Lloyd's List

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Hamburg Süd eyes Ocean Three membership as it expands into east-west trades

Executive board chairman Ottmar Gast says line's global ambitions would require partnerships and probable investment in ultra large boxships

Gast: It makes sense for Hamburg Süd to have a "higher share of the overall capacity" in Asia-Europe trades if its initial foray works out.

HAMBURG Süd would be interested in joining the Ocean Three alliance if its first steps into the east-west trades prove successful, *writes Janet Porter.*

That would also mean becoming a tonnage provider and eventually contributing 18,000 teu-class ships in the Asia-Europe leg of the global partnership, Hamburg Süd's executive board chairman Ottmar Gast said in an interview following the release of the German line's 2014 performance review.

Acknowledging that becoming the fourth member of the new alliance was still a sensitive issue and not under formal negotiation at this stage, Mr Gast nevertheless said in the long-run, it would "make sense" for Hamburg Süd to have "a higher share of the overall capacity" in the Asia-Europe trades if its initial foray works out.

That could result in full membership of the Ocean Three group of CMA CGM, United Arab Shipping Co and China Shipping, which was formally inaugurated a few weeks ago, if the other members agreed.

Hamburg Süd has already signed a global co-operation agreement with UASC that will give it access to the Pacific and Asia-Europe trades through slot charter arrangements. In return, UASC will have space on some of Hamburg Süd's South American trades.

Unlike the other global alliances, Ocean Three is a more flexible group that allows members to team up with other carriers where appropriate.

Hamburg Süd also collaborates with CMA CGM in some trades.

CMA CGM group vice-chairman Rodolphe Saadé said last month the Ocean Three group could accept more partners.

"We are open, if we wish, to add more players to Ocean Three," he told Lloyd's List.

North-south specialist Hamburg Süd needs to reduce its dependence on the South American trades, which have suffered from stiff competition in recent years as lines with ultra large containerships cascaded displaced tonnage into other markets, Mr Gast acknowledged.

Although freight rates in the highly commoditised Asia-Europe corridor have plummeted over the past few months, the South American trades had been even more badly hit, said Mr Gast.

Spot freight rates between Shanghai and the South American east coast, at around $440 per teu, are almost as depressed as those from Shanghai to northern Europe. But ship sizes are smaller, making slot costs more expensive. Port charges are also higher.

So pressure on the bottom line is even worse than in the Asia-Europe trades, Mr Gast pointed out.

"We are too dependent on the markets where we [used to have] a high trade share," he said.

As lines that had focused on east-west operations started to move into the north-south trades, so privately-owned Hamburg Süd began to lose the competitive advantage it had enjoyed for so long.

In an interview with Containerisation International and Lloyd's List, Mr Gast said the Ocean Three alliance would be the most logical one for Hamburg Süd to join, assuming the three founders were in favour, since the older partnerships such as G6 or CKYHE

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would not have welcomed a newcomer to the already crowded Asia-Europe route.

"Nobody would have invited us to join an established co-operation. We have not been in the east-west trades before, so we would not have expected somebody to say 'hey, come in, we are looking for another competitor'," said Mr Gast.

But UASC, having ordered 18,000 teu ships and with global ambitions of its own, was looking for a partner with a good reputation and also able to generate cargo, particular from Asia to South America via Europe.

"This is an opportunity to step into these markets without taking too high a risk, because if we had entered the east-west trades by ourselves, we would have had to establish our own ship system, and would have created so much overcapacity that we would have destroyed the market and produced large losses, which would have been unacceptable," said Mr Gast.

The intention, he continued, is to go slowly at first, gain experience of these new markets, and then decide whether or not the expansion had been successful.

"If yes, then I think we should continue," Mr Gast said.

At that stage, Hamburg Süd probably would have to contribute its own ships to both the Pacific and Asia-Europe trades. Whereas Hamburg Süd's 9,000 teu and 9,600 teu newbuildings would be suitable on the Pacific, vessels of 14,000 teu up to 18,000 teu or more are becoming the workhorses of the Asia-Europe trades.

"If you do not have these ships, you cannot be competitive," Mr Gast noted.

But initially, the line might deploy smaller ships it already has in its fleet in one of the sub-trades along the main east-west corridor.

Once fully committed to the main Asia-Europe trade, however, Hamburg Süd would have to make a similar big ship commitment, he agreed.

