvious because what is "safe power" totally depends on the design of the ship. A well-designed ship, with good hull lines, requires much less power than a "bathtub"-shaped vessel to stay safe in bad weather. Which power to choose for the regulation's minimum acceptable power then? If we choose the one to ensure the "bathtub" ship remains safe, that will be a waste for the well-designed ship which will be forced to install a much larger engine than needed. Furthermore, it will kill any designer's incentive to develop further refined, or better, hull lines. And vice-versa of course. If we choose what is safe for the best designs, then the not-so-well-designed ships will be unsafe.

The need for a minimum acceptable standard arose with the EEDI regulation which requires that every few years ships are designed with a smaller EEDI number. The problem is that there are various ways to satisfy the EEDI regulation. The proper way is to have good hull lines for reduced resistance through the water (and thus require

less power). The easy - but improper - way is to just install a smaller engine on any hull line.

Greece pointed out this problem with the EEDI from the very beginning, while for the minimum "standard" it said that "power" is the wrong metric. What counts is what the ship is able to do in the water, irrespective of its power; i.e. look at the speed capability of the ship. The fix to EEDI that Greece proposed eight years ago was not adopted by IMO. And it took them two years after enacting the EEDI regulation to realize that indeed EEDI with no minimum Safety Standard, will lead to ever decreasing engine powers, detrimental to safety, especially for the slow design speed ships (bulk carriers and tankers). Since then, there have been three major studies trying to determine a minimum power number for each ship type. A first study by IACS, which proved wrong rather fast, and a few years later, a large European project (SHOPERA) and a separate Japanese project. The latter two studies were completed last year. But still, IMO is far from agreeing to a solution. I first wrote about the issue of minimum power in November 2012, in the pages of this magazine (issue 154). The whole article could have been written today - nothing has changed. I quote a small sample: "Many say that a serious study from scratch is needed, lasting 1-2 years, to answer the question 'how much can a ship's power be reduced, before she exhibits navigational

problems in bad weather". In my opinion, this question cannot be answered neither in 2 nor in 10 years."

Here we are! No closer to any answer (because there is none - unless you look at speed). I am told now that some organizations are proposing to IMO yet a "new" study from scratch! Another few years to be wasted ahead, while EEDI keeps requiring lower and lower numbers in the future, when at the same time, no minimum safeguard on power, or speed, exists.

To close, I would like to remind that 8 years ago, Greece had proposed the following to IMO, as an interim measure, until "we get our act together". Greece had said, "Today's bulk carriers and tankers have a design speed of 14 -15.5 knots. We know these ships do not have a problem in adverse weather of 10, 11 or 12 Beaufort. Let's set the minimum acceptable safe design speed at 13.5 knots until all the studies are finalized". It was not accepted of course, partly because the shipyards wanted to play with smaller engines.

About a month ago, I got privy to some statistical data from a Japanese study. It showed that the vast majority of ships that satisfy a speed of about 13.5 knots or higher for EEDI ( $V_{ref}$ ), also comply with the current minimum power IMO recommendation (note: EEDI speed is the same as the typical shipyards' design speed.) QED? If only Greece, with its huge shipping knowledge, was listened to more often at IMO!



Every year Remontowa repairs, converts & upgrades more than 200 vessels including vessels of prestigious Greek owners like Delta Tankers, Pleiades Shipping Agents, Stamco Shipmanagement and Minerva Marine.

Moreover, Remontowa is among the first shipyards to recognize the needs of owners and operators in view of the new environmental regulations. In this respect, Remontowa has already a significant record of successful ballast water treatment systems and scrubbers installations.

#### **TECHNICAL FEATURES OF REMONTOWA DOCKS**

PARAMETERS	DOCK 1	DOCK 2	DOCK 3	DOCK 4	DOCK 5	DOCK 6
Lifting capacity (t)	6 400	3 200	15 000	9 000	25 000	36 000
Docking capacity (dwt)	8 000	4 000	50 000	18 000	85 000	135 000
Overall length (m)	131.2	87.4	189.4	164.4	225	255
Supported length (m)	125	85.2	185	150	210	255
Clear breadth (m)	24	21.0	36.9	25.8	37	44.4
Trim (m)	2.5	1.3	2.8	3	4.5	3.2
Craneage (t)	50	50	10+10	10+10	20+20	25+25





## Any activity developed on water, in water and at the bottom of the sea uses marine technology

An interview with  
**Konstantinos Kalogeropoulos**  
 Vice President of H.I.M.T.  
 Hon. Consul General for Malta  
 Master Mariner – LLM (Soton)

Mr. Konstantinos Kalogeropoulos, Vice President of H.I.M.T., presents his views on the importance of promoting the Marine Technology advances in Greece and the need to further enhance the role of young researchers.

### **This year you organized the Annual Meeting of Marine Technology for the 11th consecutive year. Why did you choose to focus on Blue Growth?**

Our Annual Meeting is currently a flagship event for promoting Marine Technology advances in Greece and this is why it is supported by the majority of the shipping industry. Each year, the Meeting attracts shipping executives, business partners, the public sector and of course the Academia. The title of 2017 was "Boosting Blue Growth: The Marine Technology Factor". The meeting's theme was broader this year including technological developments related to all kinds of maritime economic activities. The main reason is simply one; any activity developed on water, in water and at the bottom of the sea uses marine technology. Besides, Greece is not only a maritime country but also a coastal one, so the sea is a vital component of its development.

### **What are the Annual Meeting's main conclusions?**

The main conclusions emerged from the Round Table of the conference, entitled "Autonomous ships and digitalization".

During the session, distinguished field professionals developed the individual parameters of the subject including technological feasibility, ship management, regulations etc. The autonomous ship has left the sphere of imagination, and now existing technology allows us its implementation and for this reason, we see many pilot applications, especially in North Europe. However, there are many difficulties such as the lack of an appropriate legislative regime to regulate mostly operational issues and cyber security, while at the same time managerial aspects are expected to arise from the transition of shipping offices to control and management centers. Similarly, human resources education and training and of course social acceptance are additional parameters that require particular attention. As it turned out, technological developments change the nature of shipping, but as it was stated the greatest threat would come from our resistance to adapt.

### **What are the future goals of H.I.M.T?**

H.I.M.T.'s primary goal is to strengthen our institution's relations and cooperation with universities and institutions in Greece and abroad.

Recently we have developed a network of collaboration with European and International Institutes and other Marine Technology Bodies such as the IMAM, the Confederation of European Maritime Technology Societies (CEMT), the Society of European Maritime Technology Societies (CEMT) Naval Architects & Marine Engineers (SNAME) and the Royal Institute of Naval Architect (RINA).

In particular, regarding SNAME, a Cooperation Protocol was signed in April 2017 with the Greek Department aiming at the exchange of information and know-how, and the development of joint activities.

In addition, H.I.M.T aims at further enhancing the role of young researchers, and hence we plan to develop a specialized campaign to attract more young scientists through introducing awards for the "Young Scientist of the Year" and the "Best Scientific Paper" to our Annual Meeting. In the same context, we are in the process of designing a regional initiative to foster scientific thinking and excellence in the Eastern Mediterranean.

Furthermore, we focus on enhancing collaboration with International associations and presently we have started cooperating with BIMCO in the field of Regulation processing.

**MARICHEM**

WORLDWIDE



**MARIGASES**

SERVICES<sup>®</sup>

**your global partner**

[www.marichem-marigases.com](http://www.marichem-marigases.com)

**marine chemicals • gases • fire, rescue & safety services**

e-mail: [mail@marichem-marigases.com](mailto:mail@marichem-marigases.com)



## Risk profiling is becoming more important to port state control inspections



By **Petros Achtypis**  
CEO of Prevention at Sea Ltd.

Port State Control inspections are increasingly focusing on the risk profile of the ship under inspection with inspectors singling out the performance of the ship manager and the flag state recognised organisation (RO) as major factors to concentrate on.

Petros Achtypis, Chief Executive Officer of Cyprus-based Prevention at Sea (PaSea), said PSC inspectors were changing the way they inspected ships with greater emphasis being placed on a vessel's risk profile.

Many PSC Memoranda of Understanding (MOU) were starting to draw direct parallels between the risk profile of the ship and the performance of the ship manager and the RO.

"There is a growing trend to look at ways to identify operational and management

risks and detect any pitfalls that could lead to accidents or injury," he said.

Since risk assessment became part of the ISM Code the shipping industry has viewed risk identification and assessment as a simple process, limited to the use of one matrix—consequence x probability.

"With the technical knowledge in risk assessments currently available, it is proved that the use of one matrix is inadequate. I believe that risks, when identified, should be categorised and a new matrix developed with accurate results helping to calculate the actual risk," Mr. Achtypis stressed.

"There are many factors affecting the ship's or the ship operator risk profile that should also be taken into consideration, such as the perception of risk; the level of training; the level of familiarisation; resilience; chronic unease as well as collective normalisation," he added.

While some ship operators provide a library of task examples with the risk already calculated, PaSea believes this practice has an adverse effect as the identification of new risks will often be omitted while the task examples and calculated risk from the library tend to be copied by the crew, leaving unique surrounding conditions such as weather conditions; the time when such tasks are performed; the level of training and perception of risk going unnoticed.

"The fact that vessel accidents still occur even when the ships have been PSC inspected means that the current risk assessment process should also take into consideration various qualitative factors and not just, for example, the type of ship or the place of build," Mr. Achtypis concluded.







"Seaven" is the new company name of "Evia Petrol Group", which was established in 2003. Seaven features the width of the company's scope and calls to its ships' potential of travelling across the Seven Seas, all over the globe.

Even, steady and reliable, Seaven's fleet comprises six (6) medium sized Greek flag modern oil/chemical tankers (M/T "EVIAPETROL I, II, III, IV, V & SEAVEN JOY"), double-hulled and being equipped with the most technologically advanced equipment.

The tankers are trading mainly between Mediterranean, Black Sea and North Europe ports, chartered by demanding and well respected companies in the market, with oil majors and known oil traders being among them.

Additionally Seaven has under its management two (2) pneumatic cement carrier vsls (M/V "EVIACEMENT III" & "SEAVEN LUCK") which are mainly trading within Mediterranean ports and chartered by first class cement major companies and cement traders.

Seaven is ISO 14001 rated. The company's goal is clear and definite, following the notions of its name: "sea" and "even". Seaven aims to continue its expansion and growth in the years to come, trying to offer the best quality service possible to deal quickly and efficiently in our demanding trade. The sea is our route, and corporate reliability has always been our even choice. This is what makes Seaven unique and globally appreciated.

43, Iroon Polytechniou Ave., 185 35 Piraeus, Greece  
Tel: +30 210 422 8085 / Fax: +30 210 422 8076  
E-mail: [tankerops@seaven.gr](mailto:tankerops@seaven.gr) / [dryops@seaven.gr](mailto:dryops@seaven.gr)

**[www.seaven.gr](http://www.seaven.gr)**



## TECHNOLOGY

By Nikos Vergounis

### Thomas Miller acquires Brookes Bell

Thomas Miller announced in January the acquisition of international marine consultancy Brookes Bell. Brookes Bell is a leading marine technical and surveying consultancy with offices in Liverpool, London, Glasgow, Shanghai, Hong Kong and Singapore. It has served the marine and energy industries since 1903, providing specialist services in areas including emergency response, casualty investigation, salvage and wreck removal operations, scientific cargo expertise, forensic engineering and expert witness services. The firm is also a leader in research and development of ship design support to enhance maritime safety and technology and employs a renowned group of Marine Engineers, Civil Engineers, Master Mariners, Naval Architects, Cargo and Fuel Scientists, Fire Investigators and Metallurgists. Hugo Wynn Williams, Chairman, Thomas Miller, said: "Brookes Bell's long-recognised expertise across international marine and energy markets will make an excellent and complementary addition to the Thomas Miller Group."

Colin Kershaw, Managing Partner, Brookes Bell, said: "Thomas Miller is a business that very much shares the values, vision and foresight of Brookes Bell and we are delighted to have taken this next step in our journey towards further growth and diversity. Brookes Bell will continue to operate independently, with no changes to our brand or operational structure, to provide independent and highly respected expert consultancy services to new and existing clients while, crucially, having access to investment to expand."

### DNV GL Approves state of the art Kongsberg Digital Engine Room Simulators

Kongsberg Digital has received DNV-GL statements of compliance for two of its newest Engine Room Simulator models designed to provide in-depth training on the K-Sim Engine simulator platform. The DNV GL-ST-033 March 2017 Maritime Simulator Systems certification, which is based on the requirements of STCW Convention, Regulation I/12, was awarded to the DEDF Cruise Ferry and LII MAN 6S70 ME SCC K-Sim Engine models in December 2017.

