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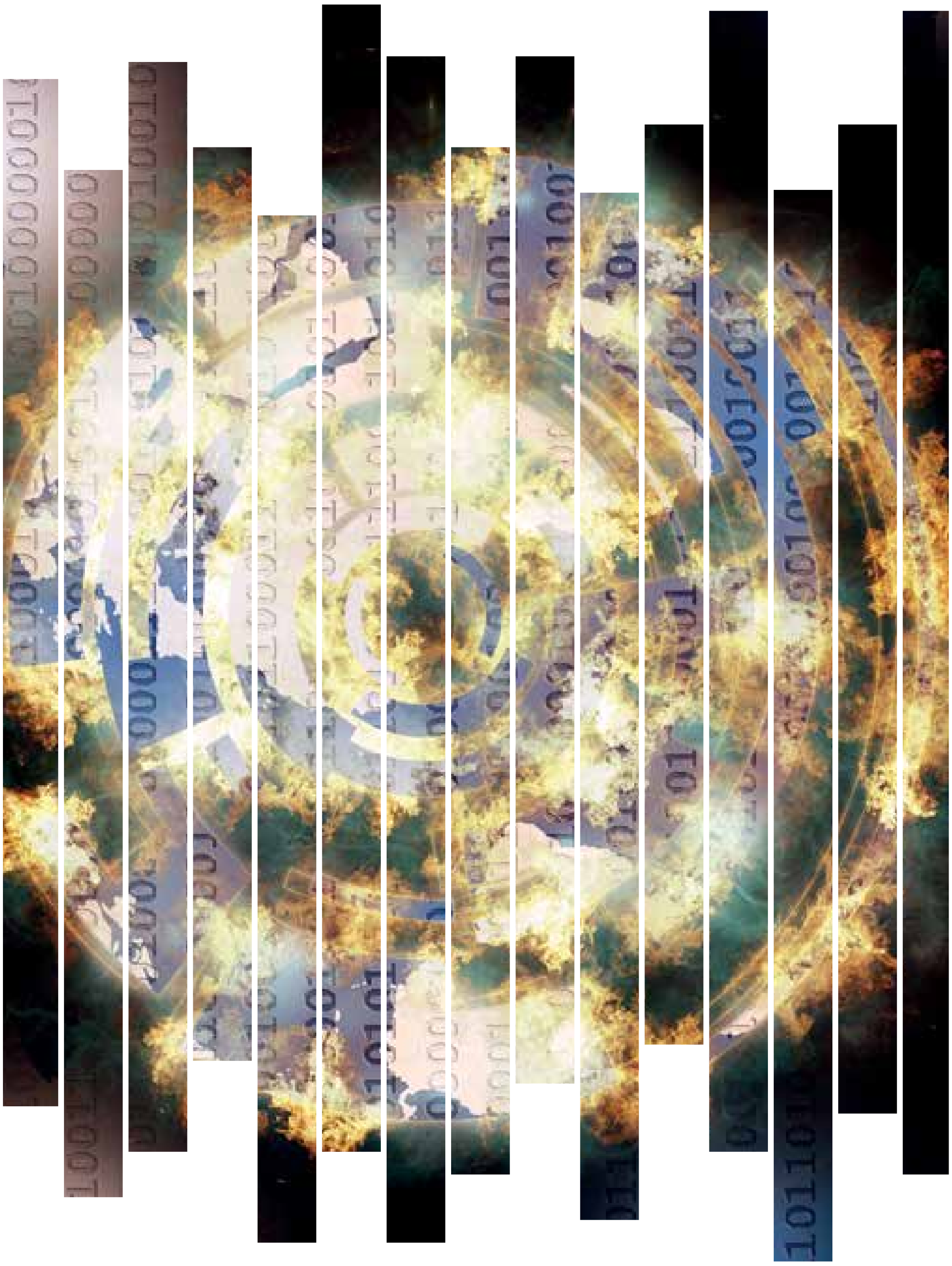

2017 - THE YEAR OF THE CYBER THREAT

SAFETY AND CLAIMS IMPACT OF COST CUTTING | NEW YEAR, NEW MLC AMENDMENTS

SEACURUS

In this issue we look back in the wake to see what we make of the last year and of the potential implications for the one ahead. There is a palpable sense of change in the air, and perhaps we are now living that ancient Chinese curse, "may you live in interesting times".

In this issue..

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Welcome

It may seem obvious, if you want to know where you are heading look ahead. However, sometimes looking astern can also reveal things which can help safeguard progress and make things a little less uncertain.

So in this issue we look back in the wake to see what we make of the last year and of the potential implications for the one ahead. There is a palpable sense of change in the air, and perhaps we are now living that ancient Chinese curse, "may you live in interesting times".