At what stage Hamburg Süd becomes a tonnage provider in the east-west trades depends on market developments in these trades, and the prerequisite that the existing consortium decided to increase capacity and perhaps introduce an additional string.

Gast says Hapag-Lloyd merger remains unlikely
Any deal would be hindered by competition concerns, says Hamburg Süd executive board chairman
http://www.lloydslist.com/ll/sector/containers/article460584.ece

Broaden network

With no market protected from outside competition any more, the goal is to broaden Hamburg Süd's network as a hedge against particular weakness on one route when others might be doing better.

Mr Gast defended the recent acquisition of CCNI, which will increase Hamburg Sud's exposure in the Latin American trades, as a line that had been in the German carrier's sights for a considerable length of time.

"From one perspective, it does not make sense," he admitted of the investment, "but we have been after CCNI for many years, and this was the last potential carrier that we could take over."

After a long wait, the opportunity finally arose to buy CCNI, with the deal giving Hamburg Süd more influence in certain trades.

While the overall strategy is to reduce dependence on the South American trades, Mr Gast more or less ruled out further merger or acquisition activity in other sectors.

"There is nothing left," he said, with Hamburg Süd not interested in combining with another line that was the same size, or bigger.

However, Ocean Three membership is of interest to Hamburg Süd. And should that happen, the line would almost certainly have to provide ships as well, Mr Gast predicted.

Strong start for new VLGC pool, says Dorian LPG

Helios LPG pool is responsive to current strong market and Dorian sees impact of US cargoes growing

Helios LPG's eight VLGCs on the water include four of Dorian's VLGCs, one of which is the 2014-built *Corvette*.

DORIAN LPG has told Lloyd's List that its pool run jointly with Singapore's Phoenix Tankers has made a robust start and the future is exciting as exports of liquefied petroleum gas flow from the US, *writes Hal Brown.*

The Helios LPG pool, comprising eight very large gas carriers, started operating at the beginning of the month and is run out of offices in London and Singapore.

"Helios pool, now fully operational, has been responsive to the current market," Dorian LPG chairman and chief executive John Hadjipateras told Lloyd's List exclusively.

The VLGC market is currently riding high, with spot earnings up at more than $80,000 per day, according to shipbrokers and the Baltic Exchange.

"We are pleased with its results thus far and remain confident in the global flexibility and high standards that the Helios pool has to offer its customers," said Mr Hadjipateras.

"Furthermore, our Helios personnel in Singapore and London have established a very constructive dialogue and the working relationship promises to continue to deliver the high level of service that our customers expect, as well as good returns for our shareholders," he said.

"We are fortunate that we are involved in an expanding market and to have Phoenix as our partners with the prospect of participating in the increasing exports of LPG from the US."

Singapore's Phoenix Tankers is a subsidiary of Japan's Mitsui OSK Lines.

Helios LPG's eight VLGCs on the water include four of Dorian's VLGCs: *Corvette*, *Corsair*, *Captain John NP* and *Captain Nicholas ML*.

New York-listed Dorian currently owns six VLGCs and one pressurised LPG vessel.

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In addition, Dorian has 16 eco VLGC newbuildings under construction. Phoenix Tankers currently owns and operates eight modern VLGCs.

Dorian is not the only VLGC owner excited by US LPG.

BW LPG, currently the world's largest owner of VLGCs, with an owned fleet of 23, highlighted the impact of the US in the company's recent review of 2014.

BW LPG chairman Andreas Sohmen-Pao said 2014 was a year in which the company saw the global LPG export market change dramatically, with the US — until recently a net importer of LPG — becoming the world's largest exporting nation.

"This has resulted in a substantial growth in seaborne LPG, both in terms of volumes carried and distance travelled, creating a very positive environment for BW's core business of LPG transportation in VLGCs," said Mr Sohmen-Pao.

Where is the bottom line for LNG spot shipping rates?

Latest rate falls spark concern in market

Vessels are increasingly being added to the list of available ships, dragging the freight rate down. *Oleksandr Kalinichenko/ Shutterstock.com*

SPOT rates for liquefied natural gas carriers are languishing at $29,000 per day for ships sized 155,000 cu m-165,000 cu m, down from $34,000 per day last week, raising concern about where the bottom might be, *writes Hal Brown.*

One-year time charters for vessels that size have dropped to $40,000 per day from $43,000 per day last week, according to Fearnleys.

Vessels are increasingly being added to the list of available ships, dragging the freight rate down.