Now commercially available to all K-Sim Engine users, the K-Sim Engine DEDF Cruise Ferry is the first model approved according to the new Class S (Special Task) standard for simulators used for training ship's officers on-board a vessel using LNG as fuel. The standard was launched after IMO added aspects of the International Code of Safety for Ships using Gases or other Low-flashpoint Fuels (IGF Code), including LNG fuel handling and bunkering, to Standards of Training, Certification and Watch keeping (STCW) in 2017.

The certification verifies that the DEDF Cruise Ferry model for K-Sim Engine meets approved standards to deliver training that complies with the IGF (STCW) code including functions for LNG Bunkering Operation, LNG Behaviour (Quality), Operational Principles of Dual Fuel Generator Installations and the Fundamentals of Automation, Instrumentation and Control Systems.

The DEDF Cruise Ferry model is designed for training courses aimed at ship officers

(deck and engine) that intend to work on an LNG-fuelled vessel. LNG fuelled ship-owners are responsible to ensure that crew members are able to recognise risks, be aware of specific points of attention related to LNG, and operate the related systems.

DNV GL certification for the new low-speed engine room simulator model, K-Sim Engine MAN 7S60 ME-C Suezmax Crude Oil carrier reflects compliance with all Class A requirements and additional Class S requirements for simulators used for training ship's electrical officers. It is based on real data from the engine room of a 152,000 dwt double hull Suezmax Crude Oil Carrier with 12 cargo tanks, 2 slop tanks and 9 segregated ballast tanks propelled by a modern electronically controlled MAN low-speed 6S70ME-C engine, with a nominal continuous power output of 18660 kW at 91 rpm. The electrical power plant includes 3 diesel generators. The steam plant includes two aux. oil fired boilers as well as an exhaust boiler, whilst the cargo pumps are driven by 3 steam turbines.

### **ABB modernization adds 20 years' service life to Canadian icebreakers**

ABB has successfully concluded the first modernization on a Canadian Coast Guard (CCG) icebreaker, installing the latest hardware and software onboard the 38-year-old CCGS Pierre Radisson as part of the complete upgrade to the ship's propulsion power distribution system that entailed the installation of twelve new DC-Drives and complete Propulsion Control System. The contract includes the option to amend the modernizations of two other ships in the CCG fleet, CCGS Des Groseilliers and CCGS Amundsen, both of which have clocked up more than 30 years of service.

Ultimately the project also kicked off a fleet life extension program that will see ABB upgrading 10 of the CCG's 13 High Endurance Multi-Tasked Vessels as well as Heavy and Medium Icebreakers, which conduct major search and rescue operations and play a vital role in keeping the shipping lanes of northern Canada ice free. Modernization of CCGS Pierre



Radisson was needed because the original power system, installed 38 years ago, was approaching end of life. While the upgrade will see the vessel retain its existing control arrangement of six AC alternators with rectifiers to supply direct current to the motors through upgraded breakers and contactors, the installation of the new ABB Drives will improve availability and extend endurance, allowing the ship to spend more time at sea.

Specifically, ABB fitted twin AC/DC Diesel-Electric propulsion systems for great-

er redundancy, with each featuring a DC electric motor connected directly to the vessel's propeller. ABB also took the opportunity to attach digital sensors to a variety of onboard equipment to provide its shore-based expert engineers with a virtual presence on board the ship to help diagnose problems at any time.

### **Inmarsat adapts Fleet Xpress for offshore support vessels**

Since January Inmarsat has launched a new set of Fleet Xpress plans designed specifically to meet the technical and commercial requirements of offshore support vessels (OSVs). The new plan exploits the technical capabilities inherent to Fleet Xpress, such as high-speed connections and guaranteed performance, to offer vessel operators levels of flexibility that are naturally suited to the demanding requirements of a high-end sector such as offshore support. It recognises that connectivity needs onboard OSVs change frequently and that swings in data usage are likely to be more pronounced than for conventional cargo ships by accommodating free upgrades and downgrades in service levels during the 36-month contract period. When on-hire, the appetite for bandwidth from OSVs can be immense. Projects often generate considerable volumes of data that need sending back to shore for analysis, with third-party contractors onboard and an intense working environment. Furthermore, OSV operators also traditionally are generous with crew welfare.

Supported by a 1m antenna, Fleet Xpress for OSVs delivers committed information rates of up to 3Mbps for uploads and 6Mbps for downloads with a standard antenna, climbing to 5Mbps and 10Mbps respectively with an enhanced antenna. When off-hire, a more economic 128Kbps/128Kbps link may be sufficient to keep core operational data exchange ticking over. This elasticity means that OSV operators can utilise the full potential of Fleet Xpress for the duration of a project and then switch to a narrower 'standby' link between projects, also avoiding early termination costs. A network service device (NSD) manages bandwidth and regulates the flow of data traffic between the





vessel and shore. The offer also includes provision for owners to suspend services for up to 180 days, subject to equivalent contract term extension.

In addition, the new set of OSV plans can be used in conjunction with new hardware from existing terminal manufacturers that will provide a dual antenna solution to minimise outages caused by line of sight blockages, a common occurrence for OSV vessels due to their proximity to rigs and operating in high seas. This will be managed by a single antenna control unit that will handle the service and seamless switching between antennas.

## Is New technology fundamentally altering the relationship between man and machine?

Discovering practical solutions and engaging in cross industry dialogue will be the twin themes of the Transas annual Global Meeting scheduled for Vancouver in March.

Over the course of three days, speakers will reflect on new digital business models and discuss three elements of change: the economic factors around the business model and operations; the technologies that are available; and the impact on the human element.

The opening keynote will be provided by Transas CEO Frank Coles who says, "We have had enough talk about autonomous ships and now we need action: action in the operational business model; action in the delivery of technology tools; and a commitment to the relationship between the human and the machines."

In the opening 'Change: Business Model or Technology' session, industry stakeholders from the economics and finance sector will join ship management and supply chain experts to discuss how technology and shippers are disrupting the maritime industry and changing current business models. Speakers include Mark O'Neil, President of Columbia Shipmanagement;

Kris Kosmala from AI-recognition supply-chain solutions provider Quintiq; and Christopher Rex, Head of Research, Danish Ship Finance. In session 2, 'The Automated Operations Eco System', Lloyds List's Richard Clayton will moderate a panel debate featuring David Christie, SVP, Corporate Maritime Quality Assurance of Carnival Corporation, Joern Springer, Senior Director and Head of Fleet Support Centre from global container shipping company Hapag Lloyd, and Ulf Siwe, Communications Officer for the Sea Traffic Management (STM) Validation project.

An event highlight is sure to be provided in session 3, 'Man or Machine', where the keynote will be given by Capt. Harry Nelson, Director CL Max Consulting and former Airbus Operational Advisor to Product Safety, in a joint presentation with Rama Myers, VP for Aviation of AI technology specialist Seeing Machines focusing on the wider application of AI. Moderated by Neville Smith, Director of Mariner Communications, the session will be continued by a panel discussion where Harry Nelson and Rama Myers will be joined by Capt. Pradeep Chawla, Managing Director, QHSE and Training, Anglo-Eastern Univan Group and Brian Luke, President, Bluewater Crew Training. The guest keynote in the final session of the first day will be presented by Glen Hiemstra, the acclaimed futurist, who has advised professional businesses and governments on technology innovation for two decades. The final day of the conference agenda will be dedicated to explaining the A-Suite, the new Transas' AI-powered cloud solution that promises a step change for vessel operational efficiency, plus other solutions in the THESIS portfolio. The Transas Global Conference 2018 takes place on 6-8 March in Vancouver, Canada. To learn more visit: [www.thesis2018.com](http://www.thesis2018.com)



# POLEMBROS SHIPPING

## IN PURSUIT OF EXCELLENCE



Η Polembros είναι μια από τις κορυφαίες εταιρίες διαχείρισης πλοίων με περισσότερα από 40 χρόνια εμπειρία στην μεταφορά πετρελαίου και χύδην ξηρού φορτίου και απόλυτη αφοσίωση στην ασφάλεια και την αποτελεσματικότητα.

- Συνεχώς αναπτυσσόμενος, σύγχρονος στόλος - πλοία υπό Ελληνική σημαία
- Φιλικό, ασφαλές περιβάλλον εργασίας με υψηλά επίπεδα διαβίωσης εν πλω
- Συνεχής επιμόρφωση ναυτικών και δυναμικό πρόγραμμα κατάρτισης δοκίμων
- Ανταγωνιστικές αποδοχές και προοπτικές γρήγορης ανέλιξης

Επικοινωνήστε μαζί μας τηλεφωνικώς ή στέλνοντας την αίτηση σας μέσω της ιστοσελίδας μας.

Λεωφόρος Ποσειδώνος 57Α • Μοσχάτο 18344 • Αθήνα • +30 2104580300 • [www.polembros.gr](http://www.polembros.gr)



## GasLog LNG Services Ltd. : GASLOG HOUSTON







## GASLOG HOUSTON

**Construction shipyard**  
Hyundai Heavy Industries Co. Ltd

**Year of construction**  
2018

**Flag**  
Bermuda

**Classification Society**  
DNV GL

**IMO No**  
9748899

**DWT**  
81,224 MT

**GRT**  
114,240 MT

**Vessel Type**  
Liquified Natural Gas Carrier (LNGC)

The modern Newbuilding Liquified Natural Gas (LNG) vessel named as “Gaslog Houston” has been delivered to her Owners/Managers, Gaslog Ltd. during January 2018. This energy efficient vessel is registered under Bermuda Flag, has been constructed at Hyundai Heavy Industries under the supervision of DNVGL and is equipped with the innovative technology of dual fuel 2-stroke propulsion engines manufactured by Wartsila. Vessel’s cargo capacity is up to 174,000m<sup>3</sup>.

## **Eastern Mediterranean Maritime Limited: M/T Agios Sostis I**







## M/T AGIOS SOSTIS I

**Construction shipyard**  
Japan Marine United

**IMO No**  
9759836

**Year of construction**  
2017

**DWT**  
299,996 MT

**Flag**  
Malta

**GRT**  
156,341 MT

**Classification Society**  
ABS

**Vessel Type**  
Crude Oil Tanker (VLCC)

The newbuild "VLCC M / T AGIOS SOSTIS I " managed by EASTERN MEDITERRANEAN MARITIME LIMITED was built in Japan (JMU) under the supervision of ABS and flies the Maltese flag.



## ABB makes ready for the rise of the Chinese cruise ship



By

**Alf Kåre Ådnanes**

Head of China Marine & Ports, ABB



and

**Marcus Höglom**

Vice President of Global Sales, Passenger vessels  
and Azipod propulsion, ABB

As the maritime industry's most diversified supplier of power, automation and propulsion systems, ABB is immersed in the technology that delivers safety, comfort, efficiency, and sustainability to cruise shipping. The group is also well prepared for the emergence of Chinese-built cruise ships.

The first two 4,980-passenger-capacity Chinese-built luxury cruise ships for Carnival Corp, to be constructed by the Fincantieri China State Shipbuilding Corp (CSSC) joint venture, serve notice of a shift in the cruise shipbuilding industry that has been dominated by Europe. The ships will be delivered under a new Carnival brand for the Chinese market from a new Shanghai Waigaoqiao yard cruise shipbuilding zone.

As the leading power distribution and automation technology provider to the cruise ship market, ABB is certainly taking a close interest in this development.

"Chinese shipbuilding is one of the most significant markets for ABB's power and automation systems, Azipod propulsion units, and turbochargers," says Alf Kåre Ådnanes, head of ABB's Marine and Ports

business in China. "Chinese shipyards are diversifying their portfolios and ABB's long history in the icebreaking and cruise sectors is particularly relevant to China's ship builders. We are part of the existing shipping cluster and can support Chinese shipyards in their strategy to build cruise vessels for China and for global customers."

Ådnanes suggests ABB is in a unique position. "As well as being the leading supplier of electrical propulsion systems for passenger vessels, we have made deliveries for over 200 vessels to yards in China, many of which are highly advanced - such as research vessels, icebreakers, and off-shore vessels. We also have production up and running in China that supplies generators, motors, and switchboards - many of the key components that are already being used by the European yards."



In fact, as a group, ABB has been present in China for over 110 years, with its immersion taking in R&D activities, manufacturing, sales and services across 80 cities. “I think all of this makes ABB the perfect partner for power distribution, automation and propulsion systems for cruise ships in China,” Ådnanes says.

ABB Turbocharging has also been in China for decades, establishing long-lasting relationships and a joint venture in 2006 between ABB China and CSIC-Chongqing Jiangjin Turbo & Charger Machinery Co., Ltd. The Center of Excellence for production of ABB turbochargers, plus six turbocharger service stations and three service points across the country contribute strongly to ABB’s position in the Chinese marine sector.

