

SEACURUS BULLETIN

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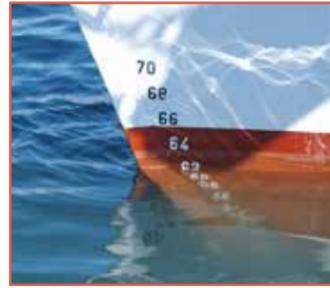


ABANDONMENT EPIDEMIC SPREADING

TERROR AND PIRACY WOES | MIXED MARITIME MESSAGES | DON'T FORGET SAFETY



In this issue we look at the widespread and ongoing issues of abandonment, data vs reality of piracy, the woes of the box trade and some of the key issues affecting seafarers, safety and the very nature of marine work in the future.



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– providers of MLC crew insurance solutions

www.seacurus.com
E: enquiries@seacurus.com
T: +44 191 4690859
F: +44 191 4067577

Registered Office: Suite 3, Level 3,
Baltic Place West, Baltic Place,
South Shore Road, Gateshead,
NE8 3BA, UK

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Welcome

➤ Welcome once more to the Seacurus Monthly Bulletin, in which we take the opportunity to look at various key issues which have been affecting the shipping industry in recent weeks.

The news papers, both mainstream and maritime have been abuzz with seafarers abandonments of late. There are some who have even called it an epidemic of abandonment, and it seems to be spreading.

When a company as big and influential as Hanjin coughs and goes bankrupt, then the sniffles of smaller players are of real concern. There may well be some dark clouds on the horizon of shipping, but when it "rains" and the bad times come – it is all too often the seafarers are suffer most.

So it is that we are seemingly in the grip of a widespread and spreading problem of seafarer abandonment. Crews are seen as the least important part of the equation by some companies - but with the rules, law and morals on their side it seems unpaid seafarers can hit back.

Piracy has been in the news lately – there have been the usual slew of industry reports, data and statistics,

which have all been proclaiming an end to piracy. However, the small matter of reality being ahead of analysis, has seen a number of vessels attacked.

It seems there are a number of problems with data, but perhaps the biggest is that you can be made to look a little foolish as figures can all too easily become overtaken by facts. While piracy statistics indicate a fall, there are many problems and attacks emerging – especially as maritime terrorism ramps up.

We look this month at the woes affecting the box trade. With the downturn in container traffic, and the travails of so many shipping companies, there have even been some questions about the very nature of globalisation itself. Thankfully it seems rampant consumerism will win out.

Last but not least we look at some of the key issues affecting seafarers, safety and the very nature of marine work in the future. Inside we express concern that there are seemingly many mixed message when it comes to seafarers.

Crew are talked about as "most important assets", then abandoned. Industry spends millions on training, but wants unmanned ships. Then there

is the small matter of not bringing enough seafarers through the system. What is going on? Then there is the small matter of safety. With so much talk of unmanned ships, and a bright technological future – it can perhaps be all too easy to look ahead and not around. There are serious safety issues and challenges at sea today, and they need to be addressed.

We hope you find this issue of interest and useful, please feel free to forward to colleagues. <

All the best
Capt. Thomas Brown
Managing Director



ABANDONMENT EPIDEMIC SPREADING

There may well be some dark clouds on the horizon of shipping, but when it “rains” and the bad times come – it is all too often the seafarers are suffer most. So it is that we are seemingly in the grip of an abandonment epidemic, as seafarers are going unpaid by their employers.

BAD TIMES

The crews on three OSVs managed by Singapore-listed Vallianz Holdings were reportedly abandoned in the past months. Press had reported how the crew of the “Swiber Explorer” have been left to fend for themselves off Dubai since June.

News then emerged that two further OSVs, the “Swiber Navigator” and “Swiber Sandefjord” have been jettisoned by Vallianz Offshore Marine (VOM), the shipmanagement subsidiary of Singapore-listed Vallianz Holdings.

At various points conditions on the ships were reported to be deteriorating and one seafarer even attempted suicide as he was so desperate to return home after a family bereavement. At one point the company was prompted to assure investors through a statement to the Singapore Exchange (SGX) that it was “business as usual”.

Quite what “business as usual” means in the face of suffering seafarers is perhaps up for debate, but it is hoped the crew will finally be repatriated after more than eight months on the vessels. This despite the fact they only signed on for three.

OTHER TROUBLES

While the Vallianz vessels have been hogging the headlines, there have been many more abandonments in the past month, and on a global scale. Onboard one vessel, detained following a port State control inspection by MCA surveyors in Cardiff, UK it was discovered the crew had not been paid for many months. The Malta-registered “Svetlana” has been in Cardiff since 8 October 2016.

Off Fujairah, four aframax tankers and 14 crew have been abandoned since June. The crews onboard “Beta”, “City Elite”, “Al Nouf” and “Lowedale” are believed not to have been paid since being hired in May, and provisions onboard vessels are understood to be running low.

