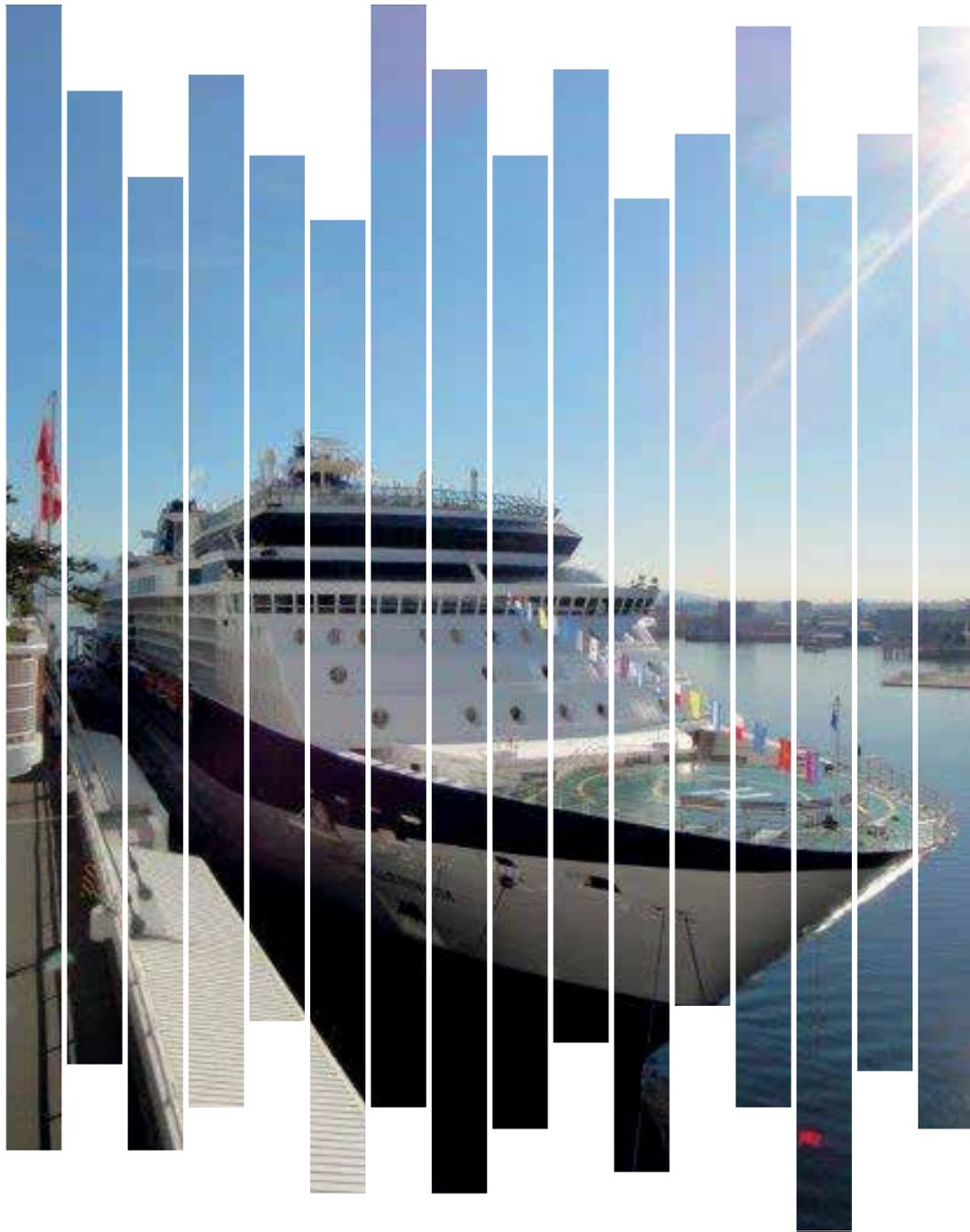


SEACURUS BULLETIN

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LOOKING BACKWARDS & FORWARDS

STRESS ISSUES | GLOBAL PIRACY REPORT | STOWAWAYS | MARTIME TERRORISM



Inside this issue we look back on the developments which have shaped the industry and ask whether shipping is safer today... we also examine the global trends predicted for the future of the industry as well as a look at the latest threats from piracy, terrorism and stowaway issues

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Welcome

> Welcome once again to the Monthly Bulletin from Seacurus. In this issue we take a look back to the accidents which have shaped the industry today and ask whether the rules make shipping safer or less of a risk?

While an industry report seems to suggest that things have been improving in the past couple of years, it is no time for complacency - the growing size of ships means that if an accident does happen, then the costs could spiral ever higher.

We also take a look at the worrying signs of stress and fatigue onboard vessels today. As the loss of Germanwings flight 9525 has prompted an evaluation of the risks posed by mental health problems we ask whether stress is prompting fatigue or vice versa.

There is also a detailed review of the latest piracy and terrorism threats to shipping – the death of cruise ship passengers ashore in Tunisia, while on an excursion, has highlighted just how complex the issue of cover can be.

We ask whether enough is being done to assess security risks and to mitigate the potential threats.

Last year also marked a high water mark for piracy in Asia, as the reports state that attacks reached a decade high.

In 2014 cases of piracy and armed robbery in Asia hit a 10-year high of 183, this was a 22% increase over the previous year, according to data from the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP).

The 183 cases which were reported last year comprised of 168 actual incidents and 15 attempted incidents, meaning over 90% of the attempts by pirates resulted in actual incidents, up from 80% five years ago. Of the 183 cases, 13 were classified as Category 1, or “very significant” incidents, and it was noted that the majority of such events related to bunker piracy. “Of the 13 Category 1 incidents, 11 incidents were siphoning of ship fuel/oil.

It seems clear that piracy is still a concern, and there even appears to be a potential upwelling of attacks of Somalia. Reports indicate that pirates off the Somali coast have hijacked a fishing vessel. Some experts believe that this could be just the springboard they need to break out and attack ships once more.

We hope you find this issue of Seacurus monthly of interest.



Capt. Thomas Brown

Looking Backwards and Forwards

With the anniversary of one major shipping accident, it is perhaps time to look back on the developments which have shaped the industry subsequently. A new insurance industry report states that progress is being made in stemming losses – but is that set to continue?

MASSIVE OIL SPILL

Twenty-six years ago, the “Exxon Valdez” ran aground the Bligh Reef in Prince William Sound, spilling an estimated 257,000 barrels of crude oil and causing the 54th largest oil spill in history. The tanker was transporting Alaskan crude from Port Valdez, which is supplied by the Alyeska Pipeline. The pipeline is one of the largest systems in the world and commonly referred to as one of mankind’s greatest engineering feats.

For the record, the “Atlantic Empress”, spill in 1979 was the largest ship-source spill – and that saw 88.3 million gallons of oil leak off Trinidad and Tobago, West Indies.