ABB recently secured contracts to supply electrical power generation and distribution solutions, Azipod propulsion system and turbochargers for the new Viking Line cruise ferry to be built in China. The 13-deck, 63,000 gt vessel being built in Xiamen Shipbuilding Industry co. will deliver a 2,800-passenger capacity vessel, Ltd in 2020, with an option to build a second cruise ferry at the yard.

This is especially notable for ABB as it represents the first specification of Azipod propulsion in a cruise-ferry application. The Azipod units will be delivered from Helsinki. Classed by DNV-GL, the ship will feature Azipod XO units designed to

match the ship’s ice class IA Super notation. The newly developed two-stage turbocharging Power2 800-M will also be applied on this vessel.

“The Viking cruise ferry is a very advanced project,” says Marcus Höglblom, Vice President of Global Sales, Passenger vessels, and Azipod propulsion. “Although the ship will have a car deck, it will be as technologically advanced as a cruise ship, if not more. We are applying the very same standards as we would to a European-built cruise ship in terms of the complete power and electrical distribution systems, and the propulsion plant. In this case, our organization in China will fully benefit from our knowledge and experience in Europe, which in the end will benefit our customers.”

ABB’s service organisation is also global, Höglblom says, undertaking scheduled service and maintenance of Azipod units and electrical systems for cruise vessels in China.

Globally, ABB Turbocharging also has a strong position in the cruise ship market that is highly relevant to the emergent Chinese luxury vessel market, says Paolo Tremuli, Senior Application Manager, ABB Turbocharging.

Power density and engine efficiency are key demands for cruise vessels, he explains, and these are applications that contribute to new generation engine technology. To support these developments, the ABB turbocharger portfolio has been extended,

through competitive one-stage and two-stage solutions. The AI00-M and the Power2 800-M series, respectively, are excellent examples of such solutions applied in this important and growing market segment.

“Keeping cruise ships at high occupancy and operating on tight schedules, will remain the number one requirement for cruise ship owners and operators,” Tremuli suggests. He adds that ABB will continue developing lifecycle solutions, harnessing digital technologies to meet the specific needs of customers in this important segment. “For our turbocharging solutions, this means no compromise on safety and reliability while maintaining uptime and performance in operations.”

Höglblom concurs and believes ABB’s worldwide service capability will be a key contributor to the rise of ABB’s cruise ship business in China. “The global nature of ABB is beneficial from an installation, commissioning, operational and service point of view, and that is something that cruise ships benefit from as much as any other type of vessel,” he says. “The customer can take advantage of the benefits of digitalization, such as remote monitoring, remote and predictive diagnostics, supported through ABB Ability Collaboration Operation Centers that are already connected to hundreds of vessels.”



## Benelux Overseas expect reduced maintenance costs and enhanced efficiency with fleet-wide Jotun SeaStock agreement

By **Nikos Ioannou**  
Managing Director of Benelux Overseas Inc.

Benelux Overseas, a leading owner and operator of advanced LPG carriers, has signed a two-year agreement with Jotun for its SeaStock maintenance solution. The Smart Pack solution, which includes a range of tailored high quality Jotamastic primers and superior topcoats, will enable the Greek-headquartered firm to slash maintenance costs and reduce waste while enhancing efficiency and environmental performance across a portfolio of 15 globally trading vessels.

Jotun SeaStock is designed to offer unbeatable asset protection. The anti-corrosion performance of the primers combines with the superior flow qualities and durability of the topcoats to provide a smooth, long-lasting and high quality finish. This extends the time between maintenance painting operations. As a result, paint consumption is reduced and the efficiency increased with the use of less man-hours, less waste and significantly less cost.

It's a concept that proved instantly appealing to Benelux Overseas:

"In a competitive market we're always looking for ways to control operating costs, while still providing the best service and value to our customers and other business stakeholders," comments Nikos Ioannou, Managing Director of Benelux Overseas. "The selection of the right coating partner is an important part of this process."

He continues: "Having a high quality, durable coating protects our vessels and reduces the need to re-coat surfaces.

This cuts down on waste, thus supporting our ISO environmental policies, and reduces crew costs and application time. And of course, time is money. So the business case for choosing Jotun's SeaStock is compelling. Furthermore, the fact that the solution is made for easy application, with brush and roller, and readily available in the countries where we trade was a clear advantage. We look forward to seeing the business and environmental benefits of Jotun SeaStock in action in the near future."

The contract was agreed between Benelux Overseas and Jotun Hellas, one of 64 individual Jotun companies serving the global marketplace.

Dimitris Zarogiannis, Marine Global key Account Manager, Jotun Hellas, says of the new partnership: "We work hard to understand the individual needs of our customers and believe that the SeaStock Smart Pack solution is ideal for the requirements of this important niche shipping company. It will enable them to realise an excellent return on investment, while supporting their overall goals of continually enhancing efficiency, environmental operations and business performance.

"A growing number of shipowners are now appreciating just how important the right coating solutions, and partners, can be for their businesses. We're delighted that Benelux Overseas is one of them."





# Posidonia

A unique business platform for  
the global shipping industry

22,000 VISITORS

1,825 EXHIBITING COMPANIES

101 COUNTRIES

Welcomed by the owners of a fleet  
of over 4,000 vessels



**4-8 June 2018**

Metropolitan Expo, Athens Greece

[www.posidonia-events.com](http://www.posidonia-events.com)

## Uptake of LNG as a fuel for shipping



Greater regulatory certainty and a burgeoning bunkering infrastructure worldwide means the conditions couldn't be better for LNG-fuelled vessels to set sail, according to DNV GL.

Using natural gas as a fuel has long been hailed as the future of shipping. However, it has proven remarkably difficult to establish exactly when this future will arrive. In 2012, DNV GL predicted that by 2020, the LNG-fuelled fleet would comprise around 1,000 vessels. Today, there are 117 vessels burning LNG, of which more than two-thirds are operating in Europe. A confirmed order book of 111 vessels will see that figure double. In addition, there are 114 vessels that are classified as LNG-ready.

### Bunkering boom

"Over the last few years, it has become clear that LNG uptake is on the rise," says George Teriakidis of DNV GL Hellas. "And the conditions for this to accelerate even faster are in place. In particular, bun-

kering options are expanding on a global scale. Today, there are 60 supply locations worldwide, including Singapore, the Middle East, the Caribbean as well as Europe. A further 28 facilities have been decided and at least 36 are under discussion."

By the beginning of 2018, six LNG bunker vessels will be in operation globally, and four more projects are confirmed. Major players including Total, Shell, Gas Natural Fenosa, ENN and Statoil have announced plans for new LNG bunker vessels, which, according to DNV GL's Senior Consultant for Environmental Advisory, Martin Christian Wold, are likely to materialize in the near future at key locations in northern Europe, the Middle East, the Gulf of Mexico, Singapore, and the Mediterranean.



Meanwhile, government-backed initiatives are getting underway in China, Korea, and Japan, as these countries strive to meet ambitious national targets for combating local pollution and reducing greenhouse gases (GHGs).

Wold explains: "For suppliers, it's very much a question of timing. They won't bring these facilities online until they see sufficient confirmed orders for LNG-fuelled tonnage to justify the investment. Yet, they are also jostling to secure an anchor customer and gain first-mover advantage to deter their rivals from setting up nearby."

Shell, for example, has just signed a long-term charter agreement for a 4,000m<sup>3</sup> bunker barge to supply LNG bunkers along the U.S. east coast. Meeting growing demand for LNG from cruise lines was cited as the major impetus behind the decision.

The regulatory outlook too is now much more certain, thanks to IMO setting 2020 as a fixed date for the introduction of its global cap on fuel sulphur content. Because of the political currency attached to the decision, any softening of the regulation or significant slippage is regarded as unlikely.

"Evaluating whether LNG as a fuel will provide a competitive edge is difficult enough for ship owners. Having to anticipate various regulatory scenarios on top of that complicated matters further. IMO's decision brings much-needed clarity to owners considering switching to LNG and other alternative fuels," says Wold.

### Inflection point

Both SEA\LNG, a multi-sector industry coalition working to facilitate and accelerate the widespread adoption of LNG as a marine fuel, and the Society for Gas as a Marine Fuel (SGMF), a non-governmental organisation dedicated to promoting the safe handling of LNG as a fuel, have watched these developments unfold and believe that an inflection point for LNG uptake is closer than ever.

SEA\LNG General Manager Steve Esau says that the pivot will hinge on global availability of bunkering infrastructure close to traditional bunkering ports. "Nine of the top ten oil bunkering ports already offer LNG or have firm plans to do so by 2020," he says. Slicing the statistics another

### Area of operation of LNG fuelled vessels



### LNG bunkering infrastructure is developing rapidly



### AIS data from LNGi shows that LNG fuelled ships are already covering a large area



The heat map is based on the LNG fuelled fleet's AIS positions from 15.05.2017-25.05.2017





Georgios Teriakidis, Regional Business Development Manager, DNV GL - Region South East Europe, Middle East & Africa believes that, over the last few years, it has become clear that LNG uptake is on the rise.

er way, there are already large-scale terminals nearby 24 of the world's top 25 ports ranked by trade volume. With a little more investment in the 'last mile' to bring LNG from the bulk infrastructure to ships, he believes the foundations are in place for a wider switch to LNG from 2020.

SGMF's main objective is to provide guidance for safe and responsible use of LNG as fuel, and General Manager Mark Bell has been watching the development from the start: "Right now just 0.2% of the addressable global fleet is running on LNG. But with regulatory clarity and established standards for safe handling of gas as a marine fuel, I believe we will see LNG fuel for ships become a mainstream option within the next five to seven years."

### Boxship breakthrough

The concept is increasingly appealing to container lines, with several now giving serious consideration to LNG for their newbuild fleets. Maersk Line raised many eyebrows when it publicly stated it views 'alternative fuels' as a better long-term solution to meet tougher environmental regulation than exhaust gas scrubbers in combination with conventional engines running on heavy fuel oil (HFO).

In 2012, DNV GL predicted that by 2020, the LNG fuelled fleet would comprise around 1,000 vessels.

Just recently, CMA CGM made an announcement timed to coincide with the COP23 talks in Bonn, Germany, that it will equip nine 22,000 TEU vessels with engines burning LNG, thereby improving their EEDI by some 20% over comparable HFO fuelled tonnage.

Endorsements for LNG by such major operators could serve as the catalyst that triggers a stampede. DNV GL's Wold comments: "While speculation about orders for large LNG fuelled container ships on the Far East-Europe route had been mounting, few had expected a breakthrough contract to arrive this year. It marks a significant turning point for LNG as a fuel and the shipping business more generally."

### Zero-carbon transition

LNG fuel as a solution to curb harmful emissions is indisputable. It emits zero sulphur oxides (SOx) and virtually zero particulate matter (PM). Compared to HFO, it emits up to 90% less nitrogen oxides (NOx).

The environmental agenda is today shifting to focus more on greenhouse gases. Employing current best practices and appropriate technologies to minimize methane leakage, gas offers the potential for up to a 25% reduction. "Gas is not a silver-bullet, but it is a step in the right direction when it comes to reducing carbon emissions," says SGMF's Bell.

SEA\LNG's Esau believes there is considerable scope for refinements and improvements to be made. "Advances in dual fuel technology and propulsion, enhanced control systems and future use of gas turbines present further opportunities for greater GHG reductions."

His optimism is not unjustified. Engine manufacturers have invested huge sums in R&D to improve the efficiency and environmental performance of conventional HFO burning engines, spurred by a combination of regulatory push and demand from end users for

better fuel consumption. With a similar level of focus and engineering ingenuity, there is little reason to doubt they could achieve major advancements for engines operating on LNG.

In the longer term, the possible addition of renewable natural gas – or biomethane – into the energy mix could offer further benefits. Today, biomethane is only produced in small quantities. However, as the incentives and momentum for reducing GHGs grow, production is likely to grow as well. Notably, the Port of Rotterdam is already exploring its potential. It is too early to say whether enough can be produced to fuel more than a handful of vessels, nonetheless, Esau believes this is an opportunity that must be "vigorously pursued".

While conventional LNG alone cannot cut CO<sub>2</sub> to the extent required by the COP21 agreement, it remains the best commercially available and proven technology to reduce CO<sub>2</sub> emissions for most ship types and trades, states Wold.

"We believe that expanding investment in LNG infrastructure could have significant benefits for Greece and the eastern Mediterranean," says Teriakidis. "This is why we have joined a new Greek coalition, the "Marine LNG Network". This is a group of 16 partners from across the whole of the Greek maritime industry, including ship owners, bunker suppliers, classification societies, port authorities and energy companies. The Marine LNG Network is working to create sustainable development in Greece by exchanging information and best practices, working to develop regulations and standards, and promoting safety on the use of LNG bunkering and the use of LNG as a ship fuel. We have many exciting new LNG projects in Greece currently underway and we hope that this new cooperation will help to continue to build momentum for LNG in shipping."