In the USA, unpaid seafarers aboard the 5,900-dwt “Newlead Granadino” (built 2009) recently reported dwindling provisions as they sat anchored in Baltimore Harbour. The vessel being stuck there after experiencing engine problems.

While down under, mining giant Rio Tinto was allegedly linked to a second so-called “ship of shame” which was detained by Australian authorities for failure to pay crew wages. The Australian Maritime Safety Authority (AMSA) detained the Indian-owned “Maratha Paramount” after the captain admitted the 22 Indian crew had not been paid for more than two months.

ARREST ALLOWED

While there are growing numbers of issues and concerns, the problems facing crews onboard some Hanjin vessels are coming to the fore as arrests begin to potentially roll around.

According to maritime media reports, World Fuel Services (WFS) recently arrested the “Hanjin Xiamen” in Korea – this was after the local Changwon District Court upheld its decision to allow the bunker supplier to arrest the vessel over unpaid bills.

For Hanjin, despite seeking out the protections afforded by bankruptcy, the court decision is a major blow. The arrest was upheld after the court rejected an appeal made by shipping company.

The local court’s decision to uphold the arrest despite Hanjin’s bankruptcy protection means that concerns are now growing over additional seizures, which could lead to costly delays in unloading operations and which could impact a number of crew.

THE REAL COST

However tough business is for some companies, the effects of abandonment for crews can be absolutely devastating.



Abandoned crewmen have become the focus of mainstream journalists who express shock and bemusement about the treatment of some seafarers.

There is talk in newspapers of, “crews who have not received supplies in weeks, some of them sick and living among garbage and insects”. A sight that is now increasingly common as crewmen are being abandoned by their employers.

With freight rates tumbling and ships being seized due to unpaid debts, there is a perfect storm of abandonment brewing. Seafarers are being left in terrible conditions with no means of buying food or water, and with little by the way of comfort.

As we have covered before, it is seemingly hard to get a real and accurate picture of the state of the industry, and of the scale of the global abandonment problem. The reporting structures are seemingly not working, and so crews can be left to suffer quietly.

CRUMMY BUSINESS

Such claims for unpaid wages by crews last month remind one lawyer of the Dr. Seuss line about how business has got to grow, “regardless of crummies in tummies, you know!” A rhyme that horribly captures how clinically and cynically businesses can operate all the while sailing past their legal obligations.

In 1898, the US Supreme Court said that as long, “as a plank of the ship remains, the sailor is entitled, against all other persons, to the proceeds as a security for his wages.” More recently, a federal statute affords a crewmember a preferred maritime lien for wages and there’s a separate federal statute allowing crew to collect a penalty. Then of course there is the small matter of the Maritime Labour Convention (MLC).

Things do not appear to be getting better though – if anything, they are getting worse. Which is especially

worrying as there are more financial woes ahead for the shipping and more bankruptcies appear to loom. Speaking at the Danish Maritime Forum in Copenhagen last month, Rodolphe Saadé, vice chairman of CMA CGM, warned other bankruptcies in the liner sector are on the cards. While expressing pity for Hanjin Shipping, he said, “I believe consolidation is the name of the game in our industry”. “We have experienced some in the past few months ... I am sure there will be more to come” as today’s box sector was a “very challenging environment”.

INSURANCE HIT TOO

According to a new report, the insurance and reinsurance sector could ultimately face a loss of as much up to \$2 billion due to the financial collapse and bankruptcy of Hanjin. According to analysts at Credit Suisse if that size of loss manifests, it has the potential to seep through to insurance linked securities (ILS) funds investing in specialty risks.

Credit Suisse’s insurance equity analysts believe that the industry will face losses either in their results this quarter or next, depending on when they log estimates for the coming business interruption impact. Which is a sobering thought indeed.

There aren’t even “crummies” of comfort for owners when it comes to vessel operating costs. According to the latest survey by Moore Stephens’ while they were on the slide in 2015, new findings set out in OpCost 2016 (www.opcostonline.com), reveal rises are expected in both 2016 and 2017.

Repairs and maintenance and spares are the cost categories which are likely to increase most significantly in each of the two years. Costs are expected to rise by 1.9 percent in 2016 and by 2.5 percent in 2017. Shipping also faces a number of potentially costly compliance responsibilities, including the imposition of a 0.5 percent global cap on sulphur emissions with effect from 2020.

TERROR AND PIRACY WOES

There are a number of problems with data, but perhaps the biggest is that you can be made to look a little foolish as figures can all too easily become overtaken by facts. While piracy statistics indicate a fall, there are many problems and attacks emerging – especially as maritime terrorism ramps up.



SOMALI SLIDE

According to the latest figures, pirate attacks worldwide fell to a 20-year low in the third quarter 2016, the International Maritime Bureau. A fact it credits to anti-piracy efforts by authorities and the shipping industry.

The IMB said in its latest quarterly report that 42 instances of piracy on the high seas were recorded in July-September. The bureau's Kuala Lumpur-based Piracy Reporting Center recorded 141 incidents from January to September, a 25 percent drop from the same period in 2015.