Earlier this year, analysts said rates should go up by the end of 2015.

However, one expert told Lloyd's List that new uncertainties have crept into the market, jeopardising that forecast.

Yemen LNG, for example, has shutdown production due to security concerns.

Taking those volumes off the market removes employment from the global fleet, which won't help freight rates to rise, he said.

In addition, it is possible that Angola LNG will not come back into operation as planned for the end of the year or start of 2016.

The seven ships attached to Angola LNG have been working in the spot market while they wait for Angola to restart its exports. They are extra ships competing for cargoes, adding to the already problematic long list of available vessels.

The spot market is about 30% of LNG shipping, the rest consisting of longer-term charters.

Alongside drops in spot rates for vessels sized 155,000 cu m-165,000 cu m, there are falls in rates for smaller, turbine-powered LNG carriers. Spot rates for these 135,000 cu m-145,000 cu m ships have fallen to $23,000 per day from $26,000 per day last week, according to Fearnleys. One-year time charters for these ships are down to $25,000 per day from $27,000 per day.

All these rates are some of the lowest ever seen in LNG shipping.

The industry is forecast to grow in the coming years as new cargoes hit the market, from the likes of North America.

However, the immediate question persists: where is the bottom for LNG spot rates in today's market?

As things stand, no one is quite sure.

Pyxis bids to go public through merging with listed tech company

Product tanker company will launch new affiliate with six after LookStart link-up

PYXIS Maritime, the Greece-based product tanker firm, has clinched a merger deal with an inactive San Francisco internet technology company that will provide a springboard for a public listing, *writes Nigel Lowry.*

The newly-formed affiliate Pyxis Tankers will seek a possible listing either on Nasdaq or the New York Stock Exchange.

"A publicly-traded growth-oriented product tanker company will be created upon closing of the merger that we believe is unique among our competitors," said Pyxis founder and chief executive Eddie Valentis.

The merger partner, LookSmart, which has had a

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Nasdaq listing since August 1999 under the ticker symbol "LOOK", is said to have been virtually inactive for at least the past couple of years.

Under the deal, LookSmart shareholders will receive Pyxis common stock equal to about $4m and are expected to own just under 5.7% of Pyxis Tankers after the merger.

For its initial fleet, Pyxis Tankers is purchasing six tankers from the Pyxis Maritime-linked fleet. The vessels are four medium range and two short range products tankers, with an average age of four years.

According to Pyxis, the aim is to expand with further modern product tanker purchases.

"Pyxis' principal objective will be to own and operate its fleet in a manner that will enable it to benefit from short- and long-term trends that Pyxis expects in the product tanker sector to maximise its revenues and to enhance returns to its stockholders," said LookSmart.

The vessels will be employed "primarily through time charters to creditworthy customers and on the spot market", it was said.

Pyxis could also consider opportunistically selling when attractive returns were offered. Mr Valentis said Pyxis Tankers looked forward to communicating its story and growth opportunities in the tanker sector to LookSmart shareholders and the investment community generally.

A joint release did not identify the vessels earmarked for Pyxis Tankers but databases show that the Pyxis Maritime-linked fleet, from which the initial vessels will be drawn, currently includes the two 8,600 dwt tankers *Northsea Alpha* and *Northsea Beta*, both built in 2010.

Altogether, Pyxis controls six MR2s in the water, of which five were constructed by South Korean yard SPP Shipbuilding. The latest arrival is the 50,100 dwt *Pyxis Epsilon*, delivered this year.

A sistership, *Pyxis Lamda*, is also listed as due for delivery this year from SPP.

It is understood that the likely intention is to make the publicly-traded Pyxis Tankers the sole vehicle for tankers in the group.

The merger may need "another couple of months" for shareholder approval and completion of formalities, according to sources close to the transaction.

But it is believed the deal will go through as majority shareholders in LookSmart have already agreed the merger.

Michael Onghai, LookSmart's chief executive since 2013, said the deal was "value-enhancing" for the company's stockholders.

Meanwhile it offered Pyxis "a chance to be listed on a major stock exchange".