# Sea more.

and **Uncover the original**

**We are a true specialist in destination cruising.** Our cruise ships travel thousands of visitors from around the world to the known and hidden treasures of the Aegean and Cuba, promoting authentic experiences and showcasing the history, culture, entertainment and enogastronomy of each region.

Our company supports the national economy and the local communities wherever we operate, always respecting the natural environment and sustainable development.

[celestyalcruises.gr](http://celestyalcruises.gr)

+30 216 400 9999

**Celestyal Cruises**   
*Sea more.*





## ENERGY AND NATURAL RESOURCES

### **USA: The new energy superpower**

Russia and Saudi Arabia are no longer the world's only dominant energy powers as the US is now not only a military and economic but also an energy superpower. In recent years there has been an unprecedented increase in oil and gas production in the US, mainly due to shale extraction. According to a World Energy Agency report released last November, rising production will also place the US as the largest exporter of liquefied natural gas and among the top ten oil exporting countries by the middle of the next decade.

The increase in production has reduced US energy dependence on oil imports, mainly from the turbulent Middle East, and has also boosted US exports. By the end of the 2020s, US oil exports will exceed the country's imports. This in itself is a tremendous change in the global energy and geopolitical map.

Oil prices collapsed from \$ 120 / barrel in June 2014 due to declining demand, a strong dollar and an increase in US oil shale output. OPEC's reluctance to reduce production has contributed to the decline in prices. In 2016 the oil cartel, along with some other oil-producing countries, reduced production. The agreement to reduce production was extended to the end of 2018 in order to stabilize prices, prompting the US to further increase its domestic production.

Analysts have pointed out that the war between OPEC and US shale oil companies is not over yet. The rise in oil prices in 2017 simply means that OPEC's production cuts currently outweigh American shale oil output.

### **OPEC optimistic about oil market recovery**

OPEC seems to be hoping for a balance of oil demand and supply by the end of 2018, mostly due to the increase in world oil demand. More specifically, according to OPEC's monthly report in December, demand is projected to increase by 1.51 million barrels per day in 2018, continuing last year's upward trend and shaping final oil demand at 98.45 million barrels per day. According to this report, the increase in demand is mainly due to the increased volume of goods transported and to the recovery of the global economy, which is expected to trigger an even higher increase in oil demand in both the industrial and the construction sectors.

Moreover, the production cut by 133,000 barrels per day by Angola, Saudi Arabia, Venezuela and the United Arab Emirates last November is expected to contribute positively to balancing the market.

It is noted that OPEC member states, as well as third countries including Russia, agreed last month to extend the agreement to limit oil production until the end of 2018. OPEC members aim to reduce oil reserves worldwide to a five-year average. If the above production cuts continue in 2018, there will be a crude oil supply deficit of 700,000 bpd with the aim of covering the surplus demand for oil with global oil reserves.



## New energy strategy from Edinburgh

A few days ago, the Scottish government presented the country's new energy strategy covering all sectors from production and supply to the use of energy.

Scotland's first Energy Strategy, as it is called by the Scottish press, aims to boost local energy production, provide cheaper and better energy to domestic and industrial customers, support Edinburgh's ambitious energy self-sufficiency goals, and combat climate change.

Scotland's new energy strategy includes six priorities:

- Promote consumer engagement and protect consumers from excessive costs;
- Improve the energy efficiency of Scotland's homes, buildings, industrial processes, and manufacturing;
- Ensure homes and businesses can continue to depend on secure, resilient and flexible energy supplies;
- Empower communities by supporting innovative local energy systems and networks;
- Champion Scotland's renewable energy potential, creating new jobs and supply chain opportunities; and
- Continue to support investment and innovation across our oil and gas sector, including exploration, innovation, subsea engineering, decommissioning and carbon capture and storage.

Edinburgh's new energy strategy was welcomed by the Oil & Gas UK Trade Association, which represents a large part of the UK's oil and gas sector. Will Webster, Energy Policy Manager, Oil & Gas said: "We welcome the announcement by Scottish Minister for Business, Innovation and Strategy Paul Wheelhouse MSP that the UK oil and gas industry will remain the bedrock of Scotland's future energy system," and added that Oil & Gas UK looks forward to working with both the Scottish and UK Governments to ensure that the oil and gas industry continues to thrive.

## Gazprom gas production skyrockets

Russian energy giant Gazprom's gas production skyrocketed to 472 billion cubic meters in 2017, an increase of 12.4%



compared to 2016. An increase was also recorded in the company's export activity to European countries in 2017. According to Tass news agency, gas exports from Gazprom's refineries to Europe reached 193.6 billion in 2017, an increase of 8.1% compared to 2016.

The news was confirmed by Gazprom CEO Alexei Miller, who pointed out that the production recorded by Gazprom in 2017 is the biggest ever in its history.

Moreover, according to Alexei Miller, 2017 was a year in which Gazprom's exports set another record: the company exported 193.9 billion cubic meters of natural gas to countries not included in the Commonwealth of Independent States, an increase of 8.1% compared to 2016.

## China's steel production steadily rising

China's steel output has been steadily rising due to the country's steady economy and an increasing demand for this mineral by other countries.

According to data from the National Development and Reform Commission (NDRC), in the first eleven months of 2017 total steel production in China reached 764.8 million tonnes, an increase of 5.7% compared to the corresponding period in 2016.

The increase in domestic steel production was recorded despite the Chinese government's efforts to curb its surplus production.

Although there is still no official data, China's total steel output is estimated to have reached 832 million tonnes in 2017, while

it is expected that in 2018 it will increase by 0.7%, reaching 838 million tonnes.

## Qatar becomes dominant power in the LNG market

Qatar, the world's largest liquefied natural gas exporter, is further strengthening its position worldwide through the merger of Qatargas with RasGas, the two leading companies in LNG production.

It is estimated that through this merger Qatar will save about \$ 550 million in operating costs annually, according to Saad Sherida Al-Kaabi, President and CEO of Qatar Petroleum, a company that holds a significant stake in Qatargas and RasGas along with other international shareholders such as ExxonMobil, Total and Shell.

Al-Kaabi said that this merger has led to the creation of an energy giant in Qatar, which will be the country's sole exporter of Qatari LNG to the rest of the world. The new company operates under the name Qatargas and its aim is to provide safe and reliable LNG delivery.

Al-Kaabi also referred to Qatar Petroleum's plans to enter the Iraqi market by investing in construction and infrastructure projects for the extraction and production of oil and gas in Iraq. He pointed out that Iraq is a country with rich natural resources which needs foreign investments to help the country return to its former position in the energy sector.

Regarding the LNG market outlook, the CEO of Qatar Petroleum stressed that there will be a boom in this market in the coming years and that is why Qatar plans to continue investing in this field.

## At last an upward trend in oil prices

There is going to be a sharp increase in oil demand in 2018, according to OPEC President Suhail Al-Mazrouei. Al-Mazrouei, who is also the United Arab Emirates' energy minister, has recently stated that 2018 will be a year in which there will be high demand for oil. He added that OPEC member countries will not take drastic measures to restore the balance in the oil market unless necessary, leaving the market to "self-regulate".

Last Wednesday, oil prices reached \$ 69.23 / barrel, the highest level in the last three years. Al-Mazrouei pointed out that the way oil prices are shaped is less affected by geopolitical factors and more by fundamental factors in the oil market.

## Saudi Aramco signs partnership deal with CB&I and Chevron to enhance chemicals technology

Saudi Aramco, through its wholly-owned subsidiary Saudi Aramco Technologies, signed on January 18 a three-party Joint Development Agreement (JDA) with CB&I, a U.S.-based leading provider of technology and infrastructure for the energy industry, and Chevron Lumus Global (CLG), a joint venture between CB&I and Chevron U.S.A. Inc., and a leading process technology licensor.

The JDA will serve to scale up and commercialize Saudi Aramco's Thermal Crude to Chemicals (TC2C™) technology. This innovative technology has been pioneered at Saudi Aramco's Research & Development Center over the past few years in order to enable higher chemicals yield than previously achievable.

This innovation also bypasses conventional refining steps by employing a proprietary direct conversion process. This proprietary technology represents significant innovative progress and complements Saudi Aramco's crude-to-chemicals conventional projects. The innovative and conventional approaches together enable and accelerate the growth of Saudi Aramco's Chemicals business.

Saudi Aramco President and CEO Amin H. Nasser said, "Saudi Aramco is going beyond the quick wins and is instead pri-



oritizing investments in groundbreaking R&D and technology. Today's Joint Development Agreement with CB&I and CLG is a technological first which will position Saudi Aramco to maximize the value of each barrel of crude oil it produces in the near future. This is a further opportunity for Saudi Aramco to contribute to the development of a stronger, more diversified Saudi economy, one that creates high value employment opportunities for young Saudis in a further realization of Vision 2030 objectives."

## BP returns to Northern Iraq's oil fields

BP signed a memorandum of understanding (MoU) with Iraq on Thursday 18 2018 to ramp up production from the Kirkuk oil fields, where production was interrupted in 2014 when the self-proclaimed Islamic State (IS) militant group took over much of northern Iraq.

The agreement was signed by Iraqi Oil Minister Jabbar al-Luaybi in Kirkuk, where the North Oil Company has its headquarters, AFP reporters said. The deal with the British oil major comes as Baghdad seeks to restore output and boost production in the oil-rich region, after Iraq regained control of the area in October 2017.

Experts say work to renovate a parallel Iraqi pipeline could take up to two years. Kirkuk province currently has a production capacity of 420,000 barrels per day (bpd), but only 120,000 barrels/ bpd are being pumped and exports from the region are at a halt. According to the oil ministry, the deal with BP aims "to increase production by 750,000 barrels/ bpd".

Iraq, the second largest producer in the OPEC cartel after Saudi Arabia, signed a consultancy contract with BP in 2013 to help the state-owned North Oil Company to develop the Havana and Baba Gurgur fields in Kirkuk province.





## **Adams Ship Buildings & Repairs FZE**



- **Ship Repairing**
- **Conversions**
- **Ship Building**
- **Electrical Repairs**
- **Piping**
- **Steel Fabrication**
- **Mechanical Repairs**
- **Fuel Pump Injector Repairs**

Tel: 0097165269301, Fax : 0097165269305, P.O.BOX 50906, Hamriyah Freezone, Sharjah, UAE  
Website : [www.adamship.com](http://www.adamship.com), Email : [info@adamship.com](mailto:info@adamship.com)





## AVIATION INDUSTRY NEWS

### **Lufthansa becomes the leading airline in Europe**

2017 ended on a positive note for the Lufthansa Group as it succeeded in becoming the largest carrier in Europe, based on the number of passengers carried, having overtaken its major competitor, the low-cost Irish carrier Ryanair.

The Lufthansa Group (Lufthansa German Airlines, Swiss, Austrian Airlines, Eurowings, Brussels Airlines) carried a total of 130 million passengers in 2017 overtaking Ryanair which carried 129 million passengers.

The decline in the figures of Ryanair, which reigned in 2016 as the largest European carrier on the basis of passenger numbers, is attributed to the forced cancellation of thousands of flights at the end of last year (nearly 20,000 flights) due to the lack of a sufficient number of pilots.

The Lufthansa Group also managed to win over even more passengers due to the serious problems caused by the bankruptcy of Air Berlin last autumn.

Due to its dynamic growth, the Lufthansa Group has announced that in 2018 it will hire more than 8,000 new employees, many of whom will be flight attendants.

### **China is building the world's largest airport**

The largest and most modern airport in the world is under construction in China. It is a multi-billion-dollar project launched in December 2014 and, according to Xinhua news agency, the Chinese authorities have announced that the airport is expected to begin operations in 2019.

It is 46 kilometers from the center of Beijing and is being built in order to decongest traffic from the Beijing Capital International Airport located in the northeast suburbs of the city.

The airport will be connected to the capital of China by high-speed rail as well as intercity buses running on an expressway. The terminal buildings cover an area of 313,000 square meters. Designed by the late architect Zaha Hadid, it looks like a large steel flower. Its structural skeleton defined by five limbs spreading out from a central core is also reminiscent of a flying phoenix.

4/5 of the new airport's total traffic will be conducted by two of China's three major airlines, China Eastern Airlines Corp and China Southern Airlines Co., which will transfer their services to the new airport. The new airport is destined to become one of the world's largest transport hubs, as it is expected to handle 620,000 flights, 100 million passengers, and tonnes of cargo each year.

At the same time, it will contribute to the development of Hebei Province, as China plans to create a megacity in the area to serve the needs of the new airport.

The mega airport is expected to bring China to the forefront of air transport.