While ReCAAP's figures recently claimed that between January and September 2016, there were a total of 59 incidents involving armed robbery or acts of piracy reported. Of these 59 incidents, 56 involved armed robbery whilst three involved acts of piracy.

Furthermore, the majority of the incidents – 43 in total – occurred whilst ships were at berth or anchorage, with the remaining 16 incidents having involved ships in transit. The locations of the incidents reported between January to September 2016 were Indonesia, South China Sea, Straits of Malacca and Singapore, India and Vietnam.

TANKER FIRED ON

The positive data trends have seemingly been cause for some satisfaction – and the IMB is encouraged by the efforts of national and international authorities and the shipping industry to keep piracy down.

Despite the upbeat assessment, there are still concerns – and the IMB cautioned that pirate attacks involving hostage-taking, particularly near Nigeria, remained a problem and advised shipmasters and response agencies to stay vigilant.

There are still issues off Somalia too – and despite the IMB view that the Somali "hotspot" has cooled, there does seem to be some signs of stirring. Pirates still exist in the Gulf of Aden region, and still have some capability. Whether Yemeni or Somali, the effects on vessels are pretty similar.

This was ably demonstrated last month when the laden Teekay LNG vessel "Galicia Spirit" was fired on by an RPG off the coast of Yemen. The 2004-built ship and its crew escaped unharmed. The incident happened mid-morning eight nautical miles off Perim Island. A group on a skiff approached and fired an RPG which fortunately did no harm to the gas ship, which continued its voyage towards Egypt.

TERROR ATTACKS

Two attacks against shipping in 8 days off Yemen last month appears to indicate that a group has the capability and intent to attack shipping in the Strait. A U.S. Navy destroyer has repeatedly been targeted in the Red Sea. The latest missile attack, if confirmed, would mark the third time the "USS Mason" was fired upon in international waters in the past month from territory in Yemen controlled by Iranian-aligned Houthi rebels.

Maritime experts currently believe it is unlikely that the missiles will be deliberately fired at innocent merchant traffic, but do not rule out the possibility that a merchant vessel could suffer collateral damage if it happened to be in the vicinity of an attack on a coalition naval vessel.

The US Navy has been attempting to knock out three coastal radar sites in areas of Yemen controlled by Iran-aligned Houthi forces. While this action is ongoing, and the conflict in Yemen is escalating P&I Clubs have been warning vessels transiting the Bab-el-Mandeb Strait may face increased risk.

Analysts are warning of a step change in violence seen in waters in the southern Red Sea in the past month. With three instances of skiffs approaching three ships in the past month. Commercial vessels in the region of Yemen should operate under a heightened state of alert, as the threat may come from a variety of different sources such as missiles, projectiles or waterborne improvised explosive devices.

AFRICAN ACTION

While there are hopes that Somali piracy can be contained, and there has been rejoicing at the freedom



of Asian seafarers who have been held for years in captivity, there are issues on the West coast to still be resolved.

From a positive perspective, African Heads of State and Government met in Lomé, Togo, on 15 October for a high level summit on maritime security. As the outcome of the summit they agreed on the 'Lomé Charter' that should be a next step in ensuring maritime security in Africa.

European shipowners have strongly welcomed this summit and the interest African States take in the topic. Owners have long called for urgent actions to be taken to make sure seafarers can do their job in a safe and secure environment, without risk for life.

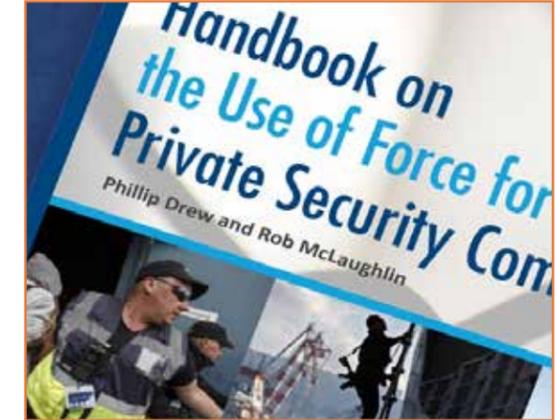
One initiative which had been delivering such safety and security was the use of designated secure anchorages. Alas it seems that these have now fallen foul of some political and business shenanigans in Nigeria.

Last month as damning report claimed that "influential Nigerians (top politicians and military personnel) and foreigners" were collecting between \$10,000 and \$20,000 as anchorage fees from tankers engaged in Ship-To-Ship (STS) transfers. While these were allowed by the previous Goodluck Jonathan administration, it now appears that others would like a slice of the security pie... which usually is a very bad sign in Nigeria's waters.

UN SECRETARY GENERAL VIEW

There has been something of a political focus on piracy this past month, with even the Secretary General of the UN getting in on the act. He has written that progress against Somali piracy remains fragile and reversible.