From the issue of BREXIT, through to governmental upheaval in the States – the draining of any swamp is likely to throw up as many crocodiles as it is gold coins. But onwards we go, the year beckons as do the challenges.

In this latest Seacurus Monthly we look at some of the key issues which are likely to shape 2017 – as shipping looks to bounce back off the ropes and land some corporate uppercuts.

Sadly for all too many companies it seems that the only cuts are in the budgets – and with layoffs at sea and in offices ashore, we count the cost of the tough markets and explore what changes will give rise to better times ahead.

In difficult times there is an obvious need for all businesses to tighten their belts. When that leads to cutting off the oxygen to the metaphorical corporate brain, then there can be problems. There are major concerns that cutbacks can lead to accidents, so inside we explore the tight rope that has to be walked.

Back at the start of 2016 there were many predictions that maritime cyber security would come to the fore. It did, in a big way – you could barely visit a shipping city without some conference or other decrying the actions/inaction that shipping was taking. Thankfully there was no major casualty relating to cyber risks, but the problems haven't gone away and experts think this could be the year something big and bad happens to shipping. We examine the issues, and look at some of the change that is shaping the response.

Perhaps the most fundamental is to Maritime Labour Convention 2006 (MLC). With effect from January 2017, MLC amendments will require shipowners to provide evidence of cover by way of onboard certification, Seacurus has the answer…and inside we explain just what the changes mean and our CrewSEACURE solution.

All in all, it is likely that 2017 will be a year of dynamic change in shipping, a year of companies innovating and pursuing the right path for their business. Which means that while there are some depressed views, it is also a time of great opportunity. We wish you well in 2017 and hope you have a prosperous and successful year ahead.

All the best

Capt. Thomas Brown
Managing Director

LOOKING AT THE PATH AHEAD

Lifting the binoculars to the year ahead, we explore the challenges that the year will bring, and the opportunities too. While it is sensible to look ahead sometimes looking astern can also reveal things which can help safeguard progress and make things a little less uncertain. So what of last year, and what of the one ahead?

THE SPIN CYCLE

Whether it was shipping, the economy or politics 2016 has been a tumultuous year – a bit like being stuck in a washing machine on a spin cycle. Everything has seemingly been turned on its head, and there are very few certainties left as we enter 2017.

While there have been so many seismic events in the past 12 months, it seems that many will only just be start to be truly felt in the year ahead. So while the stage has been set, the players are only just taking their places.

From a European Union which has been fractured, to a United States which is seemingly entering a new era of post-truth, diplomacy by social media. There are so many changes it is seemingly impossible to really pick what the path ahead will look like.

For shipping it seems that the challenges will fall into a number of different camps – there is the problem of over capacity, then the threats posed by uncertain markets. Who will be importing and what to where, and who will be exporting. There are suggestions that a "post-stuff" world of localism and of countries making themselves great in isolation could be beckoning, which is a worrying potential threat to shipping.

WAVING GOODBYE

So what of the year just gone, there was an incredible drop in oil prices, which saw the offshore sector become decimated by axed projects, and the need to slash costs. Seafarers and officer workers alike all suffered, and many, many jobs were lost.

Memorable is the word that Lloyd's List chose to describe the year gone – and you can choose for yourselves whether that is good or bad. Hanjin went bankrupt leaving its customers in disarray while other big players in the sector sought to combine forces.

While problems abounded across many parts of the industry. In a blistering attack on over capacity in shipping, one expert pours scorn on the management decisions which mean too many ships and too little demand.

Writing in Splash 247, Andrew Craig Bennett asked, "What do you call a multi-billion-dollar global business in which the boards of directors of almost every large company in the trade, finding that they are losing money because they are making more of their product than they can sell at a profit, decide to make much, much, more of it?" Answer: liner shipping.

He went on to suggest that either the directors have the brainpower of jellyfish, or they thought they had a cunning plan. It seemingly transpires that these "Baldricks" of the Boardroom had nothing more than hopes and dreams, which turned to nightmares.

A YEAR OF CHANGE

According to a leading maritime futurologist, the founder of Futurenautics, KD Adamson, the predictions for the coming 12 months are ones of immense potential for positive change. She sees that this is the year in which the foundations of a "new shipping industry" will be created.

According to Adamson, 2017 will see the industry players who will shape the future developing the new ecosystems, platforms and relationships of how business will begin to be done. Shipping is becoming "information-enabled" and shifting onto an exponential growth curve rather than the linear one we're used to.

All things will seemingly change, and change increasingly quickly. For shipowners the Adamsonian vision is a frightening one. The linear view which is ending, is the one which has worked for so long. The clever shipowner places their bets in a counter-cyclical investment, buying tonnage in at the right time and knowing how to operate it.

