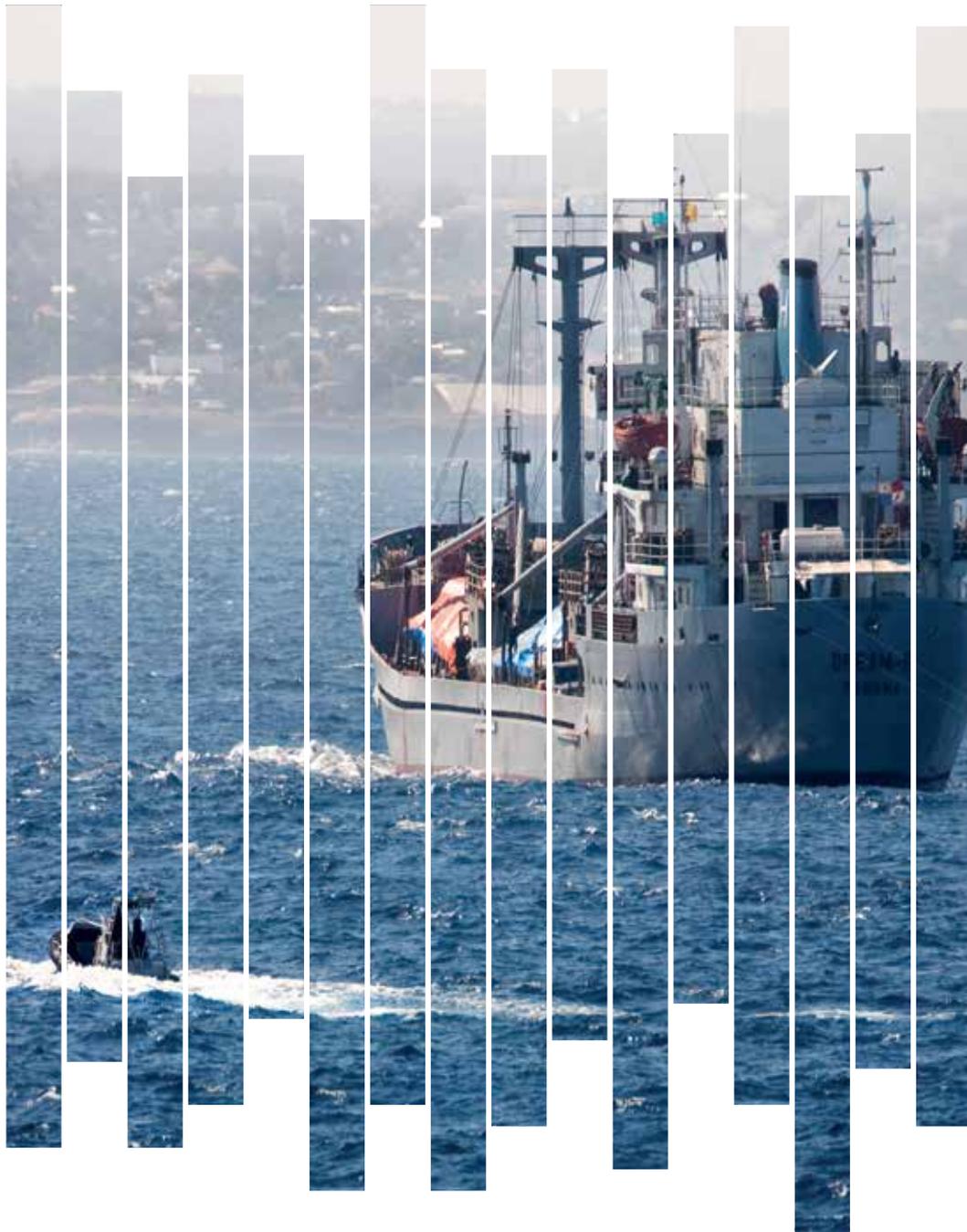


SEACURUS BULLETIN

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PORT STATE & MLC DATA

ASIAN PIRACY RESURGENCE | P&I BUNKER CLEAR UP | RANSOM DEBATE



Inside this issue we explore the latest issues besetting shipping, from data regarding detentions under the Maritime Labour Convention, the extension of EU NAVFOR's 'Operation Atalanta' programme and the growing need for proper and effective corporate social responsibility.

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Welcome

➤ Welcome to our new look Seacurus Monthly – as ever we provide an in-depth round up of some of the major stories which have been shaping our response to the market and providing an insight into the areas of concern which lie ahead. But with a fresh new look and vibrant style.

It has been an interesting time of late, especially so as the first definitive data has emerged with regards to detentions relating to the Maritime Labour Convention (MLC). There were various concerns before the MLC came into force, some feared it could end up a toothless paper tiger, while others thought it could spell the end for shipping as we know it.

From the figures released by the Paris MoU on port State control, there are signs that the legislation is being applied in a robust manner, but there does not appear to be the feeding frenzy of enforcement regime which would bring trade to its knees. Thankfully common sense appears to be winning out.

Talking of trade almost coming to a stop – the murky and shocking demise of major bunker trader and supplier OW Bunker has really rattled the industry and

the full extent of the damage and repercussions are still being established. We look at the advice from P&I Clubs, and outline some of the rescue deals which have been put in place.

This month we once again revisit some key piracy issues – uppermost being the inexorable rise of petro piracy in the Malacca Straits. Piracy in the region is as old as the trade routes that snake between Indonesia, Malaysia and Singapore, but this new iteration has been causing panic for tanker operators.