The SecGen report on piracy can be found here <http://reliefweb.int/report/somalia/report-secretary-general-situation-respect-piracy-and-armed-robbery-sea-coast-0> It indicates that Somali pirates possess the intent and capability to resume attacks against large commercial ships, should the opportunity present itself, and to endanger smaller vessels, which remain particularly vulnerable.



While there are still concerns about Africa, the problems in Asia remain too. A high threat of crew kidnapping and hijacking remains in Southeast Asia and West Africa, according to a recent report from specialist crisis prevention and response consultancy NYA International.

Indeed a Korean ship captain and a Filipino crew member were taken captive by armed men off the coast of Tawi-Tawi an island province in the Philippines located in the Autonomous Region in Muslim Mindanao, last month. The Korean vessel "MV Dong Bang Giant" was hijacked by at least 10 armed men on a speedboat near Bongao town.

GUIDANCE PROVIDED

The messages appear to be quite mixed, and while agencies such as IMB and ReCAAP paint a rosy picture, there are still calls for merchant shipping to continue to take protective measures against possible piracy attacks in the Gulf of Aden and the western Indian Ocean

Last month the IMO Secretary-General Kitack Lim and Operation Commander Major General Rob Magowan of the EU Naval Force Operation Atalanta, met at IMO Headquarters and agreed that naval forces are still very much required in the West Indian Ocean.

With vessels still coming under attack, and a need for diligent application of International Maritime Organization (IMO) guidance and Best Management Practices (BMPs), Oceans Beyond Piracy has recently published a Handbook on the Use of Force for Private Security Companies ('the Handbook'), written by Phillip Drew and Rob McLaughlin.

The Handbook is modelled on the "SanRemo Handbook on the Rules of Engagement", of which the principal authors are also co-authors, and was developed through cooperation with experts from governments, international organisations, NGOs, the private security industry and academia. The Handbook is not a legal document and so does not provide legal advice, but has been developed to 'assist the private security industry'.

GLOBALISATION HERE TO STAY

With the downturn in container traffic, and the travails of so many shipping companies, there have even been some questions about the very nature of globalisation itself. Thankfully it seems rampant consumerism will win out.

US GOES LOCAL

As the US election pits the least popular contestants that seemingly either party could find, there have been concerns growing about the "localised" focus of the debate.

The Panama Canal Authority's chief executive has been so concerned about anti-trade rhetoric taking centre stage in the U.S. election campaign that he has spoken out on the matter, seeking to scotch concerns of a slowing of trade flows.

Jorge L. Quijano said on the sidelines of the Danish Maritime Forum conference, he believes American consumers will step up their shopping after the result and boost shipping cargo volumes across the isthmus by a double-digit percentage.

"Talk of trade barriers and protectionism are a big part of the U.S. campaign, but globalisation is here to stay and once the dust settles, we expect consumers will start buying again, boosting demand" he added. Perhaps hoping that once the US votes and BREXIT settles, then things can return to some degree of normalcy.

BOTTOMED OUT

The optimism of having reached the trough of trade, and of only having one way to go... up – has also been reflected in the latest annual Container Forecaster and Review 2016/17 report.

Worse than expected second quarter financial results are expected to be followed by a better second half-year. Drewry Maritime Research expects container carriers to record a collective operating loss of \$5 billion this year, but with a hope for an eventual silver lining.

"We forecast industry profitability to recover next year, thanks to improving freight rates and slightly higher cargo volumes, and so record a modest operating profit of \$2.5 billion in 2017," Drewry said.

Though while the demise may have been exaggerated, the experts stress the recovery needs perspective. While average freight rates are expected to improve, this will follow several years of negative returns.

RISKY BUSINESS

Drewry's experts believe there are high level of financial risk faced by container shipping lines, and their latest research has uncovered two other major carriers being in danger of potential financial ruin.

Using its z-score rating for financial distress, the average for 14 major shipping lines that publicly disclose their financial results is at its lowest level since the index started in 2008. Collectively the 14 carriers rated scored on average less than 1.0 in the second quarter. Any score below 1.8 represents a higher risk of bankruptcy. Only AP Moller Maersk and Orient Overseas International Ltd (OOIL) - scored well.

Such stark results have seemingly prompted Japanese shipping companies to act swiftly and decisively. NYK, Mitsui OSK Lines (MOL) and Kawasaki Kisen Kaisha (K-Line) recently announced they will merge container shipping operations as overcapacity and weak economic growth shake up the global industry.

The companies will form a joint venture that they expect will see an annual cost benefits of about US\$1.05 billion. They said in a statement that have decided to integrate their respective container shipping on an equal footing to ensure future stable, efficient and competitive business operations. The merger will make the group the sixth largest carrier in the world.

DANISH DOLDRUMS

It is not just in the East that the hard times are biting, even the Danish shipping industry seems to be marooned in the midst of some fairly serious doldrums

at the moment. With experts admitting that global trade will not double by 2030 as originally thought.