This age old tradition is unlikely to deliver competitive differentiation going forward. Information and a digital vision for the organisation is the key for businesses in 2017. Those who use the data to shape their business will be on an exponential curve and will likely accelerate away very quickly. Though it seems that someone will still have to buy and operate the ships for now…

UNUSUAL TRENDS

While rubbing the shipping crystal ball to see the future is interesting, it all needs to be in context. So even in these most modern of times we turn to statistics to provide perspective. The figures don't come more anymore authoritative than from The United Nations Conference on Trade and Development (UNCTAD), which has warned of a change in trading patterns.

The organisation has spotted some "unusual trends" in international trade statistics, with the headline issue being the falling value of world trade in goods and services. The growth of trade volume has been below the overall growth of the world economy, something that has seldom happened in the last few decades and only during economic downturns as in 2001 and 2009.

While trade volumes have been rather unstable, showing substantial volatility during 2015 across quarters and across countries. Trade volumes have increased for the world as a whole, but for many countries trade volumes have in fact decreased.

The sharp decline in international trade results from several factors, both nominal and structural. Falling commodity prices and the appreciating US Dollar contributed most to the nominal fall in world trade, with oil price drops also triggering uncertainty.

THE FEDEX MODEL

These times of change and business insecurity have prompted companies to innovate and find new solutions. Even giants like Maersk are not immune to the pressures, and are seeking new ways ahead.

Last month Søren Skou, group CEO of AP Møller Mærsk, outlined his vision for the future of the company's transport and logistics businesses, which was especially interesting as the company has split some sectors off and bought into others.

Skou said he was keen to make up this loss in revenues fast – with recent addition Hamburg Sud filling the gap by 15%, leaving just 10% to fill. Though often the hardest gains can be the small last bits of growth.

"Our aim is to become a global integrator of container logistics," Skou said, explaining he wanted to link up and integrate various strands of Maersk businesses to be more like UPS and FedEx with better cross selling of services to customers.

CONSOLING CONSOLIDATION

According to Maersk, by 2018 the top five carriers will have about two thirds of the global market. Which Søren Skou believes is likely to come on the consolidation front in the coming years.

This consolidation in the liner sector would benefit Maersk going forward, not least because the industry simply does not need any new ships. Skou predicted that by 2022 there would be around 23m teu in global liner capacity against a likely demand for 22m teu.

This is borne out by the fact that the idle fleet is arguably the fastest-growing part of the global containership fleet. According to a report from Drewry Maritime Research, the number of idle ship has increased from 238 vessels (with a capacity of 900,000 TEU) in November 2015 to 435 ships (1.7 million TEU) in early November of 2016.

Sitting in various harbours around the world and awaiting operations, these ships currently account for about nine percent of the global containership fleet. A recent Fitch Rating showed that muted demand growth would exacerbate overcapacity for the shipping sector in 2017, putting pressure on freight rates and driving further consolidation and defaults.

All in all, a year of dynamic change and of companies innovating and pursuing the right path for their business. Which means that while there are some depressed views, it is also a time of great opportunity.

At the start of 2016 there were many predictions that maritime cyber security would come to the fore. It did, in a big way. Surprisingly though there was no reported major casualty relating to cyber risks.

The experts think this could be the year something big and bad happens to shipping.

2017 THE YEAR OF THE CYBER THREAT

HACKING TO THE FORE

2016 has been dubbed, "the year of the hack". According to cyber security experts, it has been the year in which not only has the scale or scope of attacks caught the eye – but the fact that major attacks are becoming ever more public.

A string of major companies have suffered at the hands of hackers this past year, and it seems clear that no-one is safe. In addition to the high profile nature of 2016's major hacks, is the potential exploitation of internet-connected everyday devices that has been the real story.

While ashore that could mean that could just mean inconvenience, on ships the consequences of attacks on connected equipment and infrastructure could be devastating.

The threats posed and the vulnerabilities onboard ship are real, and so there is pressure building for action. Security experts are urging shipping to both accept and appreciate where the maritime cyber weaknesses are found, and to tackle them.

MOST PRESSING CONCERNS

According to research, the most pressing cyber issues relate to ECDIS and vessel positioning systems. While perhaps the most telling problems relate to what are termed "IT legacy problems".

Ships were for many years something of a technological wilderness, and so old or out-of-date technology has been the norm for years. This massively increases vulnerability, as even today vessels often use 1990s-era systems and unsupported Microsoft products for key operations. Put simply these are not fit for purpose.

Perhaps most worryingly, in a survey by IHS Maritime & Trade and BIMCO, it was stated that fewer than 20% of shipowners and shipmanagers surveyed incorporated cyber-security guidelines into their fleet management systems.

So we appear to have an incredible situation in which 80% of the industry is in the dark on the nature of the threats facing them, and of the ways of dealing with them. Similarly worrying, it has emerged that only 22% of participants said their employees had undergone any form of cyber-security training.