One stormy evening in July 1979, two full supertankers collided off the coast of Tobago in the Caribbean Sea. Crippled by the accident, both vessels began to leak their crude and caught fire. One of the tankers exploded 300 nautical miles offshore, killing 26 crew. Luckily, only minor shore pollution was reported on nearby islands.

ACCIDENTS PROMPT CHANGE

Shipping is a reactionary business –and that is especially true when it comes to accidents and safety. The Exxon Valdez incident brought about

significant and much-needed changes in maritime regulation regarding prevention and oil spill response.

The maritime industry was also forced develop contingency plans for large oil spills and create regional and national response organizations. The event also, perhaps even more significantly, resulted in the Oil Prevention Act of 1990 (OPA90).

The Exxon Valdez incident also promoted amendments to the IMO’s MARPOL Convention that called for double-hulled tankers by 2015, which was also a mandate of the U.S. OPA90. MARPOL also required the International Safety Management (ISM) Code, which were adopted in 1993, and the 1995 amendments to the Convention on Standards of Training, Certification and Watchkeeping Seafarers (STCW), which further set standards for deck officers on the bridge of a vessel.

Twenty-six years later, the Exxon Valdez oil spill is remembered for as much as its maritime regulation reform it established as for the immense damage the accident inflicted on the environment. As a result of the Exxon Valdez, the oil industry is better equipped to deal with large spill and the liabilities associated with the transportation of oil in the

United States, as is the global maritime industry.

SHAPING SHIPPING

OPA90 also expanded the federal government’s ability to oversee oil spill prevention as well as establishing the Oil Spill Liability Trust Fund, which created a billion dollars per spill incident. The act also create criminal liability for corporate executives for knowingly hiring incompetent personnel and operating inferior vessels.

The IMO’s Civil Liability Convention (CLC) and the OPA Trust Fund divide financial and criminal liability between the ship owner and the oil industry. And, oil spill claimants are now guaranteed pay regardless of fault.

Sadly OPA did not have entirely positive consequences – it forced some shipping companies to try and mitigate the liability risks. Single ship owning companies were seen as the answer, and these were often registered in offshore jurisdictions. The address of “80 Broad Street Monrovia” probably has more shipping companies and ships associated with it than anywhere in the world. Given the amount of brass plaques, you might be forgiven for thinking that Liberia’s largest import might be Brasso.



What this shows, is that for every legislative action there is an equal and opposite reaction – and where OPA’90 had the will to ensure that culpability, responsibility and liability could be applied, the moves to limit its effects have been equally important in shaping the modern shipping industry.

POSITIVE PROGRESS

So we can see that major losses prompt a reaction – there are changes to operations, to design and to the rules. Do these have an effect?

It seems, according to a major new insurance industry study, that they may be starting to exert a positive pull on the industry. According to the report, the world is losing fewer ships at sea, with only 75 lost last year. This was the lowest number in a decade, which has surely got to be something to celebrate.

Sinking and submerging has been the most common cause of ships being written off over the past decade and this was the case in 2014 too, with it accounting for 49 of the 75 losses.

Other significant causes includes ships being wrecked or stranded (13 losses) and four fires or explosions. Over a third of losses come from two Asian maritime regions. The seas round South China, Indo China, Indonesia & the Philippines accounted for 17 losses while those surrounding Japan, Korea and North China had 12.

ARE WE SAFER NOW?

Although these figures are indicative of a safer shipping network generally – it seems that there are concerns which still exist and they are deepening.

According to the report there are a number of key concerns which are still to be addressed.

- One of the newest fears is cyber-attacks due to the increasing dependence on e-navigation systems.
- Another is piracy, which while it may wax and wane in different places, the threat remains on a global scale.
- Another is the fact that bigger ships mean bigger losses.

The report stresses the increasing size of container ships is a potential cause for concern. From the “Emma Maersk” breaking ground on a mammoth scale, increasingly the number of 19,000+ behemoths is on the rise.

In just the past couple of months, we saw “CSCL Globe” heralded as the biggest, and then she was swiftly usurped by the Mediterranean Shipping Co’s “MSC Oscar” with its 19,224 teu capacity.

It is estimated that the loss of a vessel on these kinds of scale could cost at least \$1bn. They also estimate that it could take at least two years to salvage all the containers from an incident-struck 19,000+ TEU vessel – if it is possible at all – and with 24,000 TEU vessels on the horizon the problems could get worse.

So we have made massive strides, but there is still much work to do. The risk of loss is ever present and the rising tide of costs when things do go wrong should shake even the most complacent from their apathy.



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STRESS ISSUES

As more facts and shocking revelations emerge in the wake of the loss of Germanwings flight 9525, discussions have almost inevitably turned to mental health and depression in the airline industry. The issue of whether pilots should be allowed to fly when they have suffered from depression is an obviously key issue. Such a focus on the importance of the state of mind of those in control of vehicles, of whatever mode, is an important debate.

SIGNS OF STRESS

For pilots, they can at least leave the plane at the end of a shift. However, bad and stressful it may be – they can head home or to a luxury hotel. For seafarers, things are obviously very different. Stress can be magnified over time, and being trapped onboard can bring things to a head.

Perhaps one sign of stress is when people turn to drugs or alcohol, and there has been a rash of worrying incidents in the past couple of weeks in which ship masters have been found to be way over the alcohol limit.

Could it be that these masters are turning to alcohol to ease the stress, fatigue or mental health challenges of the harsh realities of being at sea? Some people say they drink alcohol to “drown their sorrows” when going through stress, and yes, because alcohol can cause drowsiness, a few beers or a couple of drams may provide relaxation or relieve anxiety – but with ever more strict blood alcohol limits and with the majority of ships operating “dry”, this can be a major problem.

There’s also a strong link between serious alcohol use and depression.

The question is, does regular drinking lead to depression, or are depressed people more likely to drink too much? Both are possible, and the spike in drunken masters seems to suggest that we are seeing just the tip of the iceberg.

WHAT COULD BE CAUSING STRESS

There is a very vicious cycle which can occur in which fatigue can lead to stress, and where stress leads to fatigue. Given that both are increasingly commonplace on vessels, this should be of great concern.

The Maritime Labour Convention (MLC) has combined with a number of high profile catastrophic maritime casualties to shine a spotlight on seafarers – and the issue of fatigue and over work has come to the fore.

Fatigue is a feeling of weariness, tiredness, or lack of energy that does not go away when you rest. Feelings of fatigue often have an obvious cause, such as sleep deprivation, overwork or unhealthy habits.

Latest Cases of Drunken Masters

The captain of the Norwegian LPG tanker “Yara Froya” lost his job last month after tests showed he had a blood alcohol concentration of 1.27. The master was alleged to have got drunk after his ship left the port of Fredericia in Denmark. The 3,500dwt vessel sailed into Kiel late in the evening where it was inspected by the German coast guard.