According to projections by the Danish Shipowners' Association (DSA), the total exports accumulated by shipping this year are expected to down by around 20 percent compared to last year and the biggest fall since it tumbled by 28 percent during the financial crisis in 2009.

"The change for the global maritime industry has been significant, and we are challenged on several fronts," said Anne H Steffensen, director general of the Danish Shipowners' Association said at the recent Danish Maritime Forum.

Steffensen, said, "It's no secret that most of the industry is in some sort of crisis", not mincing her words. "This time it is maybe more than cyclical," she added, "Some of the fundamentals for shipping are changing." It seems the hopes of profit are some of the fundamentals which need to be worked on.

HEAVY KOREAN COSTS

While the Japanese act fast, and the Danes are becalmed... the poor old Koreans are pretty irate and wrestling with the heavy costs of financial collapse. The nation will seemingly be left with quite a large tax bill after Hanjin and the shipbuilding sector is cleaned up.

The scale of the costs? Irate Korean taxpayers reacted with shock last month, as the full enormity of Seoul's bailout of the nation's beleaguered shipping and shipbuilding sectors was revealed by the International Monetary Fund (IMF).

The IMF stated in a report that the full bill for restructuring South Korea's shipping and shipbuilding sectors would likely run to US\$27bn, something that would take a decade to claw back. The IMF report also stated that redundancies in the local shipbuilding sector would total around 10,000 workers.

It is not just notional shorebased job losses – Hanjin last month also announced that it is seeking to trim its workforce ahead of a planned sale of its key assets. According to the sources the company has decided to dismiss more than half of its land-based employees by early December and gave the relevant notice to their labour union. After the massive dismissals, only 300 employees involved in the shipper's U.S. and Asian route business will stay.

LOSSES AND WRITE DOWNS

There are a number of companies which are seemingly in a bad way – according to brokers, just prior to the "joint venture" announcement, NYK Line reported a loss of \$972m on its containership assets.

This could trigger a wave of write-downs at other lines as asset valuations fall to historic lows. Panamax vessels have been worst hit in terms of the drop in asset values, with falls of up to 80% below the vessels' depreciated book value. Other container sectors have fared slightly better, but it is not a happy time. Even ten year old vessels are now fair game for scrapping.

While ZIM Integrated Shipping Services Ltd., also recently announced financial results after having reached an agreement with its creditors for rescheduling of payments in a total amount of approximately US\$ 115 million, during a period of up to 12 month starting on September 30, 2016. An agreement they hope means the company can maintain its financial stability and growth plans.

There are also signs of stress among smaller Greek owners, with banks arresting and forcing the judicial sale of a rising number of their ships. "It's mayhem out there," an executive with a large Greek shipping company said, describing the situation smaller peers are facing.

MIXED MARITIME MESSAGES

There are so many mixed message when it comes to seafarers, that it can be hard to see the wood for the trees. Crew are talked about as “most important assets”, then abandoned. Industry spends millions on training, but wants unmanned ships. Then there is the small matter of not bring enough seafarers through the system. What is going on?

HARD TRUTHS

There are a number of competing “hard truths” when it comes to the issue of seafarers. One is that you can never have the right amount...there will always be a surplus or shortage.

It is perhaps most unfortunate that the manning trends often run counter cyclical to shipping. Ships being laid up, no cargoes...and thousands of seafarers. They get laid off or find jobs elsewhere and then there is a mad scramble to recruit when the markets pick up.

A scramble which produces a glut of seafarers just as the cycle tilts once more, and the whole sorry, unedifying mess repeats itself. Lest we forget, the latest Manpower Report from BIMCO and the International Chamber of Shipping (ICS) shows a current shortfall of about 16,500 officers (2.1%), and a need for an additional 147,500 officers by 2025 to service the world merchant fleet.

The report suggests that in the past five years the industry has made good progress with increasing recruitment and training levels and reducing officer wastage. Retention is an increasingly important element, and so keeping qualified seafarers and increasing the number of years which they serve at sea are seen as pivotal aspects.

SUPPLY AND DEMAND

According to the study, the global supply of seafarers in 2015 was estimated at 1,647,500 seafarers of which 774,000 are officers. The supply of officers is forecast to increase steadily, but even despite the rocky patch for the industry, BIMCO predicted it to be outpaced by increasing demand.

However, the report indicates that, unless training levels are increased significantly, the growth in demand for seafarers could generate a serious shortage in the total supply of officers.

Some officer categories are in especially short supply, including engineer officers at management level and officers needed for specialised ships such as chemical, LNG and LPG carriers.

Without continuing efforts to promote careers at sea and improve levels of recruitment and retention, the report suggests it cannot be guaranteed that there will be an abundant supply of seafarers in the future.

SEAFARER STRANGULATION

It is not just the wider industry that has concerns about seafarers – there are specific national interests which are beginning to awaken to concerns. Not least the fact that BREXIT Britain may not seemingly have access to the manpower it needs.