OTHER ISSUES TOO

The news gets worse, the survey saw one in five respondents acknowledge that they have been a victim of a cyber-attack, with malware the most common form, and phishing coming a close 2nd. While it seems the rest are unsure whether they have been attacked or not.

This lack of knowledge or transparency means that we are not reporting problems either – and that is a major failing. Rather depressingly, but predictably, the IHS/BIMCO study suggested a tendency for shipping companies to hold back on information about their systems being compromised. There is a massive information black hole when it comes to maritime cyber issues.

Only 45% of those attacked have made that information available to the whole company and more interestingly, only 11% have told their insurers! While it was stated that around 80% of those attacked were not covered.

Allied to the calls for awareness, there is a clear need for transparency too. Like piracy, without accurate information and data it becomes almost impossible to effectively manage the risks and threats posed. Some have called for shared real-time intelligence on threats, while others in the industry would like to see a formal reporting scheme.

CLAIMS ON THE RISE

According to industry data, insurance claims for data breaches are being made at a rate of more than one a day. Media reports recently quoted one underwriting company which recently stated 2016 cyber policy claims were up 78% on 2015.

This is a problem which is on the rise, and shipping will awaken to the problems at some point – it is just to be hoped that there doesn't have to be a disaster to wake companies from their complacency.

"Ransomware", in which data is encrypted unless victims pay cash to a hacker to unscramble it, has been proving particularly troubling. According to the underwriters in question, 16% of the claims filed were related to this kind of extortion.

Hackers using ransomware are not only targeting commercial goods and trade, it is believed that, in an attempt to procure nuclear weapons without being traced, North Korea has been using these attacks to try to disable the automation identification system (AIS) tracking devices of ships, so as to disguise movements.

JOINED UP THINKING

While non-shipping companies are beginning to take the potential problems seriously, for shipping the risk are perhaps even greater – but there is a seeming hesitancy to engage with the problem.

The consequences are ignoring or downplaying the problems are alarming. It is one thing to lose data or be scammed financially, but a ship running aground or colliding is something else completely – but the risks are real.

Interim guidelines on cyber related risks in the shipping industry were approved by the International Maritime Organization (IMO) at the recent Maritime Safety Committee (MSC) meeting.

You can access the IMO guidelines here: http://www.imo.org/en/OurWork/Security/Guide_to_Maritime_Security/Guidance/Documents/MSC.1-Circ.1526.pdf

While this is progress, it is increasingly being seen that the issue needs a more holistic view. Gard P&I Club recently commented on the need for joined up thinking as they stated that, "viewing cyber security as simply an Information Technology (IT) issue is parallel to considering safe operation of a vessel as simply a main engine issue. Cyber encompasses the whole vessel and crew". The whole operational chain is both at threat, and a risk.

AUTONOMOUS DEVELOPMENTS

It is not just the current shipping industry which is under threat – future developments could be derailed by cyber threats. While there has been much progress on autonomous ships in 2016, cyber-crime is likely to delay the introduction of autonomous ships for several years according to some experts.

Worldwide, the number and scope of projects dedicated to unmanned vessels is increasing. While Norway even opened the world's first designated test area last year. There is, however, still a long way to go.

Esa Jokioinen, head of Rolls-Royce's "Blue Ocean Team", expects to see more progress in 2017 than in the previous two years combined. "Research has been ongoing for a number of years now and what we have seen in 2016 is that this has become strategically important," he says. "My thinking is that there will be more people working on autonomy in 2017 than there has been in the past".

However, one of the biggest problems facing the industry – and autonomous ships – is that it is not yet fully equipped to handle cyber-crime. Without a robust security system and the necessary safeguards and protection, autonomous ships will remain a long way from both reality and acceptance.

SAFETY AND CLAIMS IMPACT OF CUTTING COSTS

In difficult times there is a need for all businesses to tighten their belts. However when companies tighten too much it can seemingly cut off the oxygen to the metaphorical corporate brain. Accidents happen when costs are cut, so let's look at the tight rope that has to be walked.

ANNUS HORRIBILIS

There is no shying away from the fact that 2016 has been a difficult year for shipping. The frighteningly low freight markets domino effect on the whole industry has tested even the most seasoned of maritime professionals.

As owners began to tighten their belts, managers were squeezed even tighter and this saw companies forced to make decisions based purely on cash flows rather than investment potential. Which is usually a portent of doom, or at the very least some ultimately ill-judged choices.

InterManager, the trade association of shipmanagers, lamented this state of affairs. Recognising that the overall effect of this cash focus could impact not only the quality of service that managers offer owners, but also seafarers.