The officials ordered the master to sleep off his intoxication while the ship was temporarily docked. When he awoke, he was presented with a letter of dismissal from his employer, Larvik Shipping, and fined 4,000 euros (\$4,370).

While elsewhere a ship master who was five times over legal alcohol limit when he planned to set sail has been fined \$3000. Parmod Kumar, the master of the “African Harrier”, pleaded guilty in Court to attempting to operate the ship while over the limit. The vessel was due to leave when the pilot told Maritime NZ he was concerned Kumar was under the influence.

A Maritime NZ staff member asked police to test Kumar and found he had a breath alcohol level of 1229 micrograms per litre - almost five times the legal limit in New Zealand of 250mg/l. He was the first person to be prosecuted under laws requiring seafarers not to exceed alcohol limits when performing their duties.

These are not cases of people being out partying and left with alcohol in their systems, these are people who seem to be using alcohol as a coping mechanism. Whether to get them through the work load, or to relax them, we cannot be sure – but the fact alcohol is being abused should warrant greater research.

Preliminary results from a Paris MoU analysis make for worrying reading. The data from the Concentrated Inspection Campaign (CIC) on STCW Hours of Rest, carried out between September and November 2014 showed that 16 ships (14% of detentions during CIC) were detained over the 3 month period as a direct result of deficiencies related to hours of rest. The CIC questionnaire was completed during 4,041 inspections and the main areas of concern were that hours of rest are not being recorded properly and watch keeping personnel are working without sufficient rest.

WHAT CAUSES FATIGUE

Common workplace issues that can cause fatigue include: watchkeeping – the human body is designed to sleep during the night. This pattern is set by a small part of the brain known as the circadian clock. A watchkeeping pattern confuses their circadian clock by working when the body is programmed to be asleep.

Poor workplace practices – can add to a person's level of fatigue. These may include long work hours, hard physical labour, irregular working hours, stressful work environment (such as excessive noise or temperature extremes), boredom, or working alone with little or no interaction with others.

It seems that all the contributory factors of fatigue exist at sea, and so this could well be prompting the stresses and depression which in turn sees crew turn to alcohol.

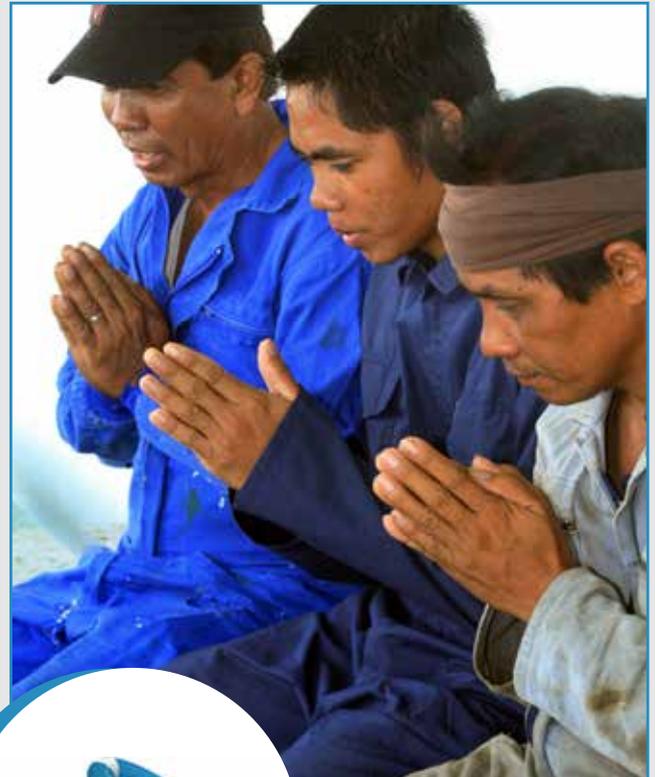
TIME TO WAKE TO THE PROBLEM

It may well be that the instances of captains turning to alcohol is a blip – and nothing to be concerned about. However, the suspicions are that with growing pressure and burdens placed onto crews, then these issues are likely to be on the rise.

Stress, alcohol misuse and depression form a unique triad in medical terms. Individually they are very common, but it is the interactions between them that are particularly challenging. Stress contributes to excessive drinking, as well as susceptibility to depression; depression increases vulnerability to stress; alcohol is used to self-medicate for depressive symptoms and anxiety, and to relieve stress, but excess alcohol accentuates the stress response and increases the risk of developing clinical depression. It is a vicious cycle that needs to be recognized and treated together, but the reality is that it is often not.

If seafarers feel unprepared to manage stress, and the industry is not equipped to assist them, then this is a cocktail of potential disaster. An efficient approach is needed to both educate crews, assist them in recognising the dangers and spotting when problems can occur.

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because bad things happen to good people.

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STOWAWAYS - IMO RELEASES DATA



Stowaways have become a Master's and shipowner's worst nightmare. It is a sad fact that many people, more often than not young men, feel compelled to stowaway on ships in search of a new life of perceived opportunity overseas.

THE NUMBERS

The International Maritime Organization (IMO) has released its latest data, analysis and statistics on stowaways by sea. According to the report, during 2014 a total of 61 stowaways incidents reported involving 120 stowaways.

Cape Town and Lagos were the most common ports of embarkment. Africa answers for 81% of the total amount of cases and the most common type of known stowaway nationalities were Nigerian, Ghana and Tanzanian.

According to the Swedish P&I Club, the average cost for a stowaway case is USD 38,500 although the costs for one case can escalate to several hundreds of thousands of dollars depending on the legal and practical difficulties to repatriate the stowaway involving, inter alia, teams of security personnel.

A REAL PROBLEM

Having stowaways onboard a vessel is a problem which is not easy to resolve. Indeed for many years the means of practically resolving stowaway cases seemed to lack clarity. While there was much theory, there was no real functioning mechanism in place.

States commonly played fast and loose with the rules – in the post-911 era stowaways became the ultimate security bogey man. They were unwanted by all, and where a stowaway was found it was common for States to shirk their responsibilities, and to try and turn a blind eye to the responses which were required of them.

Thankfully things have changed and improved in this regard, the IMO has undertaken to not only make the necessary rule changes to ensure that stowaways can be dealt with more effectively, but they are also focusing on ensuring the conventions are applied universally.

UNDERSTANDING THE RISKS

Having knowledge of the risks being faced, and having appropriate responses will ensure that crews can react



properly, while protecting themselves and their vessel legally and physically. Stowaways need to be handled with care, and must be processed and documented swiftly, safely and methodically, which calls for skill, knowledge and resources.