Looking westward from Asia, we look at piracy in the Indian Ocean and note the European Union's counter-piracy EU Naval Force Somalia – Operation Atalanta, has been extended by two more years. This is a direct result of the assessment that the threat of Somali piracy is still in evidence. So it is clearly not time to drop the guard yet.

This is especially concerning as the British government has moved to ban insurance companies from paying for terrorist ransoms. The legislation change will prevent insurers from making ransom payments to terrorist groups to free captives, but there are massive

concerns that this could affect the ability to free seafarers held by Somali pirates.

Inside this issue we also look at the growing clamour for proper and effective Corporate Social Responsibility (CSR) in shipping. A recent high profile event in London gathered shipping professionals together, and just like giving enough monkeys sufficient time and typewriters and getting the collected works of Shakespeare, eventually some useful answers emerge.

We hope you find Seacurus Monthly of interest, and that you like the new design and layout. We look forward to assisting you with any further information or requirements you may have. ➤



Managing Director
Capt. Thomas Brown

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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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Measuring the MLC Effect

It was very interesting then, as the Paris MoU released its 12 month detention data, to at last have some figures to see what the actual reality was, rather than the fevered speculation.

➤ The Paris MoU duly reported 113 ship detentions related to MLC deficiencies in the first twelve months since the convention was entered into force.

The 113 detentions represent 17.4% of the total number of ship detentions -649- in Paris MoU ports during this same period.

The MLC 2006 entered into force on August 20, 2013. The convention has been hailed as the ‘Seafarer Bill of Rights’ as it protects the world’s 1.5 million seafarers from substandard living and working conditions aboard ships. It has also been called fourth pillar of maritime next to SOLAS, STCW and MARPOL.

According to the new figures, Paris MoU Authorities flagged 3,447 MLC-related deficiencies, representing 7.4% of the total 46,798 recorded during the same period. Of the 3,447 recorded, 160 of the deficiencies were marked as cause for detention, resulting in 113 ships being detained, the numbers showed.

Paris MoU reports that detainable deficiencies were most frequently recorded in the areas “payment of wages” (39.5%), and “manning levels for the ship” (28.6%). Other areas with high deficiency levels are “health and safety and

accident prevention” (43.1%), “food and catering” (15.4%) and “accommodation” (10%). The numbers did not elaborate on what type of ships the detentions were related to.

The Paris MoU consists of 27 participating maritime Administrations covering waters of the European coastal States and North Atlantic.

Current member States of the Paris MoU include Belgium, Bulgaria, Canada, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Latvia, Lithuania, Malta, the Netherlands, Norway, Poland, Portugal, Romania, the Russian Federation, Slovenia, Spain, Sweden and the United Kingdom.

Together Paris MoU Authorities conduct more than 18,000 inspections annually on board foreign ships within Paris MoU ports, and it is clear that MLC issues are a major and important focus.

Parallel to the data generated by port State control there have also been a number of surveys which have sought to gain the insight of life on the frontline, and of the experiences of seafarers.

One such major study, which also bears out the Paris MoU data, was that conducted earlier this year by Crewtoo.



According to the survey which garnered the view of over 1000 seafarers – the surprising issue that emerged from the survey was the level of respondents who had experienced delays in receiving wage payments.

Almost half of respondents reported having waited for delayed wage payments to be made by their employer at some point. Given that overdue salaries are one of the red flag indicators of shipping company financial distress, it seems that many of seafarers are being put through undue stress, frustration, and uncertainty over payments.

The Maritime Labour Convention (MLC) states that wages should be paid at least every month, so it is troubling to note that



as many as 49% had experienced delays. This mirrors the port State control figures, and with 39% of deficiencies relating to “payment of wages”, there are clearly serious issues in this regard.

The survey also examined how many seafarers were forced to work without pay. The percentage of responses was surprisingly high and a cause for concern as some 36% of seafarers stated that they had spent time at sea without pay.

The survey also sought to gauge the level to which seafarers had experienced abandonment, when an owner left them and their colleagues to fend for themselves.

Crewtoo states that “abandonment of seafarers by an employer is a despicable act – leaving crew in often faraway ports, having to rely on charity for food and water, experiencing often dreadful conditions as they fight to secure the wages they are owed for simply doing their job”.

According to the responses received, some 17% of seafarers

had been abandoned, which was a much higher level than expected. MLC has been heralded as a major leap forward for the care and welfare of seafarers, and it seems that it is working – with the Paris MoU data indicating that vessels are being detained and the convention well enforced. Parallel to this it seems that seafarers feel positive when it comes to the effect of this legislation on their day-to-day existence. In the Crewtoo survey 71% stated that the MLC made them feel happier at sea.

This is excellent news, and reflects both the spirit and letter of this Convention – the ultimate aim of which has been to make life better for seafarers. But it is not quite time for pats on the backs and high fives – there are still problems which need to be addressed, and confidence in MLC does not seemingly translate to the matter of payment security.

Some 48% of the Crewtoo respondents believed that there was a risk of non-payment, which in turn could well develop into an abandonment situation. There

is, however, a lot of interest from seafarers in the matter of wage protection insurance and systems of financial security.

The responses to this issue show that seafarers are aware of the protective systems in place, such as Seacurus’ CrewSecure cover, and it also highlights that seafarers are now willing to do more research before sailing.