According to InterManager, 2017 needs to be about one key word – "sustainability". The group is keen for the industry to come together for the common purpose, working and combining individual expertise as progressives and innovators. Fingers crossed that the rhetoric can be translated into reality.

BAD NEWS BEARERS

There is a seemingly never ending supply of bad news, but there can be no shying away or putting the collective heads in the sand. The problems for shipping affect us all, and with a potential drop in revenue then costs become the focus. Sadly there is something of a bitter pill to swallow in the year ahead.

When we look at ship operating costs, it unfortunately seems that 2017 is likely to bring bigger bills for owners. The cost of operating cargo ships has fallen for two successive years, but is forecast to rise in 2017 and beyond, according to Drewry in the latest Ship Operating Costs Annual Review and Forecast 2016/17 report.

These figures are mirrored by those of Moore Stephens. The global level of vessel operating costs is expected to rise by 2.5% in 2017, according to their latest survey.

With the cost of repairs and maintenance expected to increase by 1.9%, while expenditure on spares is predicted to climb by 1.8%. The drydocking cost, meanwhile, is predicted to grow by 1.8% in 2017.

A recent survey by Moore Stephens revealed that the outlay on crew wages is expected to rise by 1.8% in 2017 and there are projected increases in management fees. They also see rises in the cost of hull and machinery insurance, predicted to rise by 1.1% in 2017, while the projected increases for P&I insurance are 1.2%.

COST CUTTING CONCERNS

When decisions are made on cost alone, it can be all too easy for accounting choices to take precedence over operational concerns, or even safety matters. The need to pull back on spending is a natural temptation in tough times, but actually in the long run can be hugely detrimental.

"Austerity" style safety management is seldom a good idea – and so as the year proceeds it will be interesting to see just how cost cutting impacts on the safety of vessels, and whether claims will increase. This is certainly the concern of IUMI, and many across the industry.

Just last month the European Maritime Safety Agency (EMSA) released its annual review of marine casualties and incidents. Over the period 2011-2015, half of the casualties were of a navigational nature, such as contacts, groundings/strandings or collisions. Amongst occupational accidents, 39 percent were attributed to slipping, stumbling and falling. "Human erroneous action" represented 63 percent of accidental events and 67 percent of accidental events were linked to shipboard operations as a contributing factor.

With concerns that cutbacks could impact the standard of training and of seafarers, there are clear issues relating to safety and the fact that lower quality recruits, or those that are made to work harder will pose a threat to safety.

HUMAN FACTORS

In response to these concerns, InterManager is urging the industry to continuing investing the next generation of seafarers despite the tough times it has been going through.

In his New Year message the trade association's president Bjørn Jebsen urged companies not forget about seafarers which have been pushed to the back of people's minds in these penny pinching times. He added, "Without talented, competent seafarers…the trade cycle would simply not work. InterManager is encouraging investment in the next generation of seafarers, who will play a vital role in restarting the growth of our industry."

This debate rumbles on to the backdrop of changes to the Certification for seafarers, as 1 January 2017 saw new STCW requirements enter into force and seafarers may need new certificates.

There are a number of port State control campaigns to verify compliance over the coming months, to check that certificates are in line with a recommendation from the International Maritime Organization (MSC.1/Circ.1560), so yet more challenges to be dealt with as the year makes its start.

BURNING ISSUE

Another major issue which is vexing both owners and insurers alike is that of shipboard fires. Major fires on container vessels count among the worst hazards in global shipping and last year saw a spate of blazes.

Containerships have changed drastically over the past few years, and as they have become larger with six, seven, and sometimes even 11 layers of containers on deck this is making it far harder to contain a fire once ignited.

In 2016 alone, there were three major box fires; "Maersk Karachi", "NNCI Arauco" and "Wan Hai 307". All three ships required external help to extinguish the fires, despite two being in the harbour and the third anchored just off Hong Kong.

Firefighting procedures are fairly unique for containerships, and there are calls to ensure that new techniques are explore. The current modus operandi is to allow the containers to burn out in a controlled manner. This makes sense, but in view of the rapid pace of development towards ever-larger ships, IUMI believes that new technical solutions are also required.

MORE THAN FIRE

With concerns over the scope and scale of potential box fires, it has brought into sharp focus the levels of exposure for insurers when dealing with catastrophe models.

With huge evens such as the Port of Tianjin explosions and superstorms causing hefty marine losses, the view of reinsurance companies is that catastrophe modelling for the marine cargo line is "unacceptable." "poor" and even deemed to be "failed." Reinsurance companies have been unequivocal on the cargo market's need to markedly increase its investment in understanding lines of risk in ports.

Then there is the issue of long tail liabilities. Marine liability insurers, represented by IUMI, last month reviewed the Spanish Supreme Court's judgement on the liabilities arising from the oil spill from the "Prestige", and the subsequent statement from the delegation from Spain at the previous meeting of the International Oil Pollution Compensation Funds (IOPC Funds).