In doing the right thing with confidence and with the support of those ashore, shipboard personnel can keep themselves and the stowaways safe and free from harm. They can then take the necessary steps to get the stowaways off the ship as quickly as possible and into the care of third parties or the authorities.

The first aim is to keep stowaways from boarding the vessel; if that fails it is vital to know how to deal with the subsequent problems. If stowaways do get onboard, they need to be found, contained safely with due regard to their rights, and as much information as possible obtained from them to speed up the repatriation process.



SNAPSHOT OF IMO DATA

According to the IMO 2014 data :

- Incidents occurred in 104 places of embarkation
 - 97 stowaways embarked in Africa; 5 in the Caribbean; 2 in Asia and 16 were not reported. There were 13 attempts of embarkation.
 - Container ships were the most popular choice for stowaways, with bulk carriers the second most popular option. Stowaways used 25 container' ships and 10 bulk carriers among other type of ships.
 - Liberia and Marshall Islands flagged vessels suffered the highest number of stowaways.
-

SOMALI HIJACK RAISES SECURITY CONCERNS

In a mirror image of events pre-2008 it seems that Somali waters have become targets for illegal fishing, and this in turn has prompted a rise in attacks close to the coast. Indeed it has been reported that pirates have seized an Iranian vessel believed to have been illegally fishing off the coast of Somalia.

➤ This has raised fears that the scourge of Somali piracy may be returning. The United Nations Office on Drugs and Crime (UNODC) confirmed the hijack, “An Iranian vessel, fishing illegally in Somali waters, was hijacked earlier this week”.

VESSEL SEIZED

In the past, Somali pirates justified their attacks saying they had to defend their fishing grounds from illegal trawlers. There has been a recent ramping up of illegal fishing with many vessels brazenly trawling waters less than five miles off the Somali coast. Something which has seemingly prompted a predictable and violent response.

This will be a very interesting one to watch – if the vessel is used as a “mother ship”, it will once again give pirates the springboard to move further off the coast, which puts them back in the game with the capability to attack more and more merchant vessels.

BACK TO SQUARE ONE

In the past couple of years there has been an improvement in the security situation off Somalia – the much vaunted trinity of naval patrols, armed guards and best management practice have done much to protect vessels and deter pirates.

However, it had always been stressed that until the situation ashore was improved, then actually we may be winning the battle at sea, but the war would long rumble on. There are real fears that this is now exactly what we are witnessing.

A drop in attacks has blinded us to the fact that in all reality there has incredibly little progress ashore – the poor are still poor, the hungry still hungry, and there are still men, boats and weapons. Nothing has been done to really smash the piracy infrastructure.

There have been attempts to stymie the criminal gangs’ routes to money – and while these may well be working, they have also seen a halt to remittances from the US. This has reportedly hit many families hard, and we are almost back to square one.

FROM BEACH TO BEACH-HEAD

Thankfully, for the past couple of years the pirates had gradually lost their inventory of vessels, through release or sinkings. This meant they lacked platforms out at sea, something which was vital in easing their route to targets. This hijack means that this situation could now have changed.

Being forced to attack target vessels from the beach was always the weakness in the Somali model. They were limited in their view out to sea, and then there was the hazardous launching through breaking surf. This harsh reality was what really hampered Somali pirates for so long – with such a challenge to overcome, piracy in the area was always likely to remain a “cottage industry”.

It was only when the pirates groups were able to access platforms out at sea that their ability to strike rose almost exponentially. With a larger “mother ship”, even when sat close to the shore, their ability to attack is enhanced greatly.

The vessel could well be used as either a floating platform off the coast, or it could be deployed to range around the Indian Ocean hunting out target vessels.

SHIFTING LOCATION

According to Indian defence minister Manohar Parrikar, Somali pirates are “shifting their location” towards India, but the country is watchful to deal with such threats.

“Today’s threats are not traditional. Somali pirates, after being neutralized by various countries’ navies, are shifting their locations towards India. Because their (shipping) lanes are heavily guarded, they have moved although they still are 450 nautical miles away from India,” he said. “We are watchful and careful” he added.

A SERIOUS CONCERN

At a time when naval forces could be tempted into a withdrawal from the area, as armed guards are used less frequently, and as crews are perhaps slipping into complacency, this should be seen as a real wake-up call. The pirates are still out there, and they could now have the ability to become a real threat once again.

Underestimating the security risk in the Indian Ocean could put ships in great danger once again, stressed maritime security company MAST Ltd last month.

Gerry Northwood OBE, COO of MAST, said: “Whilst recent reports and incidents seem to be pointing to the Far East as the next piracy hotspot, the real security risk to shipping remains within the Indian Ocean, which is being ‘under-hyped’ by some commentators. “It is clear that the level of maritime crime in the Far East is high, however in most cases it is simply petty theft and should be deterred if passive protection measures such as Best Management Practices 4 (BMP4) are in place.

THE RISING TIDE OF TERROR FACING SHIPPING

Risk Analyst

Steve Jones

In the wake of the tragic terrorist attack in Tunis which killed a number of cruise ship passengers, academics, analysts and researchers have entered into candid reflection...there is also the rather complex matter of who will settle the claims which have arisen.



As the “MSC Splendida” and “Costa Fascinosa” arrived in the capital, Tunis, tourists spilled out and headed to the usual hotspots. As so many have before the tourists from the ship were among scores of tourists who took the opportunity to visit the Bardo Museum.

Almost immediately they were caught up in a brutal massacre as jihadi gunmen disguised as soldiers burst in and sprayed bullets at the scores of Western holiday makers. In total 19 died and many more were injured.

SECURITY ASHORE

It can perhaps be a little bewildering when stepping from the cossetted luxury of the latest giant cruise ship into a new port of call, but of course each has their own harsh realities which can seriously impact visitors. Egypt has long suffered from terror attacks in its Red Sea tourist resorts, and Mexico and some Caribbean islands have seen cruise ship passengers robbed, raped and even murdered.

The sunny, smiling image of the cruise idyll does not always sit well alongside the real conditions of the countries being visited.

Tunisia has now perhaps seen the 360 degree ripple of the

effect which itself started with the Jasmine Revolution which set off the domino effect of the Arab Spring. With the collapse of regional partners and rise of Islamic State, it has perhaps been a country very close to, if not in the firing line.

WHO WILL PAY?

The issues of culpability, risk assessment, liability and wrong doing have been highlighted by the media questions as to who will pay out for the loss of life and injury. Marine insurers say the question about which insurance policy will pay for the passengers of two cruise ships who were killed and injured in the attack is far from clear.

It is understood that the cruise operators are now working with their insurers to see which policy will cover the attack, but this is a complicated issue. Indeed the complexity of the cover taken out by cruise operators means there are several potential insurers involved and the companies may also have specific insurance cover for trips by passengers on land.