More tankers news
Changing global trade patterns the force behind tanker market improvements
http://www.lloydslist.com/ll/sector/tankers/article460573.ece

UBS backs eco-ship investment claims

Investing in efficient VLCC newbuildings wins over retrofitting, says banker, but not as much as owners think, as it warns against overordering

ANALYSTS at investment bank UBS have weighed into the current debate about whether owners ought to buy a fuel-efficient newbuilding or retrofit an older ship, *writes Craig Eason.*

Installing a Mewis Duct and a more suitable rudder will give a payback on a five-year-old VLCC in a few months, says UBS.

Following the news earlier this week that banks will take the fuel efficiency of a newbuilding or secondhand purchase into their investment risk assessment, the report from UBS is timely.

This latest advice mainly uses a newbuilding very large crude carrier and compares it with a five-year-old vessel of similar size and dimensions.

The report, Are Eco-ships Investor Friendly?, from the UBS Global research team based in the US, makes a number of key conclusions, though its final one comes down to whether an owner wants to grow the fleet or optimise it.

It warns that ordering newbuildings to capture any fuel advantage alone will likely add pressure to market rates, which would negate the positive impact of the fuel savings.

First, regardless of the comparison of a newbuilding and an older ship, and fuel price trends, all operators and owners of secondhand vessels are advised to retrofit them to ensure they remain competitive.

An investment of $500,000 in installing a duct, such as the Mewis Duct, and a more suitable rudder, will give a payback on a five-year-old VLCC in a few months, even at current fuel prices, and render the vessel some 8% more fuel-efficient, says UBS. It quotes Clarksons with VLCC prices of $97m for a modern newbuilding and $81m for a five-year-old secondhand vessel.

A VLCC newbuilding's fuel efficiency could be up to 29% better than one delivered five years ago, according to UBS, but it adds that fuel savings will be negated by lower rates and the market may change significantly in the two years between ordering and delivery.

This claim supports the other recent argument, made by CE Delft, that vessels designed before the current fuel efficiency regulations came into force, and which make up the majority of the current global fleet, are not as optimally designed as they could be, leaving it fairly easy to make improvements simply by improving the hull shape.

The CE Delft report has led to an argument between the environmental lobby groups that commissioned it and the International Chamber of Shipping.

With fuel prices at a recent lull, the relative advantage is with a retrofit project, but the UBS analysts point out that this lull is not expected to last and any VLCC newbuilding ordered today would not be delivered for at least two years, when bunker fuels will be higher than they are now, but perhaps not at the historical highs seen two years ago.

UBS defines an eco-ship, especially a VLCC, thus: "The

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classification comes down to several factors, including the long-stroke engine, hull design, pre-swirl (Mewis Duct), a larger propeller, advanced low-friction paint coating, and augmented auxiliary engines.

"Many of these features can be retrofitted on to older vessels, but the engine and hull designs are the largest differentiating factors between eco-type and retrofit conventional vessels."

In comparing a modern design with a five-year-old vessel, both offer a clear return on investment, but a modern newbuilding design will outperform on the market when bunker prices are more than $300 a tonne.

However, one big caveat is that sales claims of shipyards should be taken with a pinch of salt.

UBS quotes Euronav and Tankships Investment Holdings, when explaining how yards will offer guarantees of performance. The efficiency claims, and any guarantees offered by a shipyard, will only be based on a desktop paper exercise, not on the results of laden sea trials.

UBS said for ships operating at sea and fully laden, the result may differ materially, with fuel efficiency gains on a five-year-old vessel of only 15% to 20%, rather than the headline gain of 30% promoted by the yard. This would make a modern newbuilding 10% better in fuel performance compared to a retrofitted five-year-old.

Cost of widening MSC Geneva matches rise in vessel's value
As capacity of boxship is raised from 4,870 teu to 6,300 teu, value increases by $10m
http://www.lloydslist.com/ll/sector/containers/article460593.ece

Newbuilding wins

In conclusion, the UBS report suggests a modern newbuilding will win over retrofitting a five-year-old vessel. One assumes an even older vessel would lose out substantially more, if one believes the 30% claims and, as bunker prices climb, this will reinforce the position of ordering new tonnage.

"In this scenario, we should expect investors to ascribe a premium value to owners with eco-type exposure, given their ability to out-earn the average taker in the spot market. However, if the fuel saving is worse than anticipated, the decision becomes more difficult."

Some banks are believed to have pressured containership owners to push through with retrofits, according to UBS, as the payback is relatively quick.

