

Box lines declare war on unsafe cargoes

Top five to launch network that will compile data on accidents and analyse trends

JANET PORTER

FIVE of the world's biggest container lines have joined forces in a combined effort to stamp out cargo-related bad practices and reduce the number of mishaps that put lives at risk or harm the environment.

For the first time, ocean carriers are sharing information about accidents or potentially dangerous incidents in order to ensure safety matters are widely aired throughout the industry so steps can be taken to avert a repeat.

Maersk Line, Mediterranean Shipping Co, CMA CGM, Evergreen, and Hapag-Lloyd have been piloting an online reporting scheme for the past few months that will be formally launched in September, when shipowners and operators from across the container shipping industry will be invited to participate.

The Cargo Incident Notification System Network will record all safety breaches concerning cargoes that the various lines consider should be publicised in order to draw attention to the risk. These could be related to poorly stowed cargo, packaging or weight misdeclarations.

The original idea was to focus on hazardous freight, but Cinsnet will now cover all incidents that



Through Cinsnet, carriers will share information about accidents or incidents.

involve cargoes, according to Cins Organisation chairman Dirk Vande Velde, who is also MSC's global manager for chemical transport, environmental and social business affairs.

Rather than restrict the aims of Cinsnet, founder members have decided to let the scheme evolve in whatever direction seems appropriate, Mr Vande Velde said.

Speaking during a Cinsnet board meeting in London on Monday, he said membership could even be extended eventually to the non-container sectors, with interest already expressed by some bulk and ro-ro ship operators. However, shippers will not be able to join the scheme.

The Container Owners' Association will act as neutral host for the database, while Exis Technologies has been selected to develop the network.

All information about cargo that either has, or could have, caused an accident will be fed into the system so statistics can be

produced and industry trends identified.

Should any clear pattern emerge that could require regulatory intervention, lines will have the hard facts to support their claims and no longer have to rely on anecdotal evidence when presenting their case.

Much of the information about cargo-related safety issues already exists, but is not necessarily in a usable format or may be held by individual lines rather than shared around the industry, said Maersk Line general manager for cargo management John Leach.

Furthermore, the results of accident investigations conducted by flag states or port state control is usually not published until long after the incident, whereas the lines want any such information that may help to save lives or avoid some environmental disaster to be distributed as rapidly as possible.

Incomplete data collected during trials this year show

leakage is one of the biggest problems, with 88 incidents recorded by the five lines.

Fire poses the biggest danger to seafarers and ships, with five incidents reported during the pilot phase so far. The Cinsnet trial also received 21 reports of misdeclared cargoes.

Cins members anticipate, over time, the database will also reveal how widespread unsafe practices are in the industry, with that information used to press for better advice and training, particularly relating to the packing and securing of cargo in containers, as well as legislative changes.

The five founder members, who formed Cins last November, have funded development of the project, while new members will be charged a fee of €3,000 (\$4,260) to join the Container Owners Association and have access to the data as well as contributing incident reports.

The TT Club and International Group of P&I Clubs have acted as advisers to Cins, and have also both welcomed the initiative, which will give insurers a much clearer idea of cargo-related risks, many of which may not be notified to underwriters but which nevertheless help to form a more complete picture.

The identity of shippers whose cargo may have been responsible for an incident will not be revealed, with Cins complying with both the US Sherman Act and European Union antitrust law. ■

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NewLead pursues TMT for \$7m in charter arrears

NIGEL LOWRY — ATHENS

NOBU Su's TMT has emerged as the latest Asian charterer being chased by independent shipowners for being in arrears in payment of dry bulk charter hire.

The Taiwanese group is being pursued for about \$7m claimed by Nasdaq-listed NewLead Holdings, which has not been paid for weeks for three of its bulkers.

Executives at TMT could not be reached for comment.

Greece-based NewLead disclosed problems with a particular charterer in a filing last month with the Securities and Exchange Commission, but did not identify TMT.