Insurers are extremely concerned by what they have read and are now considering the impact this will have on the business models and assumptions that underpin the writing of long tail pollution liability arising from the worldwide shipping industry.

So as the saying goes, if you think safety is expensive try an accident. It seems that with ever bigger ships, more complex salvage operations and an increasingly problematic view of shipping by governments, there may well be problems and skyrocketing costs.

NEW YEAR, NEW MLC AMENDMENTS

With effect from January 2017, amendments to the Maritime Labour Convention 2006 (MLC) will require shipowners to provide evidence of cover by way of onboard certification, Seacurus has the answer…

CERTIFIED MLC NEEDS

With effect from January 2017, amendments to the Maritime Labour Convention 2006 (MLC) will require shipowners to provide evidence of cover by way of onboard certification, and will need to demonstrate they have a system of financial security in place that covers:

- Up to four months' unpaid remuneration
- Medical cover following an event of abandonment
- Emergency subsistence and maintenance costs
- Costs of repatriation

Just last month the Danish Maritime Authority reminded the industry that shipowners must take out insurance or provide other guarantees securing abandoned seafarers' repatriation and subsistence as well as outstanding wage claims and other remuneration.

55,000 vessels in the international fleet will need annual certification under the MLC, while over 1.5 million seafarers will benefit from this new coverage requirement. Through CrewSEACURE, Seacurus offers a full spectrum insurance solution that will ensure full compliance with these MLC regulatory changes from day one.

TIME TO TALK

All too often companies who find themselves in trouble, and who may be heading down that most unfortunate and despicable of routes, are silent. There is a fear of open dialogue, but talking can help seafarers – so companies are being urged to work with others for the good of their people.

In response to the new MLC changes, the head of International Transport Workers Federation (ITF) Stephen Cotton has urged owners with difficulties in paying their seafarers due to financial problems to sit down talk with the unions to find a "structured solution".

Cotton general-secretary of the ITF, said that the global union had "always been very active in ensuring seafarers get their payments" and that the issue was "probably heating up a little bit". "We're also concerned that the market is kind of reflecting the global economic situation and there's been a downturn and a lot ships are struggling to get viable freight rates and unions will try and "take positive steps".

There is of course a period of corporate bluster before bankruptcy. Companies try to front it out – they claim payments have just been held up, or the occasional "problem" with their bank. Sadly the truth is that if there was a willingness to engage early and positively, then seafarers could be better protected.

SOCIAL PARTNERS APPROACH

It is not just good to try and do the right thing, increasingly there is real pressure brought to bear on owners to live up to their responsibilities to their employees – and there are developments in Europe which are shaping the future response.

The European Social Partners in the maritime transport sector – European shipowners (ECSA) and European Transport Workers' Federation (ETF) are requesting the European Commission to amend the Social Partners' Agreement Directive on seafarers' right to decent conditions of work.

The Directive adopted in 2009 reflected the ILO Maritime Labour Convention (MLC), an international agreement setting minimum requirements for nearly every aspect of working and living conditions for seafarers. The Social Partners now expect the Commission to revise Directive 2009/13/EC in accordance with the MLC as amended in 2014.

While these social elements gather pace, there is also the human rights angle to consider. The work of Human Rights at Sea has continued to gather momentum, and the focus on seafarer welfare is set to continue into 2017. HRAS published a review of their year, and it makes interesting reading http://maritime-executive.com/blog/human-rights-at-sea-an-annual-review

AWFUL ABANDONMENT

The abandoning of a ship and its crew is a relatively rare occurrence, but not quite as uncommon as some might like to believe. A report last year highlighted just how bad the shipping industry is at recording the instances of abandonment.

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Since that report featured in Lloyd's List, and despite a follow up feature by Seacurus in our monthly review – there has been little or no change to the reporting landscape. The same old processes exist, and it means that people are still in the dark about the true costs of abandonment, both in human and financial terms.

As Seafarer Rights puts it, "For those unfortunate enough to find themselves forsaken by their employer in a foreign port, aboard a ship with thinning resources and stripped of wages, the reality of the matter can be gruelling".

Abandonment at sea can be triggered by a number of different reasons, the most common being the deliberate decision of a shipowner to discard a vessel they no longer deem valuable, crew included. Humans being discarded is a fairly stark image, but it happens – hopefully the MLC changes will finally have the necessary impact.

SPOT THE SIGNS

How can seafarers protect themselves, well aside from the obvious need to check for insurance cover – there are a number of warning signs that seafarers can look for, and which could indicate trouble ahead.