According to the survey when asked “would you research whether a company had wage cover insurance before sailing?” 73% of seafarers are stated that they would!

The fact that seafarers are engaging and seeking to secure their own best interests is a very positive result and could be something of a tipping point for the industry. Parallel to the active approach of the Paris MoU port State control, it seems that progress is being made and that MLC can deliver on its promises to protect crew against abandonment and ensure that seafarers are able to rely on financial security.

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PIRACY: ASIAN PIRATES IN FOR LONG HAUL

> Piracy in the Malacca Straits is as old as the trade routes that snake between Indonesia, Malaysia and Singapore. Mariners have run the Malaccan gauntlet for centuries, braving the navigation hazards and seagoing thugs that inhabit the shortest route between India and China. After a brief hiatus in petty theft and looting at the end of the last decade, the recent resurgence in maritime crime has turned its sights on the global oil trade.

According to a new study, the key elements driving the piracy are vessel vulnerabilities, owners cutting costs, pirates adopting the Nigerian business model, the fact that piracy leads to profit and there are potentially worrying links to politics in the region.

The latest spike in Asian piracy has seen an increase in the number of attacks on shipping in the first half of 2014 and has fed growing concerns that piracy is in the ascendancy in and around Southeast Asia, but with little to stem the rising tide.

Experts believe that efforts to contain the menace must be rolled out:

These efforts should include:

- Not just arresting pirates at the scene, instead law enforcement needs to extend to breaking up the criminal enterprises ashore,
- Product tanker owners should adopt a regional version of Best Management Practices (BMP), which prescribe self-help onboard security measures originally designed to “harden” merchant ships against piracy threats in the Indian Ocean.
- Singapore, Malaysia and Indonesia could agree to extend the Malacca Strait Patrols to “tag-team” a continuous presence in the waters, especially in hours of darkness.

The Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships

in Asia (ReCAAP) reported two cases of siphoning of ship fuel/oil in October 2014, bringing the total number of such incidents to 11 so far this year.

ReCAAP’s Information Sharing Centre said that it is concerned and will continue to work closely with the littoral states in monitoring the situation, and will encourage increased surveillance and enforcement. It reported a total of 18 incidents in October 2014, the bulk of which were petty thefts (60%). This was two incidents less than the 20 reported in October 2013.

The rise in piracy attacks off the coast of Singapore has prompted the city-state to boost surveillance efforts with a radar-equipped blimp over its skyline. An unmanned helium-filled balloon the length of an Olympic-size pool

will be held down by fortified ropes to float 600 meters (2,000 feet) above ground -- more than twice the height of Singapore’s tallest building, the Ministry of Defence said in a statement.

“Both aviation and maritime domains have to be closely monitored in the light of the more recent developments, for instance the MH370,” said a leading academic in the Island state.

For all the academic research and thought, and even with new blimps flying over Singapore, it seems there is little in the way of actual action to limit the spread and scale of this new bout of petro piracy. Attacks are becoming commonplace, and it seems all too easy for the criminals to take the cargoes and make themselves a fortune on the black market.

EU EXTENDS ANTI-PIRACY PROGRAMME

> The European Union's counter-piracy EU Naval Force Somalia – Operation Atalanta, has been extended by two more years as the threat of Somali piracy remains. Operation Atalanta's main focus is the protection of World Food Programme vessels delivering humanitarian aid to Somalia, as well as the deterrence, repression and disruption of piracy off the Somali coast. In addition, Operation Atalanta contributes to the monitoring of fishing activities off the coast of Somalia. The extension will ensure the Operation continues until at least 12 December 2016.

Operation Atalanta (EU NAVFOR) has unquestionably grabbed the limelight as the EU's most important contribution to combating piracy. However, that mission's mandate ends in 2014, and while it may be extended it appears to be scaling down as the piracy epidemic off the coast of Somalia has much reduced. Does this mean the EU is no longer interested in anti-piracy? Not really, but perhaps the emphasis is shifting towards softer (and cheaper) maritime security initiatives.

This summer alone the EU's Maritime Strategy has been published which includes anti-piracy as a key theme, although the document itself has been deemed a "disappointing mish-mash of many concerns" by some critics.

Instead of strategizing, there are many who believe that action speaks louder than words – and they deem the progress made by the likes of the dedicated EU anti-piracy mission for the Gulf of Guinea, the so-called CRIMGO initiative (Critical Maritime Routes Gulf of Guinea) as a template which can deliver success against piracy.

CRIMGO is very different to Operation Atalanta, there is no talk of permanent naval patrols in West African waters by EU navies, and it looks very much to the land based elements of piracy. The core of CRIMGO is about training local maritime security and anti-piracy elites and developing capacities to tackle the problem locally.

This is a focus on the 'soft' security infrastructure: institutional cultures, legal norms, sharing of intelligence and know-how.



Keeping Watch - Image courtesy of EU NAVFOR

Operation Atalanta (EU NAVFOR) has unquestionably grabbed the limelight as the EU's most important contribution to combating piracy.

Already several anti-piracy courses have been completed, graduating scores of personnel from local West African navies, coastguards, and other authorities.

A regional information centre is planned for Yaoundé. The overall sums of money involved such efforts are small, and it raises the question of whether the EU prefers normative and inexpensive "soft" power at the expense of projecting credible force.