Shanghai's port operator considers taking equity in intra-Asia box carrier

SIPG is studying the purchase of a stake in Shanghai Jinjiang Shipping

SIPG is is studying the purchase of a stake in Shanghai Jinjiang Shipping.
Bruno Corpet (Quoique)/Wikimedia Commons

SHANGHAI International Port (Group), the operator of the world's largest container port, is mulling over expansion of its exposure in intra-Asia trade by taking a stake in a compatriot carrier, *writes Max Tingyao Lin*.

The Shanghai-listed company said in a filing that it is studying the purchase of a stake in Shanghai Jinjiang Shipping, which operates 13 boxships of between 764 teu and 1,100 teu in Northeast Asian trades.

"This is based on our overall development strategy," SIPG said.

The company did not disclose further details and stressed that no letter of intent has been signed.

Jinjiang Shipping made net profits of Yuan75.6m ($12.2m) on revenues of Yuan1.6bn in 2013, the filing added. According to its website, Jinjiang Shipping is 48% owned by the Shanghai municipal government, 31.2% by government-controlled Shanghai Jiushi, with the remaining shares equally split between two local subsidiaries of China Shipping Group and Sinotrans & CSC Holdings.

SIPG is engaged in shipowning and operating via its wholly-owned subsidiary Shanghai Hai Hua Shipping, which operates 17 ships totalling 11,000 teu in intra-Asia and Chinese coastal services.

In April 2014, SIPG booked four 1,020 teu vessels at Tsuneishi Shipbuilding for Hai Hua, of them two will be delivered from the Japanese shipbuilder's Zhoushan-based yard in 2016 and two in 2017. The vessels were fixed at nearly $20.9m apiece.

More ports and logistics news online
Maasvlakte II celebrates its official opening
http://www.lloydslist.com/ll/sector/ports-and-logistics/article460580.ece

UK ports win new services
http://www.lloydslist.com/ll/sector/containers/article460594.ece

Zim to launch Asia-US east coast service via Suez

Expansion follows popularity of extra-loaders during the west coast congestion crisis

ZIM is pressing rapidly ahead with its plans to expand services into the US, with a new service from Asia via the Suez Canal to be launched at the end of May, *writes Janet Porter.*

The Israeli line announced it would inaugurate its Seven Star Express, connecting South China, Southeast Asia and the Indian sub-continent with the US east coast via the Suez Canal, next month, deploying 10 ships of between 5,000 teu and 6,500 teu capacity on a weekly schedule.

The decision to expand follows the successful deployment of extra-loaders into the east coast a few weeks ago, during the height of the disruption on the US west coast. This initiative had proved very successful, Zim chief executive Rafi Danieli told Lloyd's List earlier this month, when he first revealed plans to start new services on this route.

This new service will cover ports from South China, Vietnam, Singapore, Sri Lanka and the India sub-continent to the US east coast main ports.

It offers the fastest transit time from Vietnam and from Indian ports via Colombo to the US, Zim said, and will also cater for emerging markets in the south Asian region via Singapore and Colombo hubs.

"The inauguration of the Z7S service marks the New Zim's initiative to provide smart and exceptional solutions to our customers," said Mr Danieli.

"Looking ahead, this new service is an additional phase of Zim's strategy striving to respond to customers' needs, as we have recently done with the extra loaders from Asia to the US east coast; it is a strategy focused on customers' needs and based on excellence and efficient service."

More containers news online
May GRIs can't come soon enough as Asia-north Europe rates continue decline
http://www.lloydslist.com/ll/sector/containers/article460575.ece

OOCL posts 2.5% drop in first-quarter volumes
http://www.lloydslist.com/ll/sector/containers/article460574.ece

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Capes eke out a gain, but still in loss-making territory

Bad weather in eastern Australia only causes some coal export delays

Dry Bulk Perspectives
Capesize

BALTIC indices have revealed some gradual recent improvement. The Baltic capesize index recorded 544 points on April 22, the highest since mid-February, before losing a little of its gloss, *writes David Sexton.*

Key trade routes have changed little during the past month.

Allied Maritime Research has written of a recent "flurry of activity", with the Pacific Basin seeing an influx of fresh inquiries from Rio Tinto.

"Yet this was not enough to counter the poor sentiment that has been present in the market for some weeks now and, with several owners eager to fix their vessels, it seems as though there was little fight left in order to give a real push in terms of freight rates," Allied reported.

A Singapore broker noted some fluctuating bunker prices and slight disruption due to weather. "Freight rates in the Western Australia/Qingdao (route) have been flat at $4.45 for the past seven to 10 days."