WHEN TERROR HITS ASHORE

Cruise ship operators will of course have liability cover for the crew and passengers while on board the vessels with protection and indemnity (P&I) insurance

in place. However, if there is a terrorist element and when attacks happen ashore, the liability for the passengers may also fall under the cruise ships’ war and terrorism cover. This means that such risks could well be underwritten, not by the P&I Clubs, but by the marine hull underwriters. It is a usual stipulation that individual passengers take out their own personal travel policies, which would be expected to pay compensation injuries and/or deaths.

As such, it is unclear as to how shorebased issues affect the cover provided to vessel owners. Questions over where the liability lies will of course emerge, and the key may well be contained in the terms under which a ticket is provided to cruise passengers. According to one expert, “If the ticket stipulates that the cruise operator takes responsibility for the passengers both at sea and on land then it would be a P&I matter”.

It is also understood that the relevant insurance policies in place will make a payment in line with the Athens Convention on passenger liability. The Convention states that when a loss is suffered as a result of the death of or personal injury to a passenger not caused by a shipping incident,

the carrier is liable if the incident which caused the loss was due to the fault or neglect of the carrier.

The burden of proving fault or neglect lies with the claimant. The liability of the carrier only includes loss arising from incidents that occurred in the course of the carriage. The burden of proving that the incident which caused the loss occurred in the course of the carriage, and the extent of the loss, lies with the claimant.

With more and more passengers being taken to ever more potentially problematic places it seems that this issue will need to be addressed in a considered and streamlined manner.

SECURITY ADVICE

According to the UK Government, there is a high threat from terrorism, including kidnapping. Attacks could be indiscriminate, including in places visited by foreigners. After the attack at the Bardo museum in the centre of Tunis the UK believes that further attacks are possible.

While the US advice is that, terrorism also remains a significant concern. Tunisian nationals have been involved in international terrorism, and international terrorist organizations have on multiple occasions called for attacks in North Africa, including in Tunisia.

They stress that attacks in tourist areas remain a possibility and the U.S. Embassy recommends that U.S. citizens in Tunisia continue to maintain a high level of vigilance.

Caution should be exercised when frequenting public venues that are visited by large numbers of foreigners, such as hotels, shopping centres, tourist sites and restaurants

RISKY TOURISM

It is not just the view of foreign governments, the Tunisian Ministry of the Interior had previously warned of a threat to attack industrial and tourist sites. So perhaps it was foolhardy for cruise excursions to carry on regardless? While the vast majority of Tunisia may well remain peaceful and safe, the chaos and security challenges in the region have an impact.

Terrorist attacks have increased in Tunisia since 2013. In October 2013, there were failed attacks at a hotel in Sousse and the Bourguiba Museum in Monastir. Since then, members of the Tunisian security forces have been targeted in terrorist-related incidents at various locations, mainly near border areas including in the Chaambi Mountains.

So was the risk of attack properly assessed by the cruise company, tour operator, and did the tourists

themselves have access to sufficient information to make an informed decision?

AVOIDING PROBLEMS

Cruise operators have a duty of care for the passengers on board the vessel and they will organise trips on behalf of passengers. Some experts believe that it would be difficult to hold a cruise operator or the tour operator liable for events such as terror attacks as there may be no way of envisaging such a terrible event.

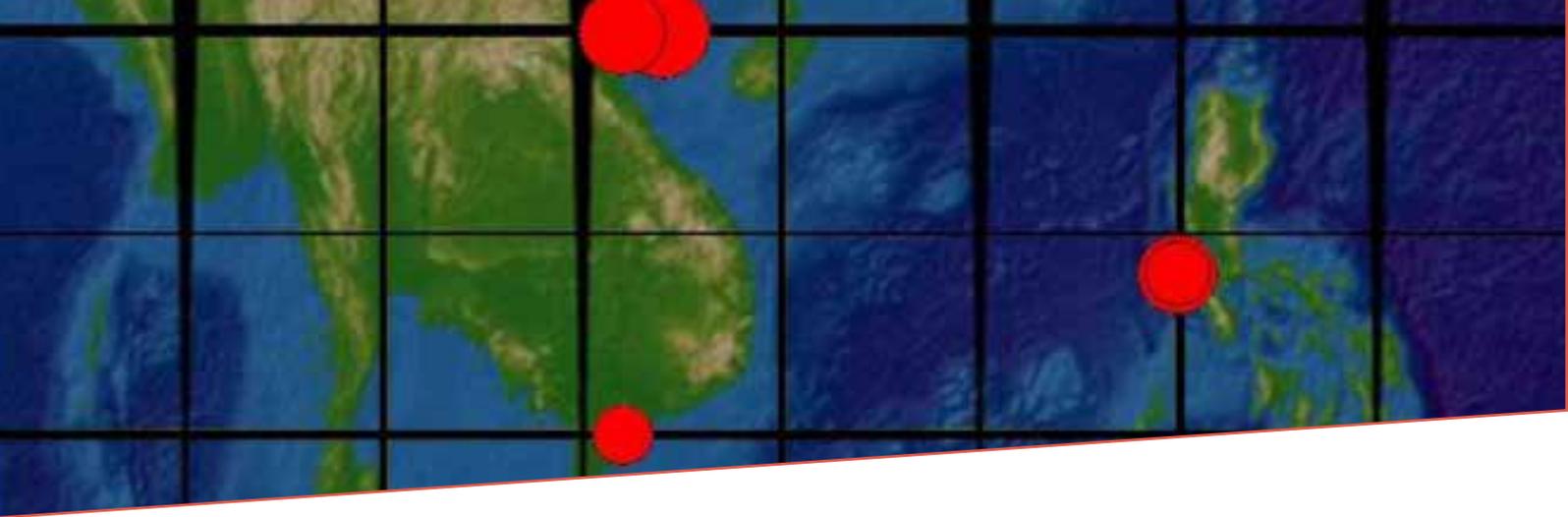
Given the wealth of risk analysis tools, or guidance from governments and the responsibility imposed by the International Ship and Port Facility Security (ISPS) Code, there is a real emphasis and impetus behind cruise lines analysing risks effectively and of guiding passengers accordingly.

The trust and blind faith that passengers can sometimes display means that the duty of care which cruise operators have to extend to their passengers runs even deeper than perhaps may reasonably be expected. There can be a naivety displayed by some cruise passengers, and they may need protecting not just from criminals and terrorists, but from themselves.



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LATEST GLOBAL PIRACY REPORTS

The latest industry piracy attack data has revealed concerns that attacks have been moving steadily northwards away from the more typical Somali piracy areas of operation.

STRAIT OF HORMUZ

Recent reports have stated that on 18 March four skiffs approached a merchant vessel in position 26:25N – 056:36E in the Strait of Hormuz. The merchant vessel increased speed and the skiffs moved away. No weapons or ladders were sighted.