The EU's relatively cheap focus on building up long-term relationships with local naval and maritime security elites in the littoral states may pay some dividends. There have been hard lessons learned from the Somali piracy epidemic, and it became clear how limited the use of naval force can be. All too often there was reports of captured pirates being let go, or there were problems with prosecution.

Deploying state of the art destroyers to find pirates, at a minimum cost of over one million dollars a month, is arguably both a rich man's game and a mug's game. Increasingly, the EU simply cannot afford to play either! The clever money is in relationship building, and education too – catching pirates is futile and difficult, but stopping people turning to piracy is the smart approach. <

P&I CLEARING UP BUNKER MESS

The murky and shocking demise of major bunker trader and supplier OW Bunker has led to P&I Clubs issuing comprehensive advice to their members on the many complex legal issues caused by OW's crash.

> The November bankruptcy of the main operating units of OW Bunker has really rattled the industry and the full extent of the damage and repercussions are still being established.

It is just eight short months since the Danish bunker group was valued at nearly USD1bn in an IPO. But as a result of some alleged dubious practices, lawyers and courts around the world are beginning to pick over the detritus.

According to advice from Steamship Mutual: "The issues arising from OW's bankruptcy, and in particular the possibility that sub-contractors or assignees of OW will pursue claims for unpaid bunker supplies are not straightforward and fact sensitive." It advises any of its members receiving such claims or threats of arrest to contact the Club's managers.

The UK Club has also published detailed question and answers covering practical issues facing owners who have taken bunker stems involving OW.

According to lawyers, in many cases it is unclear who is entitled to be paid for bunkers received. This uncertainty raises the threat of owners possibly being pursued by different parties for the same payment.

Meanwhile it has been reported that Pricewaterhouse Coopers (PwC) and ING Bank B.V. (ING) have announced an agreement in respect of certain debts owed by OW Bunkers. "The Receivers' [PwC] collections team based in Denmark will pursue all global receivables assigned and charged to ING," PwC said in an emailed statement.

"All recoveries from receivables [amounts owed to OW Bunker] as at the point of bankruptcy will be paid into ING accounts and recoveries from currently un-invoiced OW Bunker Denmark sales will be paid into accounts controlled jointly by ING and the Trustees." PwC also agreed process on who had the right to certain receivables.

At least seven barges are known to have been arrested, and a number of vessels have already been moved on to new companies. OW Tanker, a unit of bankrupt OW Bunker and owner of its marine fuel supply ships, has been taken over by a newly-created company, the fleet manager stated.

Henrik Pedersen said the takeover by Alba Tanker ApS, which has the trustees of the bankrupt company on its board, is part of the process of securing assets for the estate. "We are not a very big part of the company," Pedersen said by telephone. "We're the ship-owning part of OW Bunker and Trading. And that was our biggest client, of course, but we have always been run as a separate company." OW Tanker owned 10 vessels and chartered 19.

The International Bunker Industry Association (IBIA) has acted to support companies and individuals impacted by the collapse. IBIA Chief Executive Peter Hall said: "This is an unprecedented occurrence and our thoughts are with the very large number of competent hard working ex-employees now urgently in need of support and industry contact. It is important that dialogue is maintained across the supply chain and we are pleased to be able to support the Singapore bunkering community." <

IN DEPTH

TERROR RANSOM BAN

Risk Analyst
Steve Jones

Britain is moving to ban insurance companies from paying for terrorist ransoms. The legislation change will prevent insurers from making ransom payments to terrorist groups to free captives.

> The UK Home Secretary Theresa May has said the “Counter-Terrorism and Security Bill”, makes clear it is an offence for firms to reimburse ransom payments. The move is part of a package of changes designed to tighten up protections in the UK, amid warnings that the threat of an attack in the UK is growing.

The killing of hostages by Islamic State has stiffened the resolve of nations which refuse to negotiate with terrorists, or to make ransom payments. They are now asserting that such payments should be illegal because they fund terrorism. With other states taking a different approach, the debate over the legality of ransom payments has been reignited.

Speaking at the introduction of the Bill to the House of Commons, May said, “To put an end to uncertainty about insurance and reinsurance payments for kidnap and ransom, and to help prevent an important element of terrorist financing, the Bill will amend existing law to make sure UK-based insurance firms do not provide cover for the payment of terrorist ransoms. To put this important issue into context, along with oil sales, taxation and extortion, the UN estimates that ransom payments raised up to £28million for ISIL in the last twelve months alone.

A new offence will apply to ransom payments once the Bill is introduced.”

Lawyers have been quick to remind the industry that certain ransom payments are permissible under UK law following the repeal of the 1782 Ransom Act in 1864. In *Masefield v Amlin* (2010) EWHC 280 (a marine piracy case involving the vessel “Bunga Melati Dua”) Mr Justice Steel held that such payments were not illegal and not contrary to public policy. However, in cases where a ransom payment may go towards funding terrorism, anyone involved in the transaction could be violating a range of laws – namely, the UK Terrorism Act 2000.

The Terrorism Act 2000 defines terrorism as: “The use or threat of action designed to influence the government or an international governmental organisation or to intimidate the public, or a section of the public; made for the purposes of advancing a political, religious, racial or ideological cause” We seem to have a situation developing in which piracy is clearly not terrorism, and where some nations will pay ransoms anyway – this is a complicated business, and one which does not appear well served by legislation which focuses on one cause and effect, but ignores others.