Weather delays have included an unusually ferocious storm off the Australian east coast in the greater Sydney area, affecting coal supply to Newcastle and Port Kembla.

Australian Rail Track Corp said earlier in the week that coal and freight services into Maitland and Newcastle were suspended due to flooding.

A spokesman for Port Waratah Coal Services at Newcastle said the port was now open but the rail line was expected to remain closed until Saturday morning. "Throughput is getting back to normal but is not at normal."

A Singapore broker said the weather hadn't significantly impacted the coal cargoes, although it might "push back some cargoes until later in the month". The broker noted some high winds in Rio de Janeiro ports causing some rescheduling of cargo.

Some congestion, of course, can help push up rates and benefit ship owners/operators.

There was also much commentary this week about the release of the March quarterly figures for BHP Billiton and Rio Tinto.

Although there was an increase in iron ore production volumes in first quarter 2015 compared with the comparative time in 2014, there was also some commentary that the rate of growth was not as rapid as might have been expected.

In a possible sign that even the largest miners have had enough of a bruising price war, BHP Billiton put on hold plans for the inner harbour debottlenecking project at Port Hedland, a scheme that would have allowed the company to boost throughput to 290m tonnes a year.

The decision attracted praise from the treasurer of the Australian Commonwealth, Joe Hockey, who said producers were now taking "a more reasonable approach".

The iron ore price has improved, with benchmark iron ore at Tianjin in China trading at just under $53 this week and the Metal Bulletin price for iron ore delivered to Qingdao rising 5.9% to just above $54.

Brokerage firm Braemar ACM noted that March represented the fourth consecutive month in which Chinese iron ore production fell, with 105.1m tonnes being the lowest recorded amount in almost three years and down 13.1% year on year.

HMM cancels 2013 order for two newcastlemax bulkers

South Korean carrier drops order due to lack of shipping requirement as dry bulk rates stay low

The bulk market is not good and the long-term contract with the shipper is not expected to be extended, says HMM.

HYUNDAI Merchant Marine has cancelled its order for two newcastlemax bulk carriers that was placed in 2013 to serve a long-term customer, against a background of persistently weak market conditions, the South Korean carrier said in a filing, *writes Max Tingyao Lin*.

With the Baltic Exchange Dry Index hovering above a 30-year low, some owners have picked up their pace to cancel newbuilding orders, push back deliveries, scrap old tonnage or convert bulker orders into tankers in their attempt to counter overcapacity.

Seoul-listed HMM booked the 210,000 dwt vessels for a total of $106.7m for delivery in 2017 for a long-term contract, according to the filing, but the carrier now does not need the ships due to the lack of shipping requirement.

"The current bulk market is not good and the long-term transport contract with the shipper is not expected to be extended. So we cancelled our order in 2013," HMM said.

The carrier did not disclose further information on the identities of the shipbuilder and customer, or whether it paid any compensation.

Data from Lloyd's List Intelligence shows the ships were ordered at Bohai Shipbuilding Heavy Industry, part of Chinese state giant China Shipbuilding Industry Corp.

HMM's long-term dry bulk customers include Posco and Korea Electric Power Corp.

More bulk news online
Bocimar, hit by low rates, loses $41.3m in first quarter
http://www.lloydslist.com/ll/sector/dry-cargo/article460545.ece

MICHAEL GREY VIEWPOINT

Staying on the line

Avoid post-accident micro-managing because if you treat professionals as idiots, that is exactly who you will be soon employing

IT IS called "shutting the stable door after the horse has bolted" and, as a phenomenon, it is as old as humanity itself, signifying the extraordinary precautions people take after an untoward event, *writes Michael Grey*.

You might think of Hatton Garden the other week, after the safe deposit box heist, awash with the policemen who were sadly absent when they were most needed. In maritime terms, they don't get much better than Titanic, with lifeboats sprouting on every liner's boat deck in the following months.

Most readers will be too young to remember the notorious *Lady Gwendolen* collision in Liverpool Bay, when in 1961, the little Guinness coaster bumped into and sank an anchored tanker in thick fog. It subsequently transpired that the owners of the Guinness ship had failed to give explicit instruction to their master to use his radar and slow down in poor visibility and were thus denied leave to limit their liability and simply blame everything on crew negligence, as they normally would have done.