This is understood to be the furthest north in the Gulf of Oman that activity has been reported since 30 March 2014. Though given the distance from the Somali coastline there is some question as to whether this was related to the more usual pirate action groups.

BAB EL MANDEB

According to the Iranian naval forces there has been a rise in pirate activity northeast of the Bab-el-Mandeb, between the Arabian Peninsula and the Horn of Africa.

It is understood from reports that Iranian forces recently managed to foil a sustained pirate attack on an Iranian oil tanker in the strait.

According to a statement from the Iranian Navy, 32 pirates on board four boats and a fishing ship launched an attack on the Iranian tanker late last month. As the pirates attempted to hijack the tanker, an escort team of the Iranian Navy rushed to the zone and forced them away.

It is understood that the pirate attack saw half an hour of heavy clashes, until the armed skiffs broke off their assault and moved clear.

SOUTH EAST ASIA

The majority of recent pirate activity has reportedly taken place in the Southeast Asia region. A number of different attacks have seen differing levels of violence and a range of different targets.

BANGLADESH

At the most minor end of the scale robbers in Chittagong anchorage threw stones at the crew when they were spotted trying to board one vessel. This rather unusual assault resulted in the injury of the vessel's master. The robbers escaped in their boat with stolen ship's stores.

Robberies of vessels are common in Chittagong anchorage with nine incidents reported over the last six months. Robbers here occasionally use violent tactics in order to successfully carry out their attacks.

INDONESIA

The Belawan Anchorage has seen a spate of recent attacks. These have seen robbers armed with a gun and knives board anchored bulk carriers. There have even been reports of crew being briefly taken hostage as ship's stores have been stolen.

Throughout 2013 Belawan anchorage experienced a high number of pirate-related activities with 18 reported incidents. There has been a steady reduction in reported activity since the beginning of 2014 due to the increased use of coordinated air and naval patrols by regional partners Thailand, Singapore, Malaysia and Indonesia. In 2014, only seven incidents were reported.

However there have already been 3 incidents in Belawan anchorage since the beginning of 2015, and there are concerns that this could be on the rise once again.

PHILIPPINES

The seas off The Philippines were also scene of recent attacks – One bulk carrier was attacked by four speed boats off Pearl Bank, Philippines. The master raised the alarm, increased speed and took evasive manoeuvres. The boats chased the vessel for around 20 minutes and then moved away.

There have also been reports of a suspected mother vessel in the area. The vessel is believed to have deployed six high speed skiffs carrying an unspecified number of individuals wearing camouflage-clothing.

The skiffs chased an underway bulk carrier whose master took evasive manoeuvres and contacted the Filipino navy for assistance. On hearing the response from the navy, the skiffs aborted their attempts to board the vessel.

SINGAPORE STRAIT

Three vessels were recently boarded while underway around the Singapore Strait. On 18 March, three suspected robbers boarded a Marshall Island-flagged bulk carrier off Pulau Batam. Duty crew spotted the robbers and raised the alarm. The ship's master informed local police, who dispatched a patrol boat to investigate. The robbers escaped when the patrol boat approached the vessel. All crew were safe, though it was initially unclear what the robbers may have stolen.

On 20 March, four suspected pirates boarded a bulk carrier approximately 3.8 nm off Tanjung Sengkuang, Batam Island. The men escaped empty handed after the crew raised the alarm. Also on 20 March, seven pirates armed with knives boarded an underway container ship, the MSC Vancouver, around 9 nm east of Pulau Karimun Besar. The attackers robbed a crewmember of his gold chain and watch before escaping. No crew member sustained injuries during the incident.

According to Protection Vessels International, who have been reporting on pirate attack data, "Underway bulk carriers have increasingly become a target for robbers due to their low freeboard when laden. It is however highly unusual for an underway container vessel to be boarded due to the practical difficulties of doing so. The exact method of boarding has not been confirmed but this incident could mark a concerning development in tactics and abilities for robbers operating in the area".

MALACCA STRAITS

Two separate piracy incidents last month led the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) to issue a warning to masters transiting the Straits of Malacca and Singapore.

In one incident, the Luxembourg-registered container ship "MSC Vancouver" was boarded while underway approximately nine nautical miles northeast of Pulau Karimun Besar. Seven pirates armed with knives and tools boarded the ship and robbed the second engineer of a gold watch and chain.

A few hours earlier, four men boarded the Marshall Islands-registered bulk carrier "Capetan Giorgis".

WEST AFRICA

On 18 March, six pirates armed with rifles attacked and boarded a Belize-flagged supply vessel 19 nm south of Kwa Ibo, Nigeria. The master of the vessel raised the alarm and mustered the crew and the Nigerian navy dispatched a patrol boat to the location 15 minutes after the call. The pirates kidnapped two of the crew in the attack, though no valuables were reported to have been stolen. Officials said the remaining crew on board the vessel were safe.

Analysts have commented, "The frequency of attacks resulting in the kidnap of crew has increased in the run up to the Nigeria's elections. Since September 2014 there have been nine such incidents in the waters off of or in Nigeria resulting in 37 people being taken hostage, compared to just one incident, and four victims, in the six months prior. Many believe this increase to be the result of criminals operating on behalf of electoral candidates to fund their campaigns".



LOOKING AHEAD AT FUTURE RISKS

Control Risks recently published its annual RiskMap report plotting global trends over the coming year. The RiskMap highlights the most significant underlying trends in global risk and security and provides a detailed view for the year ahead.

KEY POINTS

- **Diversification of the economy remains crucial to improve the sustainability of West Africa's economic growth**
- **Heightened political turbulence following the postponement of the presidential poll to March threatens to dent investor confidence**
- **Deepening political divisions between Nigeria's regions over the presidential poll and the absence of a clear front-runner increase the risk of a contested outcome and a turbulent aftermath**
- **The drop in oil revenue will test Nigeria's economy over the next year and will show the extent to which the fast-growing non-oil sectors have become truly independent from the oil economy**
- **The incoming administration in May will have to address a cash-flow crisis the threat from Islamist militant group Boko Haram while maintaining stability in the oil-producing Niger delta and stemming social unrest.**

AFRICAN ISSUES

In discussing the RiskMap 2015 Tom Griffin Managing Director West Africa Control Risks commented: "2015 so far has demonstrated the political constraints to Africa's economic growth story. Across Africa governments have faced difficulties in tackling key issues such as the excessive reliance on commodities such as oil bottlenecks in the economy security challenges from criminal and militant groups and the need to improve governance. In many places private-sector growth frequently occurs despite government rather than because of it."

Regardless of the outcome of the recent Nigerian election it was always felt the incoming administration will have to contend with multiple challenges: resurrecting the oil sector reform agenda managing a likely cash-flow crisis in government dealing with the threat from Islamist militant group Boko Haram and maintaining stability in the restive Niger delta.