Spotting the early signs of abandonment and acting fast is key. Sadly there are some misguided seafarers, often senior officers, who develop a form of "Stockholm Syndrome" – they are loyal to the company, and seek to protect them – despite the next phase being their own abandonment and suffering.

In this modern age, in which everyone is ranked on social media, seafarers should check the vessels before they join, and seek information about whether the employer is in a good situation, and whether they have a positive reputation. This is where it is so important for records and data on abandonment.

If there was a tool, a "one stop shop" in which seafarers could check employers, it could save so much heart ache and problems. The only active database which records and tracks cases of abandonment is a joint record between the International Labour Organization (ILO) and the International Maritime Organization (IMO), but this is in no way exhaustive or comprehensive. It is often worth checking with other seafarers worldwide – a simple Facebook post can unearth much information.

INCREASE OF CASES

The instances of abandonment are on the rise. Ray Barker, head of operations at ISWAN, has reportedly witnessed an increase of cases being reported to Seafarer Helpline, a free, confidential and multilingual helpline which assists seafarers and their families with any problems they encounter.

In 2015 there were 25 cases of abandonment reported to the helpline, compared to 16 reported in 2014 and 2013, and only eight in 2012. We await the 2016 figures with interest.

Of those cases brought to ISWAN, by far the biggest, most common issue was failure to pay wages and problems over repatriation. At the lowest part of the industry companies are cutting corners, not paying their seafarers correctly, and these are the companies that are more likely to go bankrupt.

While it may be the bottom feeders who are more prone to abandonment and bankruptcy, the Hanjin fallout shows that no-one is too big to fail and when companies go pop, they go quick. It is vital that seafarers are protected, and the MLC amendments can provide the answer.

CrewSEACURE is a seafarer abandonment insurance policy created by Seacurus Limited. Tailored to the specific requirements of ship-owners, crew management companies and seafarer recruitment and placement service providers, the policy provides financial security in the event of an employer's financial default including the indemnification of unpaid wages. It also covers costs associated with repatriation, medical expenses, personal accident and much more.

Contact Seacurus to find out more. www.seacurus.com

MONTHLY NEWS ROUND-UP

Some other news stories which caught our eye in the past month…drawn from our daily news bulletin. Just ask if you would like any colleagues or contacts adding to our distribution list. With hundreds of the world's key marine insurance and shipping stakeholders already signed up, don't miss out on your daily dose of news.

Email sjones@seacurus.com for details

Flag Business is Convenient:
A part-privatisation of the UK Ship Register will enable it to compete globally and attract more ships to sail under the British flag, the government has been told. A report by KPMG, commissioned by the Department for Transport, recommends that the Ship Register become a "govco", a privately held state-owned company that is subject to government oversight but has more commercial freedoms, including over employment terms. The UK Chamber of Shipping said the commercialisation of the Ship Register has acquired greater urgency in the wake of Britain's decision to leave the EU. https://goo.gl/7Ye7Rt

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ICS Welcomes Piracy Extension:
The International Chamber of Shipping (ICS) has welcomed the extension of EUNAVFOR Operation Atalanta, following a decision by the EU Council, which will continue to see military forces deployed for counter piracy operations in the Western Indian Ocean until December 2018. ICS Secretary General, Peter Hinchliffe said: "The presence of military forces is an essential component of the package of government actions that has helped to suppress the activities of Somali pirates, in support of the protective measures that continue to be taken by the shipping industry. https://goo.gl/2KS7Vd

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Brand Owners Look at Shipping:
Brand owners and representatives from the international shipping industry have joined forces in signing an historic declaration of intent aimed at preventing the maritime transport of counterfeit goods. Leaders from global shipping firms, freight forwarders, brand owners – whose products are counterfeited – and industry organizations, representing both industries signed a joint "Declaration of Intent to Prevent the Maritime Transport of Counterfeit Goods" in Brussels. It marks the first time the global shipping industry and brand owners have made a public commitment to work together to stop the transport of counterfeit goods. https://goo.gl/w8SH4Y

Euro Agreement on Money Laundering:
European governments have agreed on proposed rules aimed at fighting terror financing. The proposals are part an effort by the European Commission to expand current anti-money-laundering regulation to cover virtual currencies and prepaid cards. However, national governments have watered down a requirement to set up central registers of information on the owners of corporate and other legal entities, including trusts that often hide the ultimate owner of assets. The step was intended to crack down on tax evasion as revealed by the Panama Paper disclosures in July. https://goo.gl/XCMcp3

Unilateral Emissions Action:
The European Parliament's Environment Committee decision to take regional action over ship emissions with respect to emissions trading, unless the International Maritime Organization (IMO) acts first, has a been met with a mixed response. Specifically, the Committee decided to include shipping emissions in the European Union's (EU's) Emissions Trading Scheme (ETS) from 2023 if the IMO does not have a comparable system operating for global shipping from 2021. The Danish Shipowners' Association says it "regrets that MEPs chose regionalism over global progress". https://goo.gl/XnYT8A