It has long been seen that piracy does appear to be removed from terrorism – but it seems the agenda of many politicians is to rather simplistically lump all such problems together.

In its “Pirate Trails” report, the World Bank identified several unnamed London law firms as ‘leaders in the provision of advice regarding piracy matters’. When criticised, the law firms defended their work under the argument of the Right to Life principle under the UK Human Rights Act. With respect to the possibility of legal challenge under the UK Proceeds of Crime Act, the law firms contended that the money involved in the payment of ransoms did not ultimately become proceeds of crime.

This stance has been coming for some time. Back in June 2013 the G8 Nations pledged to ‘unequivocally reject the payment of ransoms to terrorists’. The US had earlier strengthened its threat of enforcement action against anyone who aids or abets Somali piracy. In 2010 US President Obama signed Executive Order 13536, which unilaterally imposed sanctions against suspected Somali pirates and any US persons who pay a ransom to those covered by sanctions risk a US\$1m fine and up to 20 years’ imprisonment.

Inevitably when the word ransom is raised, attentions turn to Somalia and the kidnap epidemic which had exploded in the region. Thankfully things have improved, but a number of seafarers are still being held captive by Somali pirates and their lives are in real danger.

While the G8 focus and this new UK legislation are seemingly aimed at actions on land, the developments do have an impact on victims of piracy at sea. The upshot of the stamping out of ransoms is that it will be nigh on impossible to free seafarers if the Somali piracy plague emerges once again. Sadly it seems that lives will be put at risk based on the flimsy pretext that piracy supposedly funds terrorism, a claim which has repeatedly never stood up to scrutiny.

It is positive that there is united determination within government to break the financial chain potentially funding terrorist groups, but it is simply not right to make decisions driven by the mistaken acceptance that there is a link between the activities of the pirates and of terrorists.

It has been confirmed in several authoritative reports and by EUNAVFOR that “no direct link” exists between pirates and terrorists and researchers almost always alight on the fact that piracy is a business model based on criminal activity, not terrorism.

There is no shortage of research on the matter – a 2010 paper from Karine Hamilton of Edith Cowan

University entitled “The Piracy and Terrorism Nexus: Real or Imagined?” clearly states, “the nature of terrorism and piracy in Somalia all point toward the conclusion that the two phenomenon are distinct from each other both in terms of geography and practice.”

While Lord Jopling the author of the NATO report “The Growing Threat of Piracy”, stated:

- There is so far no evidence of collusion between Somali pirates and terrorists
- Pirates’ activities are incompatible with the principles of Islam, and
- On the risk that the proceeds of piracy are used to finance terrorist organisations, “Evidence of a direct link is so far lacking.”

Policymakers and politicians need a clear understanding of maritime terrorism and piracy in order to overcome them. Simply banning piracy ransom payment based on the wrong assumption that they fund terrorists serves no positive purpose.

Currently when crews are hijacked shipowners have no option but secure the release of crews by the payment of ransoms, without this recourse shipowners would be effectively forced to abandon their crews to appalling treatment and an uncertain fate.

Unions and welfare agencies have spoken out too, and they believe a ban could also have a devastating

effect on global trade and industry, if the capability to free hostages is removed, the risk of capture and almost certain death may well be too much for seafarers to bear, or indeed shipping companies to accept.

The UK Foreign Affairs Committee stated in 2012: ‘the Government should not pay or assist in the payment of ransoms but nor should it make it more difficult for companies to secure the safe release of their crew by criminalising the payment of ransoms’.

There are some who even see that a ban on ransoms could violate the European Convention on Human Rights – Article 2 – the right to life and Article 3 – the right to freedom from torture, inhumane and degrading treatment. Also a ban would likely lead to ransom payments being driven underground. We would lose the ability to track them and thus to capture and prosecute the pirates who kidnap seafarers.

All in all, the basic premise of stopping terrorists receiving cash is a fair one – but any suggestion that piracy is lumped into the equation would be dangerous, inflammatory and plain wrong. Not paying ransom to terrorist kidnappers is an efficient solution: It has been proved to reduce the number of hostages taken. Except that maybe it isn’t the best solution. It is to be hoped someone in the decision chain knows the difference between terrorists and pirates.

It has long been seen that piracy does appear to be removed from terrorism – but it seems the agenda of many politicians is to rather simplistically lump all such problems together.

Policymakers and politicians need a clear understanding of maritime terrorism and piracy in order to overcome them. Simply banning piracy ransom payment based on the wrong assumption that they fund terrorists serves no positive purpose.



CORPORATE SOCIAL RESPONSIBILITY: THE INFINITE MONKEY THEOREM

If you gather 150 people in a room and ask them what Corporate Social Responsibility (CSR) means for shipping, it is likely you will get many varied answers. But just like giving enough monkeys sufficient time and typewriters and getting the collected works of Shakespeare, eventually you may find some useful answers emerge.

➤ For the 4th year running, US events company Capital Link gathered a collection of the great and good of the industry together in London to tackle the issue of CSR. Trying to find and develop best practice, pointing those who may be floundering in the right direction and gently reminding those gathered that shipping is in the spotlight and needs to step up.

From owners, managers, Classification Societies to lawyers – and across so many levels of the shipping strata, all came together to learn, debate, and perhaps develop their own notions of what it means to operate their company in line with the increasing demands of society, the law and investors.

For some, CSR is about the need to be nice, some to protect the environment, while others roll their eyes, catch up on emails and wait to be told what it should mean to them and of how they will make more money from it.