'West Africa will remain a piracy hotspot in 2015 led by Nigeria where maritime operators are bracing for the fallout from the contested general elections. Much will also depend on how the future administration manages the Niger delta's former rebels.'

TERROR THREAT

'The terrorist threat will continue to evolve tactically and geographically given the adaptability of Islamist militant

groups operating in West Africa. Islamist militant group Boko Haram will grab further headlines in 2015 but faces limitations outside its north-eastern heartland and has come under pressure from the Nigerian government and regional military offensive.

This however increases the risk that the group will lash out outside its northeastern heartland. Meanwhile transnational terrorists operating across the Sahel-Sahara will continue to exploit the region's ungoverned spaces but will struggle to make inroads further south and will remain a limited direct threat in Nigeria.'

For more information on RiskMap see <https://riskmap.controlrisks.com>

TROUBLE IN YEMEN

There are also concerns that the current conflict in the Yemen risks spilling out into the busy sea lanes that pass it and potentially disrupt the narrow Bab el-Mandeb passage through which nearly 4 million barrels of oil are shipped daily to Europe, the United States and Asia.

Oil prices rose as much as 6 percent late last month after neighbouring Saudi Arabia and its allies launched air strikes on Yemen that targeted Iran-backed Houthi rebels fighting to oust Yemen's president.

According to analysts, "The collapse of Yemen as a political reality and the power of the Houthis will enable Iran to expand its presence on both sides of the Bab el-Mandeb, in the Gulf of Aden and in the Red Sea".

Any impact or even closure to traffic of the Bab el-Mandeb - and the route to the Suez Canal would be potentially devastating. The strait and canal handle almost 20 percent of all trade and almost 7 percent of oil and fuel cargoes - and provides a 17 day shortcut between Asia and Europe,

PIRACY THREATENS THE MED

A warning to yachts cruising in southern Mediterranean waters was issued recently. The maritime registry of the Marshall Islands, International Registries Inc. (IRI) issued a Yacht Safety Advisory after concerns that the terror group ISIS could be set to venture into the Mediterranean from its foothold in Libya.

The fear is that this well-armed group will use speedboats to attack unaware yachts cruising in the area. British counter extremism think tank, Quilliam Foundation, has stated that ISIS planned to use Libya as a "gateway to Europe".

As yet no reports have been recorded of such piracy action, but there are reasons to believe that leisure craft could indeed be vulnerable.

NEWS ROUNDUP

THE OTHER KEY STORIES WHICH CAUGHT OUR EYE OVER THE LAST MONTH

Papering Over Management Cracks:

Bureaucracy in shipping has been growing like an amoeba and threatens us all, afloat or ashore. “In practically every port I enter, the inspectors arrive”, complains a shipmaster to the International Maritime Organisation – “but they never look at my well-run ship, but spend all their time checking the paperwork!” People have been complaining about the administrative burden for many years, but the complaints reached a crescendo in the aftermath of last year’s IMO inquiry into its extent in a maritime world of regulation. Seafarers suggested the appointment of “administrative officers” to let the senior officers get on with their proper jobs.

<http://goo.gl/X8jgbn>

Shaking Up Manning Levels:

Amendments to the ISM Code could finally shake up the perennial problem of minimum safe manning levels that are not fit for purpose according to new research. The amendment has shifted the onus of responsibility back on to the shipowner, requiring that the ship is manned in excess of its Minimum Safe Manning Document in order to comply with hours of rest rules and other requirements that may arise due to the operation of the ship. Owners will now be held liable if they have not made a proper assessment of the necessary minimum safe manning level or for not reassessing a change in the circumstances of the vessel.

<http://goo.gl/1zTHHG>



Meeting to Address West African Issues:

Maritime security chiefs from the West African sub-region recently met in Accra to share ideas and harmonise strategies to deal with rising piracy and other criminal activities along the Gulf of Guinea. The West African sub-region has suffered several attacks by pirates and other gangs of criminals in recent times, from Angola to Nigeria and in Togo, Benin and Ghana. Ghanaian Minister of the Interior, Mr Mark Owen Woyongo, described crimes at sea as having assumed alarming proportions and posing a huge threat.

<http://goo.gl/Y9a0CG>

Armed Security Concerns Grow:

One of the more controversial growth sectors in shipping has been the private security business, in particular, the use of armed guards. Off Somalia armed guarding business was good. Security contractors now need to find new markets to which their attention turned to West Africa and Southeast Asia. These are a very different kettle of fish, and the gung ho nature of some companies could prove costly for clients.

<http://goo.gl/y2M0gl>

Slow Steaming Opens the Market:

Slow steaming by shipping companies has opened a gap in the market for rail transport, which although more expensive is seen as quicker and more reliable, JOC reports. “After the financial crisis, air freight became too expensive and shippers turned to the ocean,” said Lothar Moehle, Air Freight Standardisation Director for DB Schenker, at the International Air Transport Association (IATA) World Cargo Symposium. “But then the ships started slow steaming and extended even further the transit between Asia and Europe. Several commentators have suggested a fall in bunker prices may spur shipping companies to speed up on some routes.

<http://goo.gl/a1HSn9>

One Gang Causing Malacca Misery:

A single gang is suspected to have been behind a spate of recent armed boardings in the Straits of Malacca and Singapore (SOMS), Singapore-based Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) Information Sharing Centre reports. “From the close proximity of the two incidents, it is of high probability that the robbers will continue to pry in this area over the next few days,” cautioned ReCAAP. “The ReCAAP ISC recommends vessels to take extra precautionary measures when operating in this area, especially in the hours of darkness.

<http://goo.gl/Um7PcQ>



EU Looking to Outsource Migrant Controls:

The EU is considering plans to outsource its patrols of the Mediterranean to countries such as Egypt and Tunisia in order to try to reduce the high numbers of desperate illegal migrants risking their lives to reach European shores. Under the proposals tabled confidentially by the Italian government, the EU would cut deals with North African countries to fund and train their navies in search-and-rescue missions. Once rescued, the migrants would be taken to the ports of the country saving them or sent back to their countries of origin.

<http://goo.gl/Klo4lN>

Singapore Calls for Strengthened Piracy Efforts:

The Maritime and Port Authority of Singapore (MPA) has called for strengthened efforts and cooperation in battling maritime piracy, in addition to reaffirming its own commitment to the cause. The announcement follows a recent ReCAAP report which showed a 22 percent increase in the number of incidents between 2013 and 2014. "Singapore stands ready to cooperate with the littoral states to strengthen the coordination among the enforcement agencies," said MPA Chief Executive Andrew Tan. The MPA also said that it is looking at boosting and repositioning the ReCAAP Information Sharing Centre (ISC) as a key source of data.