### **Airbus strengthens its presence in China**

In the context of French President Emmanuel Macron's official visit to China, there

has been an agreement between Airbus and its Chinese partners to speed up delivery times for aircraft of the A320 family, which are assembled at the Airbus facilities in Tianjin. The aim is to have six aircraft leave the Tianjin assembly line on a monthly basis up until the first months of 2020.

It is noted that since 2008, when Airbus' final assembly line in Tianjin was inaugurated and up until 31 December 2017, a total of 354 A320 aircraft had been assembled.

The total value of the industrial cooperation between Airbus and the Chinese aviation industry for 2017 is estimated at almost \$600 million.

Finally, the visit of the French President to Beijing brings closer the implementation of another agreement beneficial to Airbus. According to French news media, China is expected to buy a total of 184 Airbus A320 aircraft. If the purchase goes through, close to \$18 billion will flow into Airbus' accounts.

Airbus' near future plans also include the sale of A350 airlines as well as the A380 Aero giant to the Chinese.

### **Aegean Airlines hits new passenger record in 2017**

Aegean Airlines and Olympic Air passenger traffic increased by 6% in 2017. For the first time in the airline's history, the number of passengers surpassed the 13 million mark. More specifically, a historic record of 13.2 million passengers were carried, i.e. 750 thousand more than the previous year. It is worth mentioning that the increase in traffic is entirely due to the improved utilization of the network, since the number of flights operated in 2017 was not higher than in 2016.

The passengers who traveled on the international network, which continues to be the main growth driver, amounted to 7.3 million, recording an annual increase of 9%. On the other hand, despite the increased number of competitors, domestic traffic also increased, reaching 5.9 million passengers compared to 5.7 million in 2016, with frequent and appealing fare offers leading to higher load factors.

The strengthening of the Athens network has been the main focus of investment for



yet another year. More specifically, international passenger traffic increased by 15%, while total traffic from AIA increased by 9%, with AEGEAN surpassing 10 million passengers for the first time, thus contributing to the traffic and tourist movement of the airport and the city of Athens.

In 2017, AEGEAN achieved historically high load factors as a result of its successful commercial policy and efficient network management. Specifically, the load factor rate for the entire domestic and international network increased to 83%, compared to 77% in the previous year.

Mr. Dimitris Gerogiannis, Managing Director of AEGEAN, stated: "We concluded 2017 with positive results, achieving the main quantitative and qualitative targets that we had set out for the year. We utilized our fleet more effectively, achieving historically high load factors. We have strengthened our position in our key Athens hub, contributing once again to its growth and development. At the same time, we continued to promote local products and destinations on our flights. We begin 2018 by planning 18 new destinations and a total of 700 thousand extra seats. The optimal utilization of the winter months is the common goal; a goal in which we, as well as other industry stakeholders, the airports, and the State need to invest, with the right policies and products, in order to provide a solid foundation for the necessary investments, which will lead to the further development of Greece's Tourism product."

### **Emirates signs agreement for up to 36 additional A380s**

For the fifth consecutive year, Airbus, the European plane maker, has achieved more

sales of passenger aircraft than its major competitor, the American Boeing.

As far as 2017 is concerned, Airbus announced that the net orders it received amounted to a total of 1,109 aircraft, compared to the 912 net orders of Boeing. With regard to aircraft deliveries, Airbus delivered a total of 718 aircraft last year, while Boeing delivered 763.

The biggest boost for Airbus sales was given at the end of the year during the Dubai Air Show when a giant \$49.5 billion order to supply 430 aircraft to U.S. private equity fund Indigo Partners was announced. This is the largest order Airbus has ever received. On the other hand, during the same air show, Boeing signed a landmark agreement to sell 175 planes to the budget airline flydubai, including options to buy a further 50 planes. The whole deal is worth \$27bn at list prices.

But the good news for Airbus continues in 2018, as the European plane maker secures a lifeline for the iconic A380 with Emirates ordering 36 Airbus A380 superjumbos valued at US\$16 billion at latest list prices. The commitment is for 20 A380s and an option for 16 more with deliveries to start in 2020. The order will keep the A380 program afloat at least for the next decade.

Emirates is by far the A380's largest customer, having already 101 A380 in its fleet. The deal brings Emirates' total commitment to the A380 program up to 178 aircraft and a total value of \$60 billion.

To date, over 200 million passengers have already enjoyed the unique experience of flying on board an A380. Every two minutes an A380 either takes off or lands at one of the 240 airports around the world ready to accommodate this magnificent aircraft. To date, 222 A380s have been delivered to 13 airlines.

## Despite the twists and turns of fate, we have remained eternally optimistic

The Centennial Speech by Joe Hughes, Chairman and CEO of Shipowners Claims Bureau, Inc., during the American Club's anniversary dinner in Athens, Greece.



Shipowners Claim Bureau Hellas, the Greece branch of the manager of the American P&I Club, organized an exemplary anniversary formal dinner party at the Grand Bretagne Hotel as a final celebration in 2017 of 100 years of service of the American Club in the marine insurance industry. Starting off in June 2017, the Club had its main celebratory event marking its 100th Annual General Meeting of the Members in New York. This was followed in October by tributes to its cooperating markets in Asia. On Friday December 8th, 2017, the management of the American Club paid special tribute to the loyalty of its Greek membership over the last two decades of its 100 years of servicing the P&I marine insurance market overall.

2017 was a special year for the American Club, marking its one-hundredth year of service to the global maritime community. During the year the Club hosted a number of events in celebration of its centennial. A gala dinner took place in New York, the Club's birthplace and continuing home, on June 22, in conjunction with the one-hundredth annual meeting of its Members. The evening brimmed with entertainments – including a rendition of Frank Sinatra's *That's Life* by the president of the management company! An abridged version of my address to those who attended the dinner is contained below.

It reflects upon, and seeks to record, some of the initiatives, events, vicissitudes and commitments which have played their part in the story of the American Club, particularly over recent years. Those Members and other friends of the Club who were not at the dinner may find it interesting.

Tonight is a special night and deserves some serious reflection as we look back over one hundred years of the American Club. Twenty-five years ago there were some who were skeptical that the Club would make it to a hundred. But it did, and the fact that it did can be attributed, among other things, to two overarching motivators – pride and perseverance.

Pride in the legacy of the American Club can be understood by reading Dick Blodgett's lively centennial history, published some months ago. The story of the American Club is a rich one, creating a legacy upon which it has been proud to build its success in more recent years. This legacy gave it confidence to embark upon its Vision 2000 strategy in the mid-1990s, the fulfillment of which – and its many iterations along the way – has brought us here this evening.

Perseverance, tenacity, grit, application, doggedness, however you might wish to describe that impulse of the human spirit, was the other indispensable driver shared by everyone whose combined efforts have brought the American Club to where it is today. And let us reflect on the statistics of the past twenty years. Over that time the Club has undergone a sea change: a more than fivefold increase in entered tonnage; fourfold premium growth; eightfold growth in total funds, a tenfold increase in free reserves, and much greater diversity by reference to the source of the American Club's following, and the industry sectors from which it gains its membership.

Twenty-five years ago, less than five percent of the American Club's business came from overseas. Nowadays, although about a third of the Club's entries are still generated from North America, about a half are now derived from Europe, the Middle East and Africa, and about one fifth from the Asia Pacific region. Members from all three core constituencies of the Club are here tonight. We salute all of you, and the great diversity you bring to the Club's affairs, representing not only different regions of the world, but also many different types of vessels and trades. And, in addition to honoring those who support us here in the Club's homeland, we also cherish the loyal and enthusiastic support we have received from the Greek community over the years, as well as from owners in Greater China and Southeast





# ENTERPRISES

SHIPPING & TRADING S.A.

***The shipping partner  
you can trust !***

*Celebrating  
36 years  
of unparalleled  
performance in  
delivering  
round-the-clock  
safe, reliable,  
efficient  
and personal  
client-service  
solutions  
through our  
state-of-the-art  
vessels and  
equipment  
managed by  
our dedicated,  
responsive and  
dynamic team  
of professionals.*

11, POSEIDONOS AVENUE,  
ELLINIKO GR - 167 77 ATHENS  
TEL +30 210 8910111 (switchboard)  
FAX +30 210 8980351 - 8983612  
E-MAIL: [operations@ensh.com](mailto:operations@ensh.com)





(Left to right) Mr. Arpad A. Kadi – Chief Financial Officer (CFO), Mr. Vincent J. Solarino – President & Chief Operating Officer (COO), Mrs. Dorothea G. Ioannou – Chief Commercial Officer, Mr. Joseph E. M. Hughes – Chairman & Chief Executive Officer (CEO)

Asia. To all of these great constituencies of shipping, we offer our sincere thanks.

To develop its business globally, the Club enlarged its international service capabilities. In addition to its New York headquarters, and its more recent opening in Houston, it has overseas offices in London, Piraeus, Hong Kong and Shanghai. The Club has also expanded its range of insurance products. Originally offering only P&I, the Club now provides Freight, Demurrage and Defense (FD&D) cover, charterers' insurance and a broad catalog of related protections. It has also pioneered entirely new areas of business. Its Eagle Ocean Marine facility has been thoroughly successful in the fixed premium P&I sector and American Hellenic, an underwriter of hull and war risks, enjoys a growing reputation for excellence throughout the international markets.

So, and although I may be accused of immodesty, from a relatively small and unpromising start, the American Club has built a breadth, depth and reach of capabilities commanding genuine respect throughout our industry. Despite the twists and turns of fate, we have remained eternally optimistic, mindful of Churchill's observation: a pessimist is one who sees difficulty in every opportunity, an optimist is one who sees opportunity in every difficulty. But no one, nor any particular group of people, did this alone. All who have been involved with the Club over the years have played their parts in turning aspiration into accomplishment as the story of the Club unfolded.

First, of course, come the Members themselves, whose support is a precondition to

the very existence of the Club. And there are some Members who have been with us since even before the great changes of the last twenty years.

Secondly, we have our Board of Directors who have enabled the development of the Club over recent years and added their own enthusiasm to its efforts. So many deserve grateful recognition by the Club. Past and present, they have distinguished themselves by their diligent and supportive attention to the Club's affairs.

In this connection, too, the efforts of those who were earlier charged with the management of the American Club deserve equal appreciation. In often difficult circumstances over the years, their own commitment ensured that the Club's mission remained a torch kept lit, to borrow William F. Buckley Jr.'s phrase.

And what of the present management team? I would suggest that the motto of the United States – "E pluribus unum" – could with as much propriety be attached to SCB as it is to the nation itself!

It has been a singular pleasure over the past nearly twenty-two years to lead such a talented, diligent, agreeable and colorful group of people from around the world. In this I have been ably supported by Vince Solarino to whom I extend my special appreciation for the many years over which we have collaborated closely together.

Our management team of today contains a new generation of professionals following brilliantly – and insistently! – behind us. Theirs is a brave new world, relentlessly immediate and interconnected and more demanding, requiring new skills for the

future, but still rooted in the values of service, character, integrity and hard work. It is beyond dispute that the American Club is richly endowed for the future in its next generation of P&I stars!

To paraphrase the English metaphysical poet John Donne: no club is an island, entire of itself, every club is a piece of the continent, a part of the main. Recognizing this, a relationship which the American Club especially cherishes is that which it enjoys with its coventurers in the International Group of P&I Clubs, a uniquely glittering galaxy of talent and solidarity within the firmament of all things marine. It is a cause for reflection, on the longevity of Group clubs, and the extraordinary durability of the Group system, to note that, as a mere centenarian, the American Club is the second youngest of the mutuals making up the Group. The oldest are one hundred and sixty-two this year, I believe. We are pleased to welcome here this evening many of our coventurers – and friends! – from other Group clubs. We thank them most warmly for joining us in our celebrations.

We also salute the Club's other counterparts, collaborators, partners and allies present here this evening. Friends from Lloyd's of London, and other insurers, the Club's supporters from the all-powerful broking community, its financial advisors and legal counsel, its correspondents, its consultants and surveyors, representatives from the press, and everyone who does their part in advancing its cause in so many different ways. We like to think, to paraphrase John Milton in this case, that thousands at our bidding speed and post o'er land and ocean without rest! But we also know that they also serve who only stand and wait.

And let us not forget, in closing this roll-call of honor, the often unrecognized and unsung part of the seafarer, whose quiet striving from one limitless horizon to another, often in adversity, and sometimes in danger, ultimately makes all our livelihoods possible.

So, as we come to the end of the American Club's centennial year, your management team thanks all whom we are privileged to serve for your enduring support of the Club as it welcomes its second century, building on the traditions and successes of its first.