The very concept of CSR in shipping is perhaps as nebulous as the concept of the shipping industry itself. We all work in shipping, but the roles we have, the business services we provide often run such a wide gamut that trying to apply catch-all concepts and one-size-fits-all approaches only serve to weaken the journey towards a sustainable, conscientious and proud industry.

Ships moving cargoes, seafarers operating ships, managers ashore overseeing the process, executives making decisions, moneymen throwing cash around,

and insurers soaking up the risks – all have very differing challenges and perceptions. However diverse though, we need a route forward, and Capital Link thankfully provided some cause for hope and inspiration to get the ball rolling.

One of the repeated messages which emerged was that shipping has a dreadful track record with public relations. It was stressed that unfortunately people only switch on to shipping when the worst happens – oil spills, loss of life, disaster and mayhem. Like a bad movie the global audience only awakes when drama grabs them.

Alas it is so difficult to paint the real picture, to get the positive message out because people do not really care. Modern society is used to miracles, no-one gasps at television or phones, the space race was won, and there is a feeling that little is truly impossible. In the face of that, it seems only sensible that 90% of trade moves by ship – so what is the story? What is so amazing for the general populous?

That is the real challenge, to communicate that the actual day-to-day movement of so many goods is a modern miracle. That every cargo delivered is a victory over adversity, and a vital building block of modern life. So the challenge of delivering on the technical and operational aspects of shipping remain, but so too do the need to communicate the real value of shipping, and that has to be told with a parallel reality of an honest effort to apply the base tenets of CSR.

To really engage with the concept of CSR is the first hurdle. The challenge “to care enough to care enough” is about a corporate leap of faith. One in which the bottom line becomes about more than money alone. Shifting from fixating on Pound signs to the “3 P’s” of sustainable business remains the vital key to developing and embracing CSR.

A business which looks to “People, Planet and Profit”, is one that will go beyond survival. It will be capable of thriving in the new commercial landscape of the future as transparency, accountability and reputation matter ever more. Legislators, investors, politicians, and clients, all demand more, and a foundation of good, honest and realistic CSR will be vital.

How though, it was asked, can a company deliver on the demands of so many potential pressure points? Which people does it need to focus on, what elements of saving the planet, and how with all that is going on can it safeguard, let alone grow, its profits?

For a long time one of the real problems was that there was no definition of CSR – there was just a gut-feeling, and that would differ from company to company. Some companies looked to build on the traditional philanthropic models of the past, some looking to more modern views of sustainability.

Without even the foundation of a recognised definition it was stressed that it would be hard for those companies who aspired to do better to perhaps find the shape and scope of improvement needed. Then along came the International Organization for Standardization (ISO) with the first standard definition, “ISO 26000 - Social Responsibility”

According to ISO, businesses do not operate in a vacuum. Their relationship to the society and environment in which they operate is a critical factor in their ability to continue to operate effectively. It is also increasingly being used as a measure of their overall performance.

ISO 26000 provides guidance on how businesses and organisations can operate in a socially responsible, ethical and transparent way that contributes to the health and welfare of society. Though this is not a certificate which can be gained and hung on a wall, it is a mantra which can be adhered to.

The time has come for shipping to take a bearing and to set a course for a future with CSR at its core.

That is quite a leap for shipping companies, especially those who do not have to prescribe to shareholder and stock exchange demands. For listed companies, the need to think in this way has been apparent far longer. Reputation is crucial when the share price can wax and wane, and so they have worked hard to develop the principles of CSR. Even if there is still work to be done to deliver on the promises, it is not enough to simply stay legal and pay out dividends, they have to strive for more. But at least most listed shipping companies are over the CSR start line.

For the rest of the industry things are a lot more complicated, fragmented, confused and challenging. Shipping has created, over centuries, the mechanisms to insulate and isolate risk by transferring the impact of things which can go wrong through insurance. That works for clear cut tangible issues, but where the risk is a hazy, esoteric requirement to do “good”, well that is hard to lay at someone else’s door.

Companies are being forced to act, to step up and to do the right thing. So we have a situation in which many are striving, but are they delivering and are they really even benefitting?

At its core the concept of CSR is to move above what would be required to operate legally. Not polluting, not killing or injuring employees, and not making life worse for the people who come into contact with the company are obvious and existing moral, legal and ethical duties. CSR is about going above and beyond, finding the ways in which not only does the company do no harm, it actually strives to do good.

No-one pretends that businesses are automatically set up for the challenges of shifting from grabbing profit and opportunity into hugging the world is a massive leap for some. It was stressed that vision, courage and willingness are essential components of any business stepping up and moving forward.

The rewards are there though, and the International Maritime Organization (IMO) Secretary General Emeritus, Mr Mitropoulos stated that shipping needs to be guided by its social and moral compass to deliver on the needs of the world, and for demands of business. <



NEWS ROUNDUP

A SUMMARY OF KEY MARITIME HEADLINES FROM ACROSS THE GLOBE

Aussies Ban Repeat Offender:

The Australian Maritime Safety Authority (AMSA) has issued a direction to Indonesian flagged container ship "Territory Trader" not to enter or use any port in Australia for three months. The direction for the multi-purpose vessel is a result of repeated detentions and a history of machinery and equipment malfunctions, and breakdowns. Territory Trader has been detained by AMSA on three occasions since July 2013, prompting serious concerns the vessel is not being operated or managed to meet applicable standards. The vessel was considered high risk and a non-scheduled port state control inspection was undertaken.