As collisions went, this was pretty insignificant, with nobody hurt and only two small ships involved; but in terms of the consequences, it was as if two laden liners had collided with vast loss of life. Within days of the judges' decision, a huge global paperwork explosion took place, with every company dispatching vast quantities of hastily collated instructions, on every conceivable aspect of ship operations, to their fleets.

I can still recall the rage and frustration of our esteemed master as he worked his way through the great wads of paperwork in which was encapsulated what he described as "everything from the pointless to the bleeding obvious". Up to this date, we had a company "Brains Book" — a single volume of company instructions that we were supposed to read and sign up to, each voyage, in addition to the specific requirements of the master.

Soon the volumes would start to multiply and before long there would be whole bookcases full of important information, which would be held against the guilty individual after an accident. It was called "clearing the yard-arm", ensuring that the person issuing the instructions had done his part to avoid any subsequent blame, by having this documentary insulation. And all this happened because some bloody-minded old shortsea shipmaster didn't like turning on his radar.

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You might describe the months and years after the *Lady Gwendolen* judgment as the dawn of the "health and safety" age, with everything that hitherto was left to common sense and the normal practice of seamanship, being spelt out in dismal detail. It has just multiplied from there, to such an extent that even the International Maritime Organization is now starting to question the sheer numbing volume of instructions that delight modern mariners.

Lots of stable doors have been slammed shut and securely closed since those days. Think what the *Exxon Valdez* spawned in the way of precautions and completely changed tanker construction. Look at the *Herald of Free Enterprise* and the International Safety Management Code. After the *Costa Concordia* loss, you would probably have put money on all sorts of new regulations and precautions coming along, although you wouldn't have been given very good odds.

I have been reading the latest edition of the Royal Institute of Navigation's excellent online journal Fairway, which tells its readers that since the facts became known about the loss of the Italian cruiseship, some owners have taken to "micro-managing" the navigation of their ships to an astonishing extent.

After *Costa Concordia*, some owners have taken to "micro-managing" their ships' navigation.
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Ridiculous extremes

Communications are making this online scrutiny possible in a way that has never been available before; all it takes is for a ship to divert from the electronic course-line by half a mile, an alarm rings in Head Office and the master is being angrily questioned by some superior on his mobile phone!

As with all these things, people go to ridiculous extremes and common sense flies out of the window in the aftermath of an accident, as people go overboard demonstrating their extraordinary zeal.

I know we have a generation of people who regard a diversion from the computerised course-line something they should avoid at all costs and shout over the VHF at "stand-on" ships, but this is just barking mad.

What about the Collision Regulations and necessary course alterations, which ought to ensure that ships keep well clear of each other as they abide by the rules?

The RIN points out that slow steaming is prescribed by the Gods in Head Office and if the ship alters its engine speed, for such a reason as not being able to maintain steerage way at such a low speed, or because of the visibility, or the density of traffic, there is an instant inquiry and the master is given a hard time.

The RIN's Safety of Navigation group thinks this nonsense should be stopped forthwith and I imagine there will be plenty of practising navigators who would agree with this view.

I know that before that fine company ceased to exist, we used to laugh at friends who navigated Blue Funnel and Glen Line ships, as their routes were prescribed for them and charts taken ashore at the end of a voyage to see that they had not strayed unduly from the line.

But Blue Flu still self-insured its ships in those days, so there was arguably more at stake, whereas we were free to range all over the ocean at the master's pleasure.

However, this latest flurry of post-accident micro-managing is something else — and if you treat professionals as idiots, that is exactly who you will be soon employing.

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IN THE SUPREME COURT OF GIBRALTAR ADMIRALTY JURISDICTION

Claim No. 2015 AJ No. 3

Admiralty Claim in rem against the Vessel known as M.V. "MARIDA MELISSA"
BETWEEN
Commerzbank AG - *Claimant*
- and -
The Owners of the M.V. "MARIDA MELISSA" - *Defendant*

Notice is hereby given as follows:-

1. The vessel herein, namely "MARIDA MELISSA", has been sold by order of the 16th day of March 2015 of Mr. Justice Dudley, Chief Justice.
2. The gross proceeds of sale have been paid into Court.
3. The order of priority of the claims against the said proceeds will not be determined until after the expiration of the period of 60 days from today's date.
4. Any person with a claim against the ship, or the proceeds of sale thereof, on which he intends to proceed to judgment shall do so before the expiration of the period above described.

Dated the 24th day of April 2015.