## ***We support innovative solutions to improve energy efficiency and reduce emissions***

For more information, please contact:

**Bureau Veritas Hellas A.E.**

23, Etolikou Str. - 185 45 PIRAEUS

Tel: +30 (210) 40 63 000

Email: [grc\\_lpr@gr.bureauveritas.com](mailto:grc_lpr@gr.bureauveritas.com)

[www.bureauveritas.com](http://www.bureauveritas.com)

[www.bureauveritas.gr](http://www.bureauveritas.gr)



***Move Forward with Confidence***

**BUREAU  
VERITAS**



# 13th ANNUAL FORUM

29<sup>th</sup> NOVEMBER





# **13th Annual Forum of the Institute of Chartered Shipbrokers, Greek Branch**

## **A 2017 retrospective of the shipping industry's news and events and the prospects for the coming year**

Like every year, important speakers and more than 400 accomplished professionals from the Greek and international shipping community and ICS students honored with their presence the conference, which was entitled "Sailing into Calmer Waters? Cautious optimism returns".

*Naftika Chronika* a firm supporter of ICS event, hosts the views of 8 prominent executives as they were presented and analyzed at the Annual Forum of the ICS, Greek Branch, which took place on Wednesday 29 November 2017 at the Eugenides Foundation in Athens.

In the following pages, we also present the welcome speeches of Nicolas A. Tsavlis Chairman ICS Greek Branch and Natalia Margioli – Komninou FICS, Managing Director of the ICS Greek Branch.



## The market has improved considerably since last year

By **Nicolas A. Tsavlis**

Chairman, ICS Greek Branch & Tsavlis Salvage Group

For young people starting out in the shipping industry, as well as more seasoned professionals, the Institute of Chartered Shipbrokers seeks to prepare them for the future.

It does so not only with training to provide them with the basic tools of their trade but also by helping them understand the importance of professionalism and an ethical approach to business.

Every year, this event, so capably organised by Natalia Margioli Komninou and her team, adds to this by offering an excellent opportunity to share our hopes and concerns for what the future has in store.

This year's Forum is entitled 'Sailing into calmer waters? Cautious optimism returns'. I don't think it could be more aptly titled.

As most analysts had predicted, the market has improved considerably since we gathered here last year. (This with the exception of tankers). Just about all dry cargo ships are earning above OPEX, however, after deduction of financial costs, many of them are not enjoying decent returns.

Factors which have brought this about and which could have a further positive impact on improving the market in the immediate future are:

- Newfound sense of optimism prevalent
- Revival of increased demand for tonnage, i.e. more cargo movements
- Net fleet growth at its lowest level in recent times
- Limited newbuilding deliveries
- Restraint in newbuilding orders
- Commodity prices & currency fluctuations
- Lesser slow steaming & higher bunker prices
- Diminished availability of finance & funding
- China – multi-facet factors
- Scrapping obsolete tonnage
- Deferral of ballast water management & low sulphur emissions regulations
- Threat of cyber security hacking on a large scale.

(This last factor does not really affect the market per se, however, it is a current "hot" issue.)

Needless to say, these very same factors could spoil the market if they work in a negative way.

In conclusion, on a balance of probabilities one can realistically expect that next year (2018) – and possibly the year after (2019) – will be good years for dry cargo shipping. Altogether these are fascinating times to be in shipping and I am much looking forward to the insights that will be offered by our esteemed panel of speakers as they discuss these and other issues of relevance to the shipping markets.





## ICS Greek Branch continues to grow, always remaining adaptable, motivated and responsive to the market challenges

Key points from the welcome speech of  
**Natalia Margioli - Komninou**  
FICS, Managing Director,  
HMC / ICS Greek Branch

Mrs. Natalia Margioli - Komninou, FICS, Managing Director of the ICS Greek Branch and Hellenic Management Centre opened the 13th ICS Annual Forum, commenting that this is an event that successfully attracted the spotlight of the shipping industry for 13 years now, with more than 500 professionals attending. She thanked everyone for their support towards the ICS Greek Branch all these years.

Representing the ICS in Greece since 2005, Mrs. Margioli mentioned that every year more and more young people, graduates and shipping professionals attend this Forum and the ICS Training Courses. She pointed out that once again this year the Greek Branch was the largest examination centre in the world where candidates had excelled in their exams and achieved important awards.

Proving the above, she commented that ICS Greek Branch continues to grow, always remaining adaptable, motivated and responsive to the market challenges

through its Professional Maritime Training Programmes, which have been attended by more than 5,000 shipping professionals all these years.

Mrs. Margioli referred to the ICS Annual Professional Maritime Programme, which gives shipping practitioners the opportunity to certify their knowledge and expertise, as well as expand their career potential. At the same time, shipping companies recognise ICS Membership as a validation of professional standing in the shipping industry and as a qualification of knowledge which helps the day-to-day practice and reduces the margin for error, according to the HMC / ICS Greek branch Director.

Moreover, she made a reference to the LLM in International Shipping Law (Piraeus, Greece), which is offered successfully for the last 3 years by Queen Mary University of London and HMC and gives law students and maritime professionals the opportunity to develop academic and professional expertise in specialized areas of global maritime law.



## More disclosure will be required by tax havens in the future

By **Constantinos Bitounis**

FICS, Solicitor, Piraeus office Manager,  
Waterson Hicks

In his capacity as a maritime solicitor, Mr. Constantinos Bitounis analyses the future of maritime centres in Europe and Asia as well as the effects of Brexit on the City of London.

**Taxation is a headache for many nowadays. Do you believe that tax havens will be history in a few years from now?**

I do not think that tax havens will be history in a few years from now or indeed ever. Each country is looking at ways in which it can obtain a competitive advantage over other countries so as to achieve lower unemployment and better prosperity for its population. Some countries achieve this via a highly developed industrial production that secures a good inflow of foreign currency. Other countries have competitive advantages in the fields of education or tourism or in the provision of legal services. Providing a favorable tax regime will always constitute an option for some countries so as to establish some form of competitive advantage. However, there is a related point in the question that needs to be addressed. Will there always be a veil of secrecy in the accounts of off-shore companies formed in tax havens like we are accustomed to seeing today? Will there continue to be a veil of secrecy in respect of the identities of the Directors and shareholders of companies incorporated in "corporate registries of convenience"? I think that due to the on-going effort to combat money laundering we may well see companies formed in tax havens to be required to publish details of their directors or shareholders and possibly details of their annual accounts at some basic level. Thus, I can foresee more disclosure being required by tax havens in the future. However, I do not think that this will translate into increased taxation for these companies at the place

of registration of the company. One might ask, what about the taxation of the shareholders for any dividends that they might receive? I would like to think that despite domestic and foreign pressure, at least for the shipping industry, the status quo for shareholders that are domiciled in Greece for tax purposes will not change. This is because Greece as a whole, including in terms of direct and indirect tax revenue, benefits tremendously by having so many shipping companies base their main operations in the country. If the taxation of shareholders was to change, then I am sure that there will be many countries willing to provide tax domicile status to individuals notwithstanding that they may not be spending at least 183 days of the year there. By extension, there is a risk that sooner or later this will also cause the relocation of the shipping companies. So, to revert to the original question, I think tax havens will continue to be with us for a very long time still to come.

**Paris and Dubai are willing to emerge as new maritime arbitration centers. Do you believe that there is any real future for these initiatives especially in the post Brexit era?**

My impartial assessment is that it is unlikely that Paris or Dubai will emerge as new arbitration centers, regardless of Brexit. Firstly, Dubai (U.A.E) has not adopted modern national legislation in line with the modern established theory of how arbitration proceedings should function. And France has only recently, (2011 - Decree No. 2011-48 of 13 January

2011 entered into force on 1 May 2011), amended its arbitration laws to make arbitrations more flexible. UNCITRAL, which stands for The United Nations Commission on International Trade Law, is a UN body which focuses a lot of its effort on producing model laws on various fields of international trade that incorporate established best practices and which countries may wish to bring into their national legislation so as to improve and facilitate their international trade. As such, UNCITRAL has published the Uncitral Model law on International Commercial Arbitration. England has taken on board the Uncitral Model law and has passed the Arbitration Act 1996, thereby adopting established and best practices for the governance of arbitration proceedings. This provides an advantage to London over France and Dubai. Secondly, one must not underestimate the convenience factor of the English language. English is the language adopted on most vessels as per their ISM manual. Indeed, English is spoken by an extraordinarily large number of people around the world, whether as a native or second language. Thus, good communication is achieved between parties in English and so the natural resolution forum of a dispute whose underlying language is English is a place where English is routinely spoken. That is why we see the rise of Singapore as an arbitration centre for shipping disputes but not Dubai or Paris. Thirdly, arbitration and litigation in the maritime industry is heavily supported and indeed very much driven by the insurance providers, namely P&I and FD&D cover providers. The established companies/institutions in these fields have very strong ties with London and so it is likely that for many years still to come, they will continue to view London as the best place for arbitration proceedings for shipping disputes, especially since the resolution of the merits of the dispute will most likely be subject to English law. Fourthly, London arbitration has an air of impartiality and neutrality operating in its favor. This has been built over the course of many years by a well working legal profession and judiciary and it will be difficult to displace it. Indeed, it may be particularly difficult for Dubai to achieve this because a very large number of Charterers are

now being formed and are based in Dubai and it is unlikely therefore that the parties to the charter will elect the home base of one of them as the seat of the arbitration. Finally, Brexit does not impact on arbitration at all since the recognition and enforcement of an Arbitral Award outside of England and Wales does not depend on any EU directive or regulation. On the contrary, recognition and enforcement is likely to involve an independent convention known as the New York Convention

on the Recognition and Enforcement of Foreign Arbitral Awards 1958. This has been adopted by a number of countries around the world (145 members) including England and it is not related to the EU. Even if the English Court does become involved for some reason, (e.g. an appeal), nevertheless, after the Court issues its judgment on the point of law, it has the power to remit the dispute back to the arbitrators for final adjudication which will result in an enforceable Arbitration Award.

## The Largest Drydocking Facility in Abu Dhabi



ADSB owns and operates two state-of-the-art drydocking facilities. Each year, an average of 300+ vessels are drydocked and serviced. The new floating drydock in Mina Zayed and the Synchro Lift in Mussafah are fully equipped to meet clients' needs with high quality services and competitive rates.





Mrs. Amalia Miliou- Theocharaki focuses on crucial questions asked by many young students on what does it take to become a good and respected broker and charterer nowadays.

**What advice would you give to all these students that are here today and are eager to follow a career in shipping despite the still fragile state of the market?**

Most companies that survived the latest crisis that peaked in 2016 are now in an expansive mood; a fact that brought several opportunities, especially for young shipping professionals. 2017 outpaced market expectations and 2018/2019 analytics show a cautiously optimistic environment, mainly deriving from fleet marginal rate growth & orderbook at its lowest for at least a decade coinciding with a relatively higher positive demand growth and expansive seaborne trade.

Furthermore, apart from the expectation of a better market and the need for

## In shipping we need young people, as we need new building vessels

By **Amalia Miliou- Theocharaki**

MICS, Chartering Manager, TEO Shipping Corporation,  
Lecturer on Dry Cargo Chartering at the ICS, Greek Branch

talented employees in the “traditional onshore shipping posts”, technological changes, regulation, as well as the scarcity of talented and trustworthy seafarers, have also created additional vacancies. Most establishments are in search of new blood, investing in training schemes and hiring people willing to grow within the company, with the ultimate aim to keep them for the long term.

So, my personal advice to all these students tonight would be: test what the market needs, evaluate yourself carefully, discover your niche and persuade us that you are our new favourite new building design; because in shipping we need young people, as we need new building vessels, but also different new building designs—the ones that can ameliorate our industry and keep it viable for the long run.

**Why do so many young students want to become Shipbrokers and Chartering Executives? What does it take to become a good and respected broker/charterer nowadays? Are continuous information scanning and network development the only fundamentals for this profession?**

More than 70% of the students I meet want to become Shipbrokers or Chartering Executives. Maybe because Chartering is probably the most commercial, versatile and social part in the freight related indus-

try. You can find it everywhere, inter alia in Ship Managers/Owners, Charterers & Commodity Trading Houses, and can practice it worldwide and whenever reachable. Moreover, anyone with the necessary talents could potentially start without having prior experience in the field or without holding a shipping-related or a specialised degree.

On the other hand, the Dry Bulk market has a lot of participants and especially in an oversupplied market, Charterers have several choices – so the individuals interested in excelling in Chartering need to have a comparative advantage. Of course, having a degree like the one that the Institute of Chartered Shipbrokers provides, as well as continuous information scanning and network development are very important fundamentals, but they are not the only ones. One needs to be analytical, hunt for additional information that others don't have, be able to draw a strategy, evaluate the risk of every decision, be innovative, be adaptable to market movements and also be respectful to people who one works with. Moreover, one needs to have the emotional intelligence to evaluate the person on the other side, avoid time wasters, learn when to be aggressive, when to back down and when to be patient.