<http://goo.gl/5U10dg>

Tackling Fraud and Bribes:

Sometimes captains face demands for bribes or facilitation payments at a port before shore passes are granted. Sometimes they are fined for fabricated issues relating to their crew's nationality, their documentation or the inspection of their vessel. And sometimes these requests come with the threat of violence or physical detainment. According to the United Nations, corruption adds 10 percent or more to the cost of doing business in many parts of the world. The Danish Shipowners' Association is looking to tackle this, and says "It requires collective action by the industry and also close cooperation with inter-governmental organizations."

<http://goo.gl/X7XHMD>

Owners Getting Bigger More Often:

Expansion of the world fleet is today creating more "big" shipowners. Over the past decade membership of the "100 Club" – owner groups with



100 or more vessels – has more than doubled. As the fleet continues to grow, more members are expected to join the club, and there are plenty of incentives for them to do so. There are advantages to being one of the big boys, and not surprisingly more owners want to join the club. By the time today's orderbook has been delivered, another 13 ownership groups will have crossed the 100-ship threshold, and as the fleet continues to grow it is likely that more will join them.

<http://goo.gl/GuxPvm>

Most Oil Spilled Out East:

Oil spills from vessels occur most frequently in East Asian countries, said a speaker at the Korea Shipowners' Mutual Protection and Indemnity Association (Korea P&I Club)'s renewal strategy seminar in Seoul, South Korea. Alex Hunt, technical team manager at the International Tanker Owners Pollution Federation (ITOPF) said that 11.2% of spills of 211 incidents attended by ITOPF in the last 10 years since 2004 have occurred in China. South Korea placed second with 6.0%, followed by Japan with 4.8%. The remainder has happened

in 64 different countries. Spills from non-tankers are going up, bulk carriers and container ships in particular.

<http://goo.gl/mleACm>

New Canal Construction Set to Begin:

Construction of Nicaragua's \$50 billion Interoceanic Grand Canal, expected to rival the Panama Canal, will begin Dec. 22 after feasibility studies have been approved. The route suggested for the 172-mile (278-km) canal, which would be longer, deeper and wider than the Panama Canal, was approved in July. Construction will be led by Hong Kong-based HK Nicaragua Canal Development Investment Co Ltd (HKND Group). Opponents of the plan are concerned about the canal's effect on Lake Nicaragua, an important fresh water source for the country, as well as the impact on poorer communities.

<http://goo.gl/N6NOvi>

Optimising Voyages, Saving Money:

Last year, Maersk Line owned and chartered fleet comprising 550 vessels completed about 37004 voyages called 33000 ports using 380 terminals in 117 countries. Given the sheer scope of Maersk Line's operations, we are committed to reducing fuel consumption and CO2 emissions. This puts energy efficiency as one of the crucial objectives. That means taking careful steps towards optimizing these 37004 voyages in terms of energy efficiency. Maersk Line's Global Voyage Centre (GVC) monitors in real-time the position of all the Maersk Line owned and chartered vessels. A team of senior seafarers monitor the vessels 24x7.

<http://goo.gl/k6U77R>



Manning Changes to Safety Management Code:

Owners are being made aware of several changes to the ISM Code that will come into force on 01/01/2015; however one change, concerning manning levels, is of particular interest. A flag state may require the company responsible for the operation of the ship to prepare and submit its proposal for the minimum safe manning taking into account all operational requirements and circumstances. Having received the proposal, the flag may approve it depending on whether the ship's complement is established in accordance with principles, recommendations and guidelines set out, and is adequate in all respects.

<http://goo.gl/10ew7P>

Massive Leap in Maritime Traffic:

Maritime traffic on the world's oceans has increased four-fold over the past 20 years, likely causing more water, air and noise pollution on the open seas, according to a new study quantifying global ship traffic. The research used satellite data to estimate the number of vessels on the ocean every year between 1992 and 2012. The number of ships traversing the oceans grew by 60% between 1992 and 2002. Shipping traffic grew even faster during the second decade of the study, peaking at rate of increase of 10 percent per year in 2011.

<http://goo.gl/HYTAC8>

Getting Night Orders Right:

The London P&I Club says its ship inspection department has recently observed a number of negative findings in connection with masters' night order books. In the latest issue of its StopLoss Bulletin, the club noted, "The value of masters' night orders should not be underestimated in the quest for the efficient and safe performance of a ship, particularly during port calls. The club said: "When writing night orders, there are a number of points which could be included in the instructions to be considered by the master".

<http://goo.gl/QfEx7N>

Harsh Sewol Sentence Slammed:

The International Transport Workers Federation (ITF) has condemned the sentences handed down to the captain and crew of the Sewol. ITF seafarers' section chair David Heindel said the 36 year sentence handed down to Captain Lee Joon-Seok was "excessive and unjust". "The ITF believes that the judgment is based more on emotion and the need to find someone to blame than justice," he said. "The sentencing of the captain and the other seafarers is too severe and does not take into account the actions or lack of actions by others in the industry.

<http://goo.gl/smlnv9>

Nigeria May Be Set for Armed Guards:

Academics assessing the driving forces behind African piracy show that State fragility, economic deprivation, population, and geographic opportunity all related to the incidence of piracy in territorial waters. Similar to the growth of armed insurgencies, political and economic conditions help facilitate corruption and criminality, both of which enable piracy. A new report states that permitting foreign-armed guards on merchant vessels transiting Nigerian waters may be a next step in countering this maritime threat. Clearly, though, conditions on land must improve before the piracy threat will disappear.