Just last month, maritime union Nautilus raised concerns that Britain’s flagging power as a seafaring nation could put the country’s economic security at risk. The body warned that decades of decline in the number of British-registered vessels means the UK’s Merchant Navy is becoming, “so depleted that our economy could be held to ransom” by other nations with stronger shipping industries.

Britain depends on the shipping industry for almost all of its goods exports and imports and Nautilus claims that without government action to protect the industry, it could become a danger to the UK’s prosperity.

It seems taking power back and looking to build Britain as a the global hub of trade is all well and good – but does seem to leave the island a little dependent on the whimsy of the international shipping industry.



With few ships, and few seafarers, there are some stark lessons to seemingly be learned.

VALUE OF SEAFARERS

The topic of the importance of seafarers has been a common theme at various events of late. At various events, conferences and in articles organisations, charities, and companies have been stressing how important seafarers are to business and national interests.

Many seafarer charities are now extending their remit beyond looking after seafarers – they are also, perhaps confusingly, getting involved in the push to get more people into the business.

You would think that charities who see the pain, suffering and degradation of seafarers should be arguing counter to the happy clappy, get kids to want to be seafarers. But no, they are clamouring to encourage people to go to sea. This is a rather bizarre turn of events, and one which can leave the inside of your head itching if you allow the logic to get the better of you.

We now have seafarers’ charities who seemingly do recognise how poorly treated crews are, but they are then getting involved in schemes to get more young people to go to sea...to be poorly treated. It is a very odd turn of events – and one which could be irrelevant if the technological leaps forward are to be believed.

NOT IN ISOLATION

The work to promote maritime careers is worthy, and the studies into the current state of play are hugely significant and rightly respected – however, such research can sometimes appear to be produced in a vacuum. There is a reality bubble in which focus is purely one aspect of the industry without looking at the reality of surrounding life, society and business.

It is a very bold assertion that we will need an additional almost 150,000 seafarers by 2025. Especially as by then it seems incredibly likely that many vessel movements will be unmanned vessels.

The science fiction of the past seems finally to be science fact. Technology is creeping into virtually every aspect of our daily lives, and shipping is being seduced by the prospects.

Rolls-Royce Marine predicts, “autonomous shipping is the future of the maritime industry. As disruptive as the smart phone, the smart ship will revolutionise the landscape of ship design and operation.” The unmanned ships are coming...so what then for tales of seafarer shortages?

UNMANNED REALITY

The acceleration towards unmanned ships is seemingly relentless. Just recently the Norwegian government opened the world’s first test area for drone ships. Yet another sign that the industry’s move towards autonomous shipping is actually happening.

The test area is located in the Trondheim fjord, a large fjord located on the west-central part of the country along the Norwegian Sea. The agreement designating the test area was signed last month by the Norwegian Maritime Authority and the Norwegian Coastal Administration. “We do not yet know how widespread autonomy will be in future shipping, but for the Norwegian Maritime Authority, it is imperative to be a central participant in this development.”

While in the UK, the Mayflower Autonomous Ship project in Plymouth has secured a number of international investors following the launch of a crowdfunding campaign to build an unmanned ship. While the EU has had a long-term goal of making short sea shipping more competitive with road and rail transport, and the “motorways of the sea” concept is one which lends itself very nicely to unmanned ship.

So it seems the future is coming faster than we could have thought – and with autonomous ships around the corner, it seems unlikely we will see the great seafarer drought of 2025. Which makes it even more important that charities focus on helping the crews of today, instead of seemingly being too worried about a future which may never come to pass.

DON'T FORGET SAFETY

HUMAN ELEMENT

Until such time that unmanned ships do eventually come on stream, it is important to ensure that safety is still managed and dealt with. Which means that crews are still a primary concern and issue.

The Marine Accident Investigation Branch (MAIB) recently highlighted the human element as a consistent factor in accidents. They stressed that the procedures and safe working systems that lie at the core of safety management systems are there for a reason.

“Investigations into marine accidents consistently identify cases where mariners chose to ignore the instructions and guidance contained in companies’ safety management systems. The root cause for this is often complex, but a disconnect between the safety culture that shore-based managers believe...is in place within their fleet and what is really happening on board.”

So it seems we need to get our existing house in order, before getting all giddy about the future. There are so many requirements, rules, codes and regulations – that it seems seafarers are simply bamboozled by how to do the basics right, and accidents are the result.

BEING HELD BACK

According to education experts, this issue of disconnect and inability to create a safety culture is down to the fact the new generation of seafarers is being held back by, ironically, a lack of technology when it comes to training.

The recent UAE Maritime Leaders’ Summit heard that shipping is “extremely conservative” when it comes

to embracing technology and adapting its training methods even when it does. So while there may be billions pumped into the unmanned concept, there is a lack of will to really invest in people.

Asked from the floor if commercial shipping was doing enough to train tech savvy newcomers to make the most of new technologies, the panel admitted the industry was letting itself down. Which is a terrible indictment of where we currently sit.