Finally, break the myth that you have to come “from the inside” in order to succeed or even get a job in the industry. If you have the intelligence, adaptability, and ambition to be in shipping, you can be in shipping.

# NanoPhos

*Marine Pioneering  
Nanotechnology*



For**SEA**ing the Coatings' Future



P.O. BOX 519 Technological & Science Park, Lavrio 19500, Greece  
Tel.: +30 22920 69312, Fax: +30 22920 69303, E: [info@NanoPhos-Marine.com](mailto:info@NanoPhos-Marine.com)  
[www.NanoPhos-Marine.com](http://www.NanoPhos-Marine.com)





## The shortage of competent crews is a key question

In the light of the new environmental and technological regulations in shipping, Mr. Menelaos Pangalos shares his thoughts on the future of ship Management and the shortage of competent crews.

By **Menelaos Pangalos**

MICS, Managing Director,  
Chios Navigation (Hellas) Ltd.

**BWM and the 2020 Sulphur Cap will most probably affect the everyday life and, to some extent, the future of shipping companies. How will traditional shipping companies manage to adapt to these new technological and environmental realities?**

It is generally accepted that we must all make an effort to preserve the environment in which we live for ourselves, our children, and future generations. The marine industry must make its contribution to this effort in a wholehearted and pro-active manner. Regulations to this effect, however, must be (and this cannot be over-emphasised) through the IMO so that they are universally accepted and applied. Regionalisation of the regulations like what happened with the Ballast Water treatment is a recipe for disaster and it makes it very difficult for Owners to know what to do in order to trade their vessels internationally. It must also be ensured that sufficient investigation is carried out when well-intentioned regulations are introduced to avoid unintended consequences that increase risk factors and may lead to more accidents, as has occurred, for example, in navigational safety with the use of ECDIS. Traditional shipping companies will adapt to the new requirements in the same way they did to previous new requirements such as the introduction of double-hull tankers post OPA 90 and the adoption of written management procedures when the ISM code was introduced. Almost by definition, the fact that they are called 'traditional' implies that they have survived a long time which is an indication that they have successfully adapted to the changes that have come before.

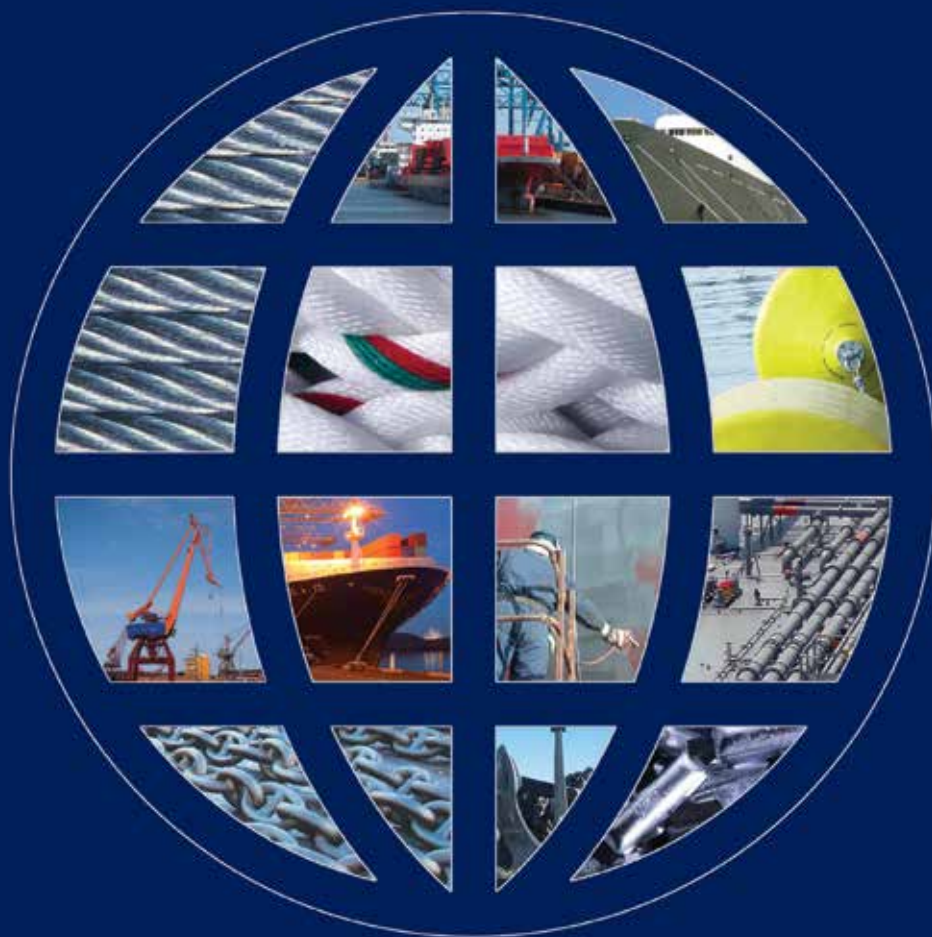
**How do Greek ship management companies react to the shortage of competent crews?**

The shortage of competent crews is a key question that all ship management companies need to address. There always seems to be a prediction of seafarer shortages and yet the fleet continues to grow and continues to be crewed by suitably qualified and certificated officers and crew. The question that needs to be addressed is the 'competence' of these crews and what we mean by that. It is well known that a very high proportion (as much as 90%) of maritime accidents are attributed to human error. Yet, the demands on board are ever increasing both with the advent of new technology and with the new regulations, not to mention the commercial pressure to complete voyages without any delays. Seafaring prowess or 'naftosini' is no longer enough. It is expected that seafarers should possess not only the required knowledge and experience for their rank but should also have commercial awareness, they should be risk assessors, compliance officers, good leaders and communicators, the list goes on. One of the key aspects is training which must be continuous on board and ashore. There is a definite awareness in the industry that following the improvements in the ship's 'hardware' and then in the shipboard management processes, the next big area that needs to be addressed is the human element beyond the requirements of STCW and MLC but more in terms of behaviour and interaction on board and between the office and the vessel. Good companies that wish to recruit and retain competent crews will value their seafarers and they will make every effort to invest in the training and the welfare of their people.

**Chios Navigation has a long history and justifiably good reputation for sound management. Would you be willing to share how you see the market developing in the next 2-3 years?**

Looking at the dry bulk market I agree with the premise that the supply and demand factors are looking positive going forward and we can be cautiously optimistic about the year ahead. In particular, I am pleased to note that there have been very limited new orders placed in the past year and also due to periods of increased scrapping there seems to be a better balance in the market. Yard capacity has been reduced at least temporarily and the availability of finance remains limited and refund guarantees have been more difficult to obtain. All these constraints have served to reduce the supply side and although there have been orders placed recently they have been more 'normal', only a few vessels at a time. We have not seen the big twenty and thirty ship orders backed by private equity and institutional investors. At the same time, demand growth both in the developed and the developing nations has exceeded expectations. China continues to be a major influence and its 'One Belt One Road' initiative will continue to support demand going forward. Overall, therefore, there are reasons to be optimistic. I am not sure that it will be 'sailing into calmer waters'. There will be continued volatility and that is a good thing. If there is too much certainty, then the danger of overordering and overbuilding is increased. I would also add that the above is now, without doubt, the consensus view and more often than not something happens which causes the markets to move in an unexpected direction. Inevitably this occurrence will always be analysed retroactively with the benefit of 20/20 hindsight and then it will be described as obvious!





KATRADIS GROUP OF COMPANIES

## Worldwide relationships!

• **Africa:** Egypt (Alexandria, Port Said, Suez) • South Africa (Durban, Cape Town) • **Asia:** Singapore (Singapore) | Korea (Pusan) | China (Hong Kong, Shanghai, Qingdao, Zhenjiang & other ports) • **Europe:** Belgium (Antwerp, Zeebrugge) | Germany (Hamburg) | Netherlands (Rotterdam, Amsterdam) | Spain (Algeciras, Cadiz, Las Palmas) | Turkey (Istanbul) | Bulgaria (Varna) | Cyprus (all ports) • **Middle East:** U.A.E. (Fujairah, Dubai) • **North America:** Canada (Montreal) | USA (Houston, New Orleans, New York) • **Central America:** Panama (Panama)



KATRADIS GROUP OF COMPANIES

UHMWPE, Aramid & Mixed Ropes for LNGs/LPGs and Tankers - Steel Wire Ropes - Sacrificial Anodes  
Anchors & Anchor Chains - Port Development Equipment - Vessel Deck Equipment

11, Psaron str., 186 48 Piraeus, Greece, T: +30 2104060300 F: +30 2104626268 & +302104619631, E: info@katradis.com - www.katradis.com



## The shipping industry relies on demand generated from economies around the world

By **Peter Sand**

Chief Shipping Analyst, BIMCO

Mr. Peter Sand, an analyst with a significant professional and academic background in maritime economics, shares his forecast for the wet and container market in the coming months.

**Can you give us a forecast for the wet market in the coming months? Are prospects as discouraging as they seem?**

It is really tough times for the wet market: crude oil as well as oil product tankers. All spot market freight rates at the end of November are loss-making to the owners and operators. BIMCO expects though that the normal peak season will lift freight rates somewhat. Following maintenance at oil fields and oil refineries during October, refinery throughput is running-

higher again. But it is still not lifting the market. The issue of large oil stocks across the globe is still a worry to us, as the oil market has yet some way to go before a 'balanced market' can be called. Until then the shipping market will see demand growth below-par. Expect the rebalancing to affect a large part of 2018 too.

**Are gloomy days still ahead for the container market?**

In the short run, BIMCO expects that container freight rates could continue to fall all the way to Chinese New Year in early February 2018. Container Lines have pushed themselves far 'behind the curve' as deployed capacity across most trades has exceeded the demand for some time now. The Lines 'tested' the strength of the market during the peak season in Q3 – and found that there was indeed a limit

to demand growth strength. Hesitating to blank sailings and reduce capacity have resulted in an off-balance market that once again offers very low freight rates to the customers. For 2018, the market seems fairly on the surface, with demand growth matching that of fleet growth. So, the container market remains oversupplied, and if owners and investors do not demolish excess capacity, other tools must be applied. Renewed idling of tonnage, blank sailings to a larger extent, and slow steaming to stick around permanently.

**In a recent announcement BIMCO stated the following: "The current state of the global economy can now be described as an accelerating cyclical upswing. It is essential that policymakers 'seize the moment' and take advantage of this window of opportunity to undertake critical reforms". What reforms do you see as necessary?**

The shipping industry relies on demand generated from economies around the world. The higher the activity goes, the busier is the shipping industry. 2017 finally turned that corner, where GDP growth went higher than the year before. As shipping is a derived demand of global economics, this provides an opportunity. Having said that, GDP growth is also much lower than just a few years ago, and the composition of it is very different – it does not benefit shipping to the extent it once did. The reforms needed mostly relate to the labour market in the European Union, as more jobs generate more money to be spent by consumers leading to more products to be produced by business and more jobs generated again. In short: A positive job creation process. Unemployment in the whole of Europe is very high – by any standard. In Japan, structural reforms for the society as a whole are needed, and are often referred to as one of PM Abe's 'three arrows'. In addition to that, labour market flexibility and labour supply must be given special focus. And in the US, we need political decision making that works in favor of globalisation and not against it.



# Shipping is not only a capital intensive industry, it is also Human Capital Intensive

By **Katerina Stathopoulou**

Executive Director, Investments & Finance Ltd., Executive Committee Member of WISTA International, Lecturer on Shipping Finance at the ICS, Greek Branch, Board Member of IforU

Mrs. Katerina Stathopoulou, a Professional Manager with multilevel experience in Shipping and Banking, analyses the contemporary relationship between a banker and a ship-owner and whether Brexit will affect ship financing.

**Some analysts suggest that the traditional personal relationship between a banker and an owner does not suffice anymore. Today's bankers need more than good PR and company reputation. Do you agree? What does a banker need today in order to assist a company to fulfill its vision for development?**

I agree that today a banker definitely needs more than good PR and company reputation in order to put a financing proposal in front of his risk department and then pass it through the credit committee. Today, the stringent regulations imposed on the Banking industry translate into quantitative risk analysis and probabilities in an excel model. Now we all know that shipping is a risky business. It is a roller coaster with highs and lows, which cannot be realistically plugged into such a financing model. Shipping is and will continue to be a Relationship Business, and not only on the financing side. Relationship means having taken the time to understand your counterpart. To know who you are really dealing with. In other words, PR. Shipping finance is not just math and project risk assessment. Shipping is not

only a capital-intensive industry, it is also Human Capital Intensive.