<http://goo.gl/H8a2mn>

Lawyers Assess Terror Plot Threat:

Lawyers from HFW have been assessing the implications of potential terror plots to destroy maritime targets. The threat evidenced in the Al-Qaeda publication is worrying for the global shipping industry and for the world's energy supply. Indeed, a secure energy supply is fundamental to the world economy. According to the 2014 BP Statistical Review of World Energy, global primary energy consumption "accelerated" in 2013. The threat from Al Qaeda is a stark reminder that the maritime community remains vulnerable to terrorist attacks at sea, and vessels transporting energy should be particularly alive to the risks.

<http://goo.gl/JX7RbI>

Denial of Care to Sick Crews:

United Nations and other leading international transport, trade and tourism organizations have expressed concern about the report denial of medical care for ill seafarers on board ships that had previously called at ports in Ebola-affected countries. In a statement, the Travel and Transport Task Force called for international cooperation of governments and the transport sector in following the recommendations of the International Health Regulations Emergency Committee on Ebola, convened by the UN World Health Organization (WHO). The Task Force said noted it is concerned about reports of denial of medical care for ill seafarers.

<http://goo.gl/azI9ke>



Image courtesy of Port2Port Maritime Security

Winding Up Fund Causes Headaches:

A decision to wind up the 1971 International Oil Pollution Compensation Fund (IOPCF) before all cases are resolved has caused headaches for the P&I Clubs, Simon Bennett of ICS has said. It puts a spoke in the wheel of a quick and efficient regime established by the IMO Civil Liability (CLC) and Fund Conventions. This compensates pollution victims with costs being divided between shipowners and cargo interests; the shipowners' contribution is paid regardless of fault and claimants have recourse to the oil-industry funded IOPCF if the shipowner's liability is exceeded.

<http://goo.gl/cErlxZ>



Connectivity is the Key for Seafarers:

UK Chamber of Shipping CEO, Guy Plattern has announced that improved internet access will help 'cure' seafarers who feel lonely on board vessels. At the Merchant Navy Welfare Board's annual dinner in London this week, Plattern spoke about how better connectivity and a strong economy can ensure prosperity for individuals who work at sea. "The ability to send a message home, chat with friends on Facebook, even just check the football results. These small things can have the most profound impact on the mental health of our seafarers," said Plattern during his keynote address.

<http://goo.gl/kzBq6J>

No Impact for Good Owners:

New health and safety guidelines for seafarers to bolster the MLC2006 should have no major impact on owners that have fully implemented the convention. The guidelines were agreed at a meeting at the International Labour Organisation in Geneva last month. Commenting on the guidelines Nicholas Fisher, CEO of Masterbulk, said: "Owners have already implemented MLC2006 and these guidelines will assist them to revisit and better understand the requirements and thought processes of the competent authorities. "In theory there should be no major impact on those owners who have already embraced the legislation".

<http://goo.gl/FlrMOR>

Abandoned Seafarers Stranded for Months:

As many as 41 Ukrainian seafarers have been left stranded aboard their ship, the "Ocean Green", for four months off Batam, Indonesia as the vessel has been abandoned. PT Bias Delta Pratama director Pratama Prasetyo, whose company supervises the lay-up of foreign vessels around Galang Island, expressed concern about the fate of the 41 crew members of the Panamanian-flagged ship, which has been lying at anchor in the area since July and has run out of fuel, electricity, water and food. Prasetyo said, "For humanitarian reasons, we are supplying food to them. The crew members are barely surviving".

<http://goo.gl/W7i8cp>

Reasons to be Fearful:

As of the 1st January 2015 the sulphur limit in Emission Control Areas (ECAs) will take a highly significant drop from 1% to 0.1%. It may only look like a small number but this shift will have a high impact. Fathom cTech's have listed the top 10 reasons why ship operators should be nervous about the sulphur challenge. First the rising bunker costs, rising cost of transportation, the practicality of retrofitting vessels, mechanical problems from fuel switching, fuel availability, loss of vessel power, competitive

disadvantage, changes to bunker delivery notes, lubricant: Switching plus Supply & Demand, and Vessel Adaptation Costs.

<http://goo.gl/cJTXUV>



Guidelines Emerge to Assist MLC Safety:

Recognising the special needs of seafarers, experts have agreed on guidelines to assist governments to implement Occupational Safety and Health (OSH) provisions previously set down in the Maritime Labour Convention, 2006 (MLC, 2006). Intended to provide supplementary practical information to be reflected in national laws and other measures, the OSH guidelines deal with the special maritime working environment. This includes demanding physical working conditions; potentially hazardous tasks; isolation; long hours of work; rigid organisational structures; and high levels of stress and fatigue.

<http://goo.gl/ZIT9OI>

Identity Fraud for Ships:

People aren't the only ones affected by identity theft. Tankers, cargo freighters and other ships sailing in the Central Pacific and off the coast of West Africa are increasingly pretending to be vessels that they're not, according to a new startup. In July, almost 700 ships worldwide engaged in identity fraud, which has grown 30 percent in the past two years, according to new research from Windward, which monitors the worldwide system for tracking merchant vessels.

<http://goo.gl/LvHvqS>




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