<http://goo.gl/bFnEQR>

BIMCO Looks to Anti-Corruption Measures:

At the recent BIMCO Executive Committee meeting in Singapore a new BIMCO position paper on anti-corruption was approved. BIMCO believes corruption in the shipping industry hampers international trade, distorts markets and increases costs ultimately borne by the consumer. More specifically, demands by port and other officials to masters for payments in cash or kind to perform legitimate services make it difficult for owners and operators to avoid threats to the master, delays to the ship, and extra costs if such payments are refused. BIMCO supports the intended aims of the UN Convention against Corruption.

<http://goo.gl/MAeoWx>

MLC Shortcomings Exposed:

The International Labour Organization (ILO) Committee of Experts on the Application of Conventions and Recommendations (CEACR) has published its findings following the first national reports on the application of the Maritime Labour Convention, 2006 (MLC). The ILO requires that all member states that have ratified the MLC complete an annual report into the implementation of the convention in their territory. This meeting reviewed the reports of the 30 member states for whom the convention came into force on 20 August, 2013. (As of November 2014, the MLC has been ratified by a total of 65 member states.)

<http://goo.gl/ksl2su>



Collisions Need New Safeguards:

Collisions at sea have always been a major risk for seafarers and while the exact numbers of incidents that take place across the globe each year is hard to quantify, the number is significant. The Marine Accident Investigation Branch (MAIB) reports on average six collisions between merchant vessels in British waters every year and for every collision reported to the appropriate authorities there will be many more near-misses that go unreported.

<http://goo.gl/Q6L8NI>

Shipping Suffers Financial Flashbacks:

The industry is suffering a flashback to what happened around the time of the global financial crisis. In the run-up to the crisis China's appetite for raw materials seemed insatiable and shipping rates soared: the BDI peaked in May 2008 at 11,793, more than 20 times its current value. That prompted a frenzy of orders for new ships. But by the time these vessels started arriving, a couple of years later, they were launching into a global slump, so rates plummeted. In 2013, just as the scrapping of old ships and a scarcity of new launches were restoring a semblance of order, Chinese coal imports surged, and the BDI began to recover.

<http://goo.gl/rLhA66>

BIMCO Launches Maritime Environment Guide:

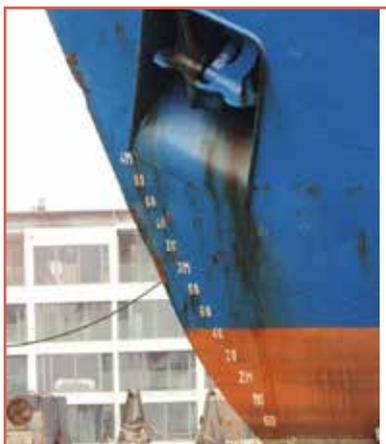
BIMCO has launched its guide to maritime environmental and efficiency management with the support of Class NK. The new resource, which was developed in partnership with Fathom and CSL Group, directs shipowners and operators on ways to develop a comprehensive system that can also help companies adhere to environmental regulations. "I recommend this guide to ship owners and operators", said BIMCO President John Denholm.

<http://goo.gl/P32LGD>

Africa Sees New Security Co-ordination Centre:

The Economic Community of West African States (ECOWAS) Commission has inaugurated the multinational maritime coordination centre (MMCC) for a maritime zone known as Pilot Zone E. Based in Cotonou, Benin, this marks an important step in the implementation of the ECOWAS Integrated Maritime Strategy (EIMS). It is solid proof of member states' commitment to solving the critical issue of maritime piracy, along with other illicit activities at sea. Pilot Zone E is considered the most dangerous maritime zone in West Africa, and stronger protection efforts are needed in this area, which encompasses Benin, Niger, Nigeria and Togo.

<http://goo.gl/XaOV8l>



Time to End P&I Feb20 Scramble:

It may be time to look at scrapping the industry's annual scramble for P&I insurance. The 20 February date is a hangover from the days of wooden hulls, linked to the time when the ice would clear enough to sail. How would it be if everyone went for an annual dental check-up on the same day, male office workers all shopped for a new suit at the same time, or motor insurance policies had a common renewal date. This recipe for chaos is what happens in the world of protection and indemnity (P&I) insurance every year - and some think it is time for a rethink.

<http://goo.gl/Xvvfj>

Drug Smuggling as an Insurance Peril:

Tom Gorrard-Smith, of Clyde & Co, looks at a recent court decision in which the court ruled that detention arising from drug smuggling is an insured peril under Institute War and Strikes Clauses Hulls 1/10/83. Thwarting the efforts of traffickers transporting drugs by ocean is an increasingly difficult task for customs authorities worldwide. With traffickers using more and more creative measures to avoid seizure, the search methods now being adopted by authorities to stem the flow of drugs being carried by ships are now, in turn, increasingly extensive in their scope and often involve delays while divers undertake underwater surveys.

<http://goo.gl/iLBsiW>

Dodgy Injuy Claims Causing Concern:

A crewing expert in Manila has warned the Philippines crewing industry is losing out because of many fake disability claims. Barista Uno, founder of the widely read Marine Café Blog, said there is a growing problem with seafarers' money claims - with some seamen seeking disability benefits, only to sail again once they are declared permanently disabled and awarded huge sums. This has prompted some foreign shipowners to switch to other nationalities for their crewing requirements, Uno warned.

<http://goo.gl/ynfXM7>

Realities of Shipping Stress Environmental Impact:

The fact that shipping is a truly international industry poses problems when trying to limit its environmental impact. The OECD's International Transport Forum says that from 2010 to 2050, international trade-related CO2 emissions are likely to quadruple, overtaking the output of passenger traffic, as larger volumes of goods funnel to new, more distant markets. Sea freight emissions are still expected to see a 238 per cent increase to the middle of the century.

<http://goo.gl/I4XnGL>



Maersk Reveals the Data which Drive Them:

For anyone who doubts the susceptibility of modern shipping to cyber-attacks, a startling new interactive image reveals just how data heavy shipping operations are today. The mountain of data generated every day in today's digital world is transforming the way how Maersk Group does business and this interactive image presents some key figures of Triple E's data loads. While we may just see water, steel and boxes it is actually the flows of information, digital data which is carrying so much of the burden.

<http://goo.gl/J5ZTH6>

Tonnage Tax Boost for Training:

In one of its final acts before the General Election, the UK Government has amended the Tonnage Tax regulations to allow ratings to be trained under the Core houses-of-parliament Training Commitment. Under the regulations, companies entered into Tonnage Tax are required to train new seafarers, but up until now this requirement has largely been limited to officers. The new rules allow three ratings to be trained in lieu of one officer. Guy Platten, CEO of the UK Chamber said: "The UK Chamber has lobbied successfully for this change through its 'Strategic Partnership' with the Government". The decision provides flexibility for owners.

<http://goo.gl/1dUmml>

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