Port Closed for Air Pollution:
China's Tianjin Port last month suspended all operations, due to an air pollution red alert issued by the city government. Most regions of North China are suffering heavy air pollution. The Central Meteorological Observatory warns that Beijing, Tianjin, Hebei, Shanxi, and Shaanxi will experience severe haze and the pollution will peak from Monday to Wednesday. The airports in Tianjin and Beijing also delaying or cancelling many flights due to extremely low visibility caused by the pollution. Port authorities have stopped all loading and discharging of bulk cargoes, heavy port congestion and berthing delays were expected. https://goo.gl/UxBQNi

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Highest Ever Wave Spotted:
A mighty wave towering 62.3ft (19 metres) at a remote spot between Britain and Iceland has become the highest ever recorded. Data from an automated buoy showed that it rose on Feb 4, 2013 in the North Atlantic, the World Meteorological Organization said. "This is the first time we have ever measured a wave of 19 metres. It is a remarkable record," WMO's deputy chief Wenjian Zhang said. Taller than a six-storey building, the wave occurred after a "very strong" cold front had barrelled through the area, producing winds up of 43.8 knots (50.4 miles an hour). The previous record for the tallest wave was 18.3m. https://goo.gl/ZjCdw6

Vessel Hit by Rocket Attack:
A small Iranian general cargo vessel was hit on by a rocket off the Yemen coast with seven Pakistani seafarers killed. The "Jouya 8" was en route from Egypt to Dubai when it was attacked. The ship exploded and sank with only the chief officer able to jump into the sea and escape the inferno. Earlier this month at least six Pakistani sailors were killed when their ship was bombed by Saudi jets off the Mokha coast in the Yemeni province of Ta'izz. Growing fears of attacks in the area has seen the UK deploy its most advanced warship off the coast of Yemen. https://goo.gl/IOQlom

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Retailers Rail Against Costs:
The U.S. National Retail Federation (NRF) and a coalition representing retailers, manufacturers, truckers, transportation intermediaries and other business groups has asked the Federal Maritime Commission to set new policy preventing terminal operators and ocean carriers from charging unfair fees when uncontrollable incidents such as storms and strikes keep cargo from being picked up from ports on time. "Recent events involving port congestion, labour strife, an ocean carrier bankruptcy, inclement weather and other disruption events have had crippling effects on U.S. ports and the stakeholders" the petition claims. https://goo.gl/3RKVxk

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Transit Corridoe Considered:
Malaysia, the Philippines and Indonesia are considering to establish a high security corridor along the Sulu Sea and Sabah to tackle piracy that has resulted in several attacks and kidnappings this year. There has been a spate of attacks which have threatened commercial vessels prompting trilateral negotiations between these countries to find ways of securing the region under what is being termed as an IND-MAL-PHI program. A similar initiative started in 2009 in the Gulf of Aden, called the Internationally Recommended Transit Corridor, or IRTC, successfully curbed piracy attacks in the region over a span of several years. https://goo.gl/NO6T5e

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Food Waste Detention:
The Australian Maritime Safety Authority's decision to detain a Hong Kong flagged container ship which dumped food waste in close proximity to Fraser Island in May was affirmed by the Administrative Appeals Tribunal. AMSA detained the vessel "OOCL Le Havre" in Brisbane after a port State control inspection found that its Safety Management System had failed to ensure crew had an adequate understanding of the rules and regulations related to the management and discharge of garbage at sea in accordance with MARPOL. https://goo.gl/18KXEl

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Seeking Smarter Shipping:
Mitsui O.S.K. Lines, has announced establishment of the "Smart Shipping Office" effective December 1. While ICT has rapidly been growing and potential applications at sea and between sea and shore are expanding, the Office will not only contribute to more advanced vessel operation and ship management by combining MOL Group's expertise and the underlying seed technologies of ICT, but also make shipping services more convenient for customers by adding new value to shipping. In addition, the Office will work to realise the ultimate goal of autonomous sailing. https://goo.gl/4pWVBX

Shipping's Biggest Losers:
The next big losers in the shipping industry crisis are likely to be ports and terminals, leading to a decline in safety and services. TOC Middle East, shippers, analysts and forwarders urged the sector to halt the price race-to-the-bottom across the supply chain, to protect the remaining players. "The Hanjin episode served as a wake-up call – this is not a sustainable way of doing business," Alessandro Menezes, associate director, transportation sourcing, at petrochemical shipper Vinmar, told delegates. "There is a risk factor for ports, with 80% of the world's fleet in alliances. If alliances squeeze prices too tight, terminals can't invest." https://goo.gl/wyqd8n

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