So, what does a banker need today in order to assist a company to fulfill its vision for development? – My over 30-years track record in this industry has shown me that the following 4 elements are essential -

- a) an experienced eye for qualitative assessment of the Borrower and the project,
- b) an open mind and “out of the box” thinking approach for the quantitative risk analysis,
- c) liquidity in the Banking system with Regulations that will allow the system to finance the Shipping “roller coaster” Industry, and
- d) Risk and Credit Committee Decision Makers with shipping experience.

**Can small and middle-sized companies attract funding? In this respect, can new players emerge in today's difficult shipping market?**

It is getting increasingly difficult for small and middle-sized companies to attract funding. Not because they are not good companies with a proven track record of successfully managing through the troughs and peaks of Shipping, but because their company model and size does not fit into the quantitative risk analysis excel models of the Banking industry today. This was not the case some years ago.

Unfortunately, this size shipping companies are being penalized for the mistakes made by the same Banks which had adopted a very aggressive, cut-throat competition loan strategy for all industries. Banks had essentially thrown out of the window the

prudent credit manual they should have been following. That's why we went from relaxed Banking regulations which relied on the good sense and credit training of Bankers to strict Basel Rules in order to keep the Banking industry alive.

Alternative Sources of Finance coming through Private Equity and Funds are now targeting this financing gap in the shipping market. However, their terms and pricing are more stringent and steeper than Banks. Assessing whether this Financing Alternative makes sense or not depends on the market, the project, and the views of the principal.

New players enter the market by all equity first. Even in the best of times, new players could not attract Bank financing. They had to first establish a track record before they could be bankable. The recipe for new players is either all equity or visibly partner up with an existing player. That has not changed.

**Brexit is coming – will ship finance be affected?**

No, I don't believe that Brexit will negatively affect the availability of shipping finance more than what has already happened. The closing down / sale of the shipping portfolio of Royal Bank of Scotland, the No 1 UK ship financier for over 50 years, left a huge gap in the market and was due to the Lehman crisis and not Brexit. The restrained bank liquidity available for shipping finance has nothing to do with Brexit. It has to do with the financing mistakes Banks made in the recent past, which led to the strict Basel rules of today.





## The worse times are not necessarily the lowest, but the longest

By **Simon Ward**

FICS, Director, Ursa Shipbrokers

Having 25 years of experience in shipping and specialising in Ship Sale & Purchase, Mr. Simon Ward talks about the prospects and developments in the dry bulk market in the months to come.

**The past years have been very hard for dry cargo operators. Which types of bulkers might be better off in 2018? Which owner and/ or manager should be more optimistic?**

In general, I am in favour of smaller sizes, because they are not reliant on the iron and steel industry, or energy. Iron ore and coking coal demand growth has reached a plateau more or less, and is subject to rather opaque environmental regulations, especially in China, as well as industry consolidation imposed by the State. Thermal coal is slightly less problematic, but still, the headwinds of decreased coal use and an increase in renewables mean it is

unlikely there will be any exuberant consumption anytime soon. Both these issues put particular pressure on capes and kamsarmax/panamax sizes, but will also affect supramaxes and ultramax. Where these smaller sizes will benefit, however, is increased growth in grain shipments, particularly soya for animal fodder in the east. In the event that trade becomes more disjointed, the increased tonne-mile demand will be felt quite quickly. As it stands, rates for handies and supramax/ultramax have remained resilient.

**Do you believe that recent yet limited prosperity in the dry market might once again lead to new orders and extra overcapacity? Do owners learn from mistakes made in the past?**

Orders have been placed already, but mainly for capes and kamsarmaxes, and these were in response to low prices, the end of Tier 2 contracts and better outlook overall. The problem is that one per-

son's good idea becomes everyone else's good idea, which then becomes a very bad idea when too many ships are ordered. Overcapacity still exists - if ships speed up a knot in speed we would soon suffer. As it stands, despite the ordering so far, there hasn't been that much in the smaller sizes. In any case, BWTS upgrades or the threat of them could lead to increased scrapping which could soon balance things out. As to the question of whether owners learn from their mistakes, the answer is probably not, but shipping is not a team game. If you order ships at low prices, you should make a profit over the long run. I am sure that owners order for their own benefit, not for the benefit of others. If you order at the right or wrong time, you will make better or worse money. No one else is going to help you out if you do the wrong thing, and you aren't going to share with others if it is the right thing. Shipping doesn't work like that.

**Do you feel that we are definitely out of the slump in the market, or is there worse to come?**

I honestly don't know, because I can't see into the future. I have yet to meet anyone who can. I think that we are in for a better year or two, but I don't think I will ever see in my working life the highs of 2003-2008 or even those of 2010-2012. The worse times are not necessarily the lowest, but the longest. In terms of the lowest, yes, I think we are past them. Can I see prolonged periods where the BDI is less than 1000? Yes, I can, but not in the near future.



MARAN GAS MARITIME INC.

Teamwork is the key



... to **success**

---

8, ACHILLEOS & LABROU KATSONI STR, GR -17576, ATHENS, GREECE  
TEL: +30 (2130) 174 500 | FAX: +30 (2130) 174 800  
EMAIL: [mail@marangas.com](mailto:mail@marangas.com)



## Oil will continue to supply the bulk of global energy needs

Mr. Adrian Wooldridge analyzes future developments in the energy market and shares his thoughts on how to control operating expenses in this difficult period for the tanker market.

By **Adrian Wooldridge**

Chief Commercial Officer, Navios Maritime Acquisition Corporation, FICS

### **Energy demand is increasing in Asia, but so are renewables. What implications does this have for shipping?**

It is fair to say that energy demand is increasing globally, but particularly so in Asia. The majority of research shows that Global energy requirements will double in approximately the next 25 years.

With energy being extracted from many different sources, renewables are only one part of the contribution to the overall energy complex and, if the research is correct, renewables will be a large part of meeting future demand.

Recent hype and headline grabbing statements would have us all believe that the global reliance on oil and coal, in particular, is now over. Oil and coal consumption is also forecast to increase at similar levels going forward as they have done in the past decade, but their percentage contribution of global energy consumption will decline. There is currently no readily available, reliable or plentiful on demand source of renewables that is able to compete with the diversity and range of energy applications that a barrel of oil can supply.

My view is that oil in its raw and various refined forms will continue to supply the bulk of global energy needs for decades to come. The continued billions of dollars of investment across a broad spectrum of oil and exploration companies, large and small, the construction of oil refinery complexes and new building tankers that are required to support them lend unquestionable support to this view.

That said, renewable energy sources still require inputs at the outset from traditional energy sources to construct them.

Take a wind turbine as an example, this still requires the initial shipping of cement, aggregates, iron ore, the steel and the shipping of component parts to be able to construct one. Thereafter traditional energy sources are still involved in their maintenance and continued operation.

In my opinion, therefore, renewables themselves are actually supportive of the shipping industry as a whole and should not be seen as a form of threat but one that complements.

### **Is there going to be a rise in the operating costs of tankers this year? How can a shipping company manage its expenses in this volatile market?**

In broad terms, after several consecutive years of falling costs, we may see a marginal overall rise this year in opex.

Recent years have brought with them deflationary pressures on the cost of labour, spare parts and repairs in an increasingly competitive environment. The cost of lubricating oils has also dropped significantly with the general decline in the price of oil and this has assisted greatly in the control of costs.

However, some of these cost factors are now stabilising and particularly the cost of lubes has started to increase commensurate with the increase in oil prices.

Management of costs should remain a priority at all times, not just linked to volatility or weaker market conditions.

Consolidation in the industry and striving to obtain economies of scale continues to be a key focus as a primary means of managing expenses.

As an example, at Navios we control about 200 vessels and we leverage the resulting economies of scale to maintain our daily opex well below industry averages in all sectors.

### **There is a rising debate that the last couple of years listed companies' have not been as successful as they had planned. At the end of the day, do you think that the international stock exchange market can ever be a "safe bed" for shipping companies?**

I am certain that the vast majority, if not all, listed shipping companies would disagree with the statement about not being successful.

Surely the definition of success depends on which marker they are being measured on, by whom and for what purpose.

For example, is survival in a very tough investor environment one such marker?

Perhaps another is the continued ability to raise further capital in such an environment. What can be said is that we have seen a marked increase in interest in shipping as a whole from the capital and public markets. Access to them and their continued interest in shipping remains essential to growth and survival in the ever-increasing competitive environment, although my view is that any particular shipping company's attraction to public investors is dependent on the individual offering combining the underlying assets, the management team's vision, style, and execution.

The participation of the public markets in the field of shipping brings with it different challenges and demands than perhaps the traditional shipping environments have been used to, such as the pressures to consolidate and to obtain and maintain economies of scale.

There is a focus on transparency, efficiency, and performance.

The perception of a "safe bed" or otherwise is therefore somewhat reliant on any shipping company's willingness to adopt and adapt to the drivers that enable them to have access to the public markets.





## LNG shipping market on the way to recovering from the previous two weak years

By **Fotios Zeritis**

FICS, Commercial & Planning Analyst,  
Qatar Gas Transport Company

Mr. Fotios Zeritis analyzes the short-term and long-term outlooks for the LNG shipping market and the prospects of world LNG trade and commerce after the embargo against Qatar.

### **What is the situation today after the embargo against Qatar?**

Regarding the GCC diplomatic crisis, we have observed high volatility in the Middle East region. This volatility is derived from numerous geopolitical factors. On 5th June, Saudi Arabia, UAE, Egypt, and Bahrain abruptly cut-off diplomatic relations with Qatar. Nevertheless, the Qatari LNG cargoes have reached on-time at their scheduled destinations. The geopolitical situation never caused any disruption in the Qatari LNG value chain; however, GCC crisis initiated very positive developments and strategic initiatives for Qatar.

### **What is the stand of Qatar and Nakilat on the global energy market?**

Noteworthy that Qatar holds approximately 15% of the global gas reserves and it is the world's largest LNG exporter with around 30% market share. In addition,

Nakilat is the shipping arm of Qatar and it is the world's largest LNG shipping company with 63 LNG vessels.

### **The world seems to be able to absorb fresh seaborne LNG supply quite easily. What does this mean for the owners of LNG carriers who have been suffering recently? What is the short-term and long-term outlook on LNG shipping?**

Currently, the LNG shipping market is on the way to recovering from the previous two weak years. Furthermore, LNG supply is expected to increase approximately by 30% over the next 3 to 5 years. Notably, the LNG shipping spot market started improving in July/August, with rates moving from \$30,000 per day to \$70,000 by November. LNG shipping spot rates are expected to be volatile in the next 18-24 months but we estimate that LNG shipping rates should be strong by 2020.

## Snapshots from the 13th Annual Forum of the ICS, Greek Branch



Ms. Amalia Miliou- Theocharaki, MICS, TEO Shipping Corporation,  
Mr. Nicolas Tsavlis, FICS, the Chairman of the ICS Greek Branch and of the Tsavlis Salvage Group,  
Mrs. Natalia Margioli - Komninou, FICS, Managing Director of the ICS Greek Branch and Hellenic  
Management Centre and Fotios Zeritis, FICS, Qatar Gas Transport Company



Mrs. Natalia Margioli - Komninou, FICS, with the principles of  
Tsavlis Salvage Group - Mr. Nicolas Tsavlis, FICS, Mr. Giorgos  
Tsavlis and Mr. Alexandros Tsavlis



The panel of the speakers with panel moderator Mr. Ilias Bissias, Executive Director of *Naftika Chronika*,  
at the 13th Annual Forum of the Institute of Chartered Shipbrokers, Greek Branch





**Your Greek partners for safety and pollution fighting**



**For any trouble at sea, call: VERNICOS +30 210 429 2201**



**We manage the biggest and most powerful fleet  
of tugs in the Eastern Mediterranean.**

**35-39 Akti Miaouli Str., 185 35 Piraeus, Greece  
Tel.: +30 210 4292201 (24 hours), Fax: +30 210 4292200  
[www.vernicostugs.gr](http://www.vernicostugs.gr)  
e-mail: [tugs@vernicostugs.gr](mailto:tugs@vernicostugs.gr)**



**From Constantinople  
since 1851**

**VERNICOS**  
**Tugs & Salvage**

**ΒΕΡΝΙΚΟΣ ΚΟΙΝΟΠΡΑΞΙΑ ΡΥΜΟΥΛΚΩΝ - ΝΑΥΑΓΟΣΩΣΤΙΚΩΝ  
VERNICOS CONSORTIUM FOR TUGS AND SALVAGE**





# ANGEL

Leading the way in  
**maritime cyber security**

- Fully managed service
- Dedicated security team monitors vessel 24/7
- Oversight, threat alerting and control of vessel's entire network
- Maritime oriented IDS and IPS
- Compatible with any satellite network

 **navarino**