The company said it had been forced on two occasions to arrest the charterer's own vessels to collect payment.

Troubles between the two companies, however, are known to stretch back as far as last year, when a total of five NewLead vessels were on charter to TMT. Two were withdrawn because of the payment problems.

On the face of it, news that TMT is behind on hire payments will cause only a fraction of the surprise that has greeted recent revelations that Chinese giants Cosco and Grand China have fallen into arrears on some contracts, or

Korean Line's difficulties earlier this year.

Mr Su's group has been embroiled in a litany of well-publicised past spats for not paying owners such as Star Bulk, Gulf Navigation, Metrostar and N S Lemos.

Lloyd's List has learned that NewLead twice arrested TMT's 1989-built very large ore carrier *F Elephant* in South Africa and thereafter, in June, obtained a worldwide freezing order against TMT-related assets in the English High Court.

Following this, security for \$5.5m was put up in relation to outstanding on the three vessels, although arrears have continued to stack up.

"TMT put security only when they were absolutely forced to," said a NewLead spokesman.

"They seem to be very active but at the same time they are abandoning us and ignoring our contracts. This has resulted in significant losses for NewLead and given their conduct some of this may be unrecoverable."

Arbitration in London is said to be ongoing in the case.

The three vessels involved are the three 1990s-built capesizes *Brazil*, *Grand Ocean* and *NewLead Venetico*. ■

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Greek owners buck consolidation trend

GREECE has expanded its shipping industry this year in terms of both the Greek-owned fleet but also the number of shipping companies in operation, according to Petrofin Research, writes Nigel Lowry in Athens.

Although slight, the increase by four in the number of shipowners flies in the face of the generally negative winds sweeping the shipping markets.

Petrofin, which has been conducting the annual survey for the last 14 years, also found the Greek-owned fleet, including scheduled newbuilding deliveries up to end-2012, had increased by 59 vessels.

In capacity terms, the fleet increased by 5.5% from 2010 to 256.2m dwt in 2011.

"Despite the low freights, the stagnating sale and purchase market and the lending restrictions, the Greek fleet showed an impressive mobility in terms of numbers, age and size," said Petrofin.

"Confidence in shipping is still there and strategic movements are at work to render it ready when the market recovers."

According to the consultancy, economic theory and market forces decreed that due to economies of scale, the industry should have consolidated into fewer hands.

Overall the number of shipping groups did fall between 1998 and 2005, but since then the number of companies had risen from 690 to 762 in 2011.

"Given the plethora of problems befalling Greek shipping, the sector's growth in terms of the number of market participants is significant," said Petrofin.

Broken down by size of fleet, Petrofin saw the biggest fall this year in the medium-sized band of companies, with fleets of nine to 15 vessels, which reduced by more than 18% to 65 companies. ■

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Diamond S rules out immediate IPO

RAJESH JOSHI — NEW YORK

THE boss of Diamond S Shipping has all but ruled out an immediate flotation of the tanker company in New York, despite a belief that Diamond S is "OMI on steroids" and thus a highly-attractive proposition for public equity investors.

Craig Stevenson's comments, made during a telephone interview with Lloyd's List after the Connecticut-based company unveiled the \$1.2bn purchase of 30 modern product tankers from Cido Shipping, underline the stark reality that shipping remains heavily out of favour on Wall Street.

"We are highly confident Diamond S has a compelling IPO

story, and all options are open," said Mr Stevenson.

"Diamond S, after the acquisition, will have a younger fleet than OMI with a more secure stream of revenues locked in via time charters. OMI itself is an example that the mixed strategy of spot and period charters resonates with investors.

"However, I do not visualise a Diamond S flotation for maybe six months, maybe a year. If the public equity market suddenly turns hot, then of course we may consider a flotation, but realistically we first will concentrate on digesting this purchase."