It seems that shipping is at a tough juncture. The latest generation of seafarers want to learn, but aren’t seemingly meshing with the traditional training models. However, there is a hesitation to invest as the future will perhaps be sans seafarers. There is a Catch22 developing, and one which could have deadly consequences.

BACK TO BASICS

Regardless of how technically advanced the training is, or of how “tech-savvy” new officers are, accidents have a rather traditional feel to them. There are problems which persist which generations of seafarers would recognise.

From liquefaction and shifting, to mooring lines and lifeboat accidents. The future may be bright, but the present is tough and dangerous. There is a need to get the basics right, before getting too involved with technological promises and visions.

Just last month, Lloyd’s Register, UK P&I Club, and Intercargo released an update to the popular International Maritime Solid Bulk Cargoes (IMSBC) Code pocket guide. When bulk cargoes shift, liquefy, catch fire or explode due to poor loading procedures, the

With so much talk of unmanned ships, and a bright technological future – it can perhaps be all too easy to look ahead and not around. There are serious safety issues and challenges at sea today, and they need to be addressed.

consequences can be critical – ships could capsize, lose stability or sustain severe structural damage. A problem very much in the here and now.

Other safety issues claiming headlines last month were mooring lines and lifeboats. It was stated that claims arising from mooring operations are frequently received by P&I Clubs, and there are concerns that parting mooring lines are on the rise, as there are issues of maintenance and care. While the dangers of lifeboats came to the fore once more after the death of a crewman and injury of four others during a recent lifeboat drill. It was claimed that merchant ships, such as tankers and bulk carriers, are progressively losing touch with the maintenance of wires and ropes due to lack of routine.

PREPARE PROPERLY

If seafarers are not doing the basics right, then that can be down to many things. However, uppermost in them has to be down to leadership onboard the vessel. It is all well and good to bemoan safety management systems and the associated paperwork, but leadership is vital too. Just as it always has been.

There are concerns that seafarers are being promoted too early and without due regard to the skills and experience they need. A Captain who is not ready for command is a real hazard to the crew, vessel and environment.

In order to try and ease these concerns, the North P&I Club has published detailed advice for its shipowner members on how to ensure a smooth and successful promotion of their chief mates to the all-important role of master.

Deputy loss prevention director Colin Gillespie says, ‘Once a shipowner has selected one or more chief officers for promotion to captain, a comprehensive programme of training and coaching should be put in place to ensure they are fully prepared to assume command.’

MORE WITH LESS

The guidance for owners on promotion is interesting, and should prove invaluable. However, there is a parallel issue and concern which needs to be addressed. That of the erosion of the master’s authority.

According to the Shipping Law Centre, the position of the Ship Master, apparently enshrined in centuries of law, custom and practice, is showing evidence of strain in the light of 21st century ship operation and management.

The Master’s traditional authority is widely perceived as being diminished while responsibility is being increased, frequently in matters over which he has little or no control.

At the recent Cadwallader Debate, the panel asked whether the role of the master is under attack, and how has the master’s authority and responsibilities been affected in an age of instant communication between ship and shore. With shore managers having ever more control, and with the growth in reliance on data for decision making – it seems we are already using remote controlled vessels to an extent.

MONTHLY NEWS ROUND-UP

SOME OF THE OTHER STORIES WHICH HAVE CAUGHT OUR EYE THIS PAST MONTH.

Seafarer Trauma:

Guidance for Maritime Organisations aims to provide top-level guidance to senior management to help improve the mental health of seafarers. It offers education and evidence-based approaches specifically designed for the maritime industry. The guidance is authored by Professor Neil Greenberg, Managing Director of March on Stress and Professor of Defence Mental Health at King's College London. "Better mental health support for maritime not only provides moral benefits, there are also legal and financial benefits to organizations who focus on supporting their most important asset". <https://goo.gl/cA4PvA>

Changes to STCW Beckon:

Shipowners P&I Club has drawn Members' attention to the impending 2010 Manila amendments to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978 (STCW). This change affects all vessels required to comply with the STCW convention. As per Regulation I/15 of Resolution 1 – The Manila Amendments to STCW 1978, these changes, which come into force on 1 January 2017, will render many seafarer qualifications invalid. This includes those that do not state an expiry date (perpetual certificates). <https://goo.gl/WHbd8g>

Tragic Death of Port Pilot:

Port of London Authority (PLA) last month issued a statement confirming the death of one of its pilots last week. The pilot was involved in an accident in Gravesend Reach while boarding 1993-built general cargo ship "Sunmi" operated by Norwegian firm Misje Rederi. PLA said that the teams on duty, emergency services and the Royal National Lifeboat Institution all attended the scene and did all they could to save the pilot, but the pilot passed away. The United Kingdom Maritime Pilots' Association identified the pilot as Gordon Coates. <https://goo.gl/TZD6aZ>

Internet for Safety:

We've all heard about shipowners and managers getting internet for seafarers for crew welfare reasons, but apparently some are also doing it for reasons of safety. Stefan Matias Nygard, general manager portfolio management for Wartsila, said one shipowner had indeed decided to invest in crew internet for reasons of safety. The issue was that as vessels came into port and the crew could get local 4G connections on their phones they would all start to connect to social media and internet sites while the ship was coming into dock. "They had one hand on their phones and one hand using their phones", so they invested. <https://goo.gl/krGRff>

Tail to Wag Regulatory Dog:

In a debate on regulation, Navios group IT director Katerina Raptaki recently stated that regulators should listen to shipowners before forcing new rules on them. Dona Marine Co technical operations superintendent Ian Kershaw said there is ample opportunity for shipowners to put their views forward to IMO, which sets the majority of maritime regulations. "It is because shipowners are unwilling to adopt, or invest, in new ideas that regulation has to be forced upon them," he commented. He added on a LinkedIn comment that IMO should discuss the practicalities of implementation with seafarers instead. <https://goo.gl/EPWg1P>

Cyber Scale Unknown:

The scale of the cyber-security threat against shipping is unknown according to Giles Noakes, chief maritime security office of BIMCO. Speaking at a maritime security forum in Copenhagen Noakes said the scale of the problem was unknown in the shipping as owners do not want to admit to as it is brand issue. On top of this companies do not realise they have been a victim of an attack in the first place. "I would go as far as to say half the people don't know they've been attacked," he said at the event which was part of Danish Maritime Days. One of the biggest threats at the moment remains malware spread by USB drives. <https://goo.gl/pDPRJz>

Crime at Sea Discussed:

The UK Chamber of Shipping in partnership with international law firm Hill Dickinson held a half-day Crime at Sea Seminar at Hill Dickinson LLP's office. This event discussed, amongst other things, how shipowners should preserve and collect evidence when a crime occurs or is alleged on board their vessel as well as previous experiences of what happens when such a scenario arises for real. In addition, presentations were given on jurisdiction at sea, the role of the police when a ship arrives in a UK port after a crime has been admitted as well as a presentation on the IMO guidelines on preserving and collecting evidence. <https://goo.gl/BTjqCa>

HK Marine Dept Hacked:

Hackers have managed to infiltrate the Hong Kong Marine Department, locking access to a computer located in its offices. According to the marine department, the company was attacked by a malware called "Locky" and all the files in the computer have been locked, with the hacker leaving a message asking for payment of four bitcoins in exchange for passwords to unlock the files. The department stressed that its operations are not affected by the cyber attack and it is now assisting the police to investigate the case. It has also warned all its staff not to open any suspicious links from internet. <https://goo.gl/TA0Jfn>

New Eco Rules Beckon:

The world's leading maritime nations are leaning toward setting rules next week to cut the sulfur in oceangoing vessels' fuel by more than 85% in 2020, people familiar with the matter say. The rules are aimed at reducing the air pollution from burning high-sulfur fuel oil—a viscous refining byproduct—that health officials blame for respiratory and heart diseases. Shipping executives say it would cost around \$40 billion for the industry to meet the new rules, with some of the outlays starting soon, during one of the sectors' worst-ever downturns. The regulation could catapult the price of cleaner-burning marine diesel fuel. <https://goo.gl/er8Chm>

Phone Battery Warning for Ships:

The Standard Club is warning shipowners to be careful when transporting lithium-ion batteries in the wake of widespread reports of many Samsung Galaxy Note 7 phones self-igniting. "The exposure to members arising from carriage of these batteries is potentially wide and includes claims in respect of damage to cargo and hull by fire, personal injury, deviation, storage and disposal costs, pollution, salvage or even wreck removal," the P&I club noted in an alert to members. Lithium-ion batteries are classified as Class 9 goods (under UN numbers 3480 and 3481) in the International Maritime Dangerous Goods (IMDG) Code. <https://goo.gl/IW1zD5>

BIMCO on Road to Recovery:

BIMCO has published reports looking at the "road to recovery" for dry bulk shipping beyond the current market difficulties. The foundation for the new report follows the conclusion of BIMCO's previous analysis – that due to the severity of the current crisis the sector can only return to profitability in 2019 if shipowners deliver "zero supply side growth", year on year. BIMCO's latest report sees that consolidation and risk management will be the new industry model for dry bulk shipowners – with parallel effects in other sectors. <https://goo.gl/PbfOV5>

VLCC Rates Set to Rise:

Freight rates for very large crude carriers (VLCCs) are set to rise further next week, fuelled by a raft of cargoes from West Africa and the Middle East amid tight tonnage supply, ship brokers said. VLCC freight rates hit a multi-month high on Thursday. "The optimism among owners is punchy – I think the market has legs on it and could easily increase by another 10 points (on the Worldscale measure)," a European supertanker broker said on Friday. That would be a rise of around \$10,000 per day in earnings for a VLCC from the Middle East to Asia, freight rate data on the Reuters Eikon terminal showed. <https://goo.gl/x2skLx>

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