Diamond S' acquisition of the 30 tankers, which are said to come with "long-term time charters at healthy rates with well-known

players", is poised to establish the company as a modern-day replica of the formerly listed OMI, which Mr Stevenson headed with distinction before selling the company for \$2.2bn to Teekay and Torm in April 2007.

OMI's famed business model was to trade its fleet of crude oil tankers on the spot market to maximise revenue upside and its product tanker fleet on time charters to guarantee coverage of the company's basic financial needs.

With a fleet of eight suezmax tankers on order in South Korea set to complement the Cido conquest, Mr Stevenson confirmed the same business model would be utilised at Diamond S.

He said the purchase of Cido's

30 ships, at prices that Diamond S sees as attractive, underlines the belief of the company and its backers that the product tanker sector is a "very attractive" proposition right now.

"In this business it is most important to know when to buy and when to sell," he said. "You always do well when you buy right."

In this context, he conceded Diamond S may have "waited a little too long" before ordering its suezmaxes last year at prices in the high \$60m range per ship after they had bottomed out in the low-\$60m range.

Similarly, OMI's sale in 2007 may have been a tad early, given that the global markets crashed only in 2008. ■

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Van Oord cleared of illegal dumping

ROGER HAILEY

KENYA Port Authority has cleared Dutch dredging specialist Van Oord of allegations that it infringed environmental legislation during its dredging operation for the new container terminal at Mombasa.

In an official statement, KPA said: "No illegal dumping has taken place."

Van Oord had vigorously denied illegal dumping of spoil, allegations that appeared in the Kenyan press after Kenya's National Environment Management Authority launched an investigation into the \$60m Likoni channel dredging project.

A spokeswoman for Van Oord declined to add to the statement.

At the time, Van Oord's area manager for the Mombasa project, Ruud Romijn, said Van Oord was a responsible contractor and had due concern for the environmental impact of its activities.

KPA's statement confirmed it had carried out a full environmental impact assessment study for the Mombasa works, which was subsequently reviewed and issued with a licence by Nema.

Van Oord and KPA Mombasa port control continue to register movements of the dredger vessel and monitor dumping positions. ■

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EU grants \$35m for Rostock and Gedser

GAVIN VAN MARLE

THE European Union has pledged €25m (\$35.7m) to upgrading the German port of Rostock and the Danish port of Gedser, with the aim of making the ports more cost-effective for ferry operators when competition with road transport is expected to intensify in 2015.

The cash comes under the Motorways of the Sea funds, which in this case is the maritime leg of the Trans-European Transport Network between Copenhagen and Berlin.

The funds will be used to build new infrastructure to handle the two new ferries that Scandlines is due to deploy on the route in the middle of next year. The cumulative investment in both vessels and ports amounts to €230m.

The ro-pax vessels *Copenhagen* and *Berlin* are both under construction at the P+S Werften shipyard in Germany and will be able to carry 1,500 passengers and have 1,600 lane metres to carry cars and freight trucks. ■

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DHL results hit by excess capacity

DEUTSCHE Post DHL, the largest freight forwarder customer of global shipping lines, saw half-year container volumes rise by just 0.2% to 1.3m teu, due to "overcapacities in the market", writes Roger Hailey.

In the 2011 second quarter, the German logistics giant saw container volumes fall 1.2% to 686,000 teu compared with the same three months of 2010, which were boosted by post-recession restocking.

Despite the decline in throughputs, DP DHL recorded a 2011 half-year rise of 12.4% in ocean freight revenues to €1.7bn (\$2.4bn), although the

like-for-like second-quarter 2011 revenues edged ahead by 2.2% to €872m.

"In our ocean freight business, we maintained stable volumes in the first half of the year, despite overcapacities in the market."

"In the second quarter, volumes were up 5.9% compared with the first three months of 2011," the company said.

"Revenue for the first half grew by 12.4% year on year, while gross profits climbed by a good 18%."

"This development is the result of our focus on selective growth in more attractive areas of business." ■

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