CYAN MAGENTA YELLOW BLACK

Liner Shipping

Grand Alliance presents united front

Remaining members determined to sail smoothly through potentially turbulent wake of P&O Nedlloyd's expected departure, writes **Janet Porter**

P&O NEDLLOYD'S almost certain departure from the Grand Alliance has been tacitly acknowledged by the other four members of the consortium who have assured shippers they are planning ahead and confident they can cope with the loss of their biggest member.

In a joint statement, the chief executives of Grand Alliance members Hapag-Lloyd, Malaysia International Shipping Corp, NYK Line and Orient Overseas Container Line said they were "united in their pledge to continue providing a high quality service to their customers".

The Anglo-Dutch line contributes around 40 ships to the Grand Alliance portfolio of services, equivalent to about 30% of total tonnage, but the other four members said they had the combined resources to continue to provide customers with a good service.

Their statement went on to say that, "should there be any amendments to the composition of the Grand Alliance in 2006, the new vessels ordered by Hapag-Lloyd, MISC, NYK and OOCL will be deployed to meet the expected growth in demand, and services will be further enhanced to offer more options for customers."

Few other details were released, but the message from the four lines was one of determination to ensure the minimum of disruption to services after P&O Nedlloyd quits.

Although they would have to reduce the number of services on offer, the four do not apparently feel under pressure to recruit a new member. Neither do they intend precipitating a wholesale realignment of the various global alliances.

The Grand Alliance is one of the most integrated consortia in the industry, with P&O Nedlloyd the largest tonnage provider.

The Anglo-Dutch line is in the process of being taken over by AP Møller-Maersk and is expected to resign from the alliance once the acquisition is completed.

That had raised questions in industry circles about whether the four remaining members would continue on their own or try to find a replacement for P&O Nedlloyd, and Friday's press release was seen as an attempt to play down concerns about a period of disruption.

The alliance has just published its 2005 summer service schedule which includes P&O Nedlloyd.

Meanwhile, the European Commission has been seeking comments from stakeholders about the takeover as it investigates competition issues, and is believed to have received submissions expressing concern about the implications for two trades in particular, the routes between Europe and southern Africa, and Australasia.

● South Africa's competition authorities are to scrutinise the AP Møller-Maersk takeover of P&O Nedlloyd, Denmark's business newspaper Børsen reports, *writes David Osler.*

Børsen cited comments from Lizel Blignaut, head of South Africa's competition commission.

AP Møller-Maersk lines Maersk Sealand and Safmarine, together with P&O Nedlloyd, would control the majority of container traffic between Europe and South Africa.

"What I can say is that the two parties' combined market share is comparatively high, and we are looking closely at the matter," Ms Blignaut told Børsen.

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Seatanker's Singapore spending spree continues

JOHN Fredriksen's Seatankers Management is expected to place yet more orders at Singapore yards following its recent US$1.1bn spree, *writes Marcus Hand in Singapore.*

Last week, the Norwegian shipping magnate's Seatankers inked a US$780m contract to build two ultra deepwater semi-submersible rigs at SembCorp Marine's Jurong Shipyard.

"We expect more contracts for jack-ups, possibly three more, and anchor handling tug supply vessels for exploration" said local stockbrokers GK Goh in a report.

The brokerage predicted back in March that Seatankers would likely place the semi-submersible rig orders at Jurong.

Over the last two months the Cyprus based company has racked up US$1.1bn in orders at Singapore yards.

In addition to the Jurong orders it has ordered two jack-up rigs for US$129m each at Keppel FELs and SembCorp Marine and two AHTS' at Jaya Holdings for US$58m.

The latest orders at SembCorp Marine boosted its orderbook to S$5.1m (US$3.04m) while Keppel Offshore and Marine boasts S$6.6bn in orders.

The Singapore yards have between them largely cornered the global rigbuilding market. In the region of 80% of all jack-up rig newbuilding orders have gone to the yards, which are building all five deepwater semi-submersibles currently being built globally.

Congress gives USCG chief Collins rough reception

By John McLaughlin in New York

UNITED States Coast Guard commandant Tom Collins had an unusually bumpy ride on Capitol Hill last week.

Congressman assailed his budget plan for the "Deepwater Project", designed to renew the service's increasingly decrepit fleet of aircraft and cutters.

In an appearance before the House appropriations subcommittee on homeland security, Adm Collins argued that the USCG badly needed the $966m funding for next year contained in the president's budget proposal.

This had been more than halved by Congress because of the USCG's failure to keep it updated on progress.

He also defended the USCG's budget methodology, which included a selection of spending ranges and estimated programme lengths, and argued that the funding originally requested was sufficient for the programme's needs despite congressional concern that the programme, and the USCG in general, was badly underfunded. The committee was not placated, however.

Republican committee chairman Hal Rogers contested the different funding scenarios ranging from $19bn-$24bn over 20-25 years, "each including a different acquisition schedule and mix of assets. We want to know how much you want and what you want to do with it. That is not a difficult chore".

The USCG commandant also faced a savaging in the Senate last week from Republican Olympia Snowe, who described the budget plans, and specifically the request for "fewer ships, planes and helicopters" than it had originally requested before the terrorist attacks in 2001, as a "violation of common sense".

From left to right: John Millican, of Warsash Maritime Centre, Philip Lewis, Catherine Wood, Mark White and Andy Hair, of Warsash Maritime Centre.

Warsash trio lift safety awards

By Sandra Speares

MARITIME and Coastguard Agency chief executive Stephen Bligh presented the prizes at the Chamber of Shipping for this year's safety competition for cadets and rating trainees, which was sponsored by P&O Cruises.

Top prize went to Philip Lewis, a cadet with P&O Cruises. His winning ideas were to install all sea vessels' engine rooms with aircraft-style emergency lighting along the deck and use a portable high-fog water sprinkler system as an environmentally safe and effective means both to protect the user and to stop fires quickly.

In second place was Mark White, a cadet with Ship Safe Training Group, for a wrist-tagging device linked to a computer which would enable wearers to be located in an emergency or it they fell overboard.

Third prize went to Catherine Wood for her proposal of a smoke hood located inside a lifejacket. All three winners had trained at Warsash College.

Capt Bligh stressed the importance of people "looking at safety and the safety of others" as well as having a flow of cadets going through the industry who would "keep the Red Ensign at the top of the list".

Giles Heimann, fleet training manager at P&O Princess' parent Carnival, said it was well known that human error was responsible for a large proportion of accidents and this often reflected "the lack of a strong safety culture".

Investment in safety had "wide benefits". The ability of crew to respond to incidents depended not only on their skills but on company investment in safety.

Noting the fact that all this year's winners were from a single college, UK Chamber of Shipping director general Mark Brownrigg urged colleges and companies to encourage their trainees to enter the competition.

There were 71 entries from 22 companies this year and next year's prizes will be sponsored by Trinity House.

Captain Colin Stewart of Trinity House told those present that, with safety paramount in the industry, he was "frustrated" at the low level of entries. Only 4% of cadets had put in an entry, a statistic he found "appalling".

Capt Stewart said he would be pushing colleges to promote the competition next year and the timing of the competition would be changed to ensure that cadets had had some seagoing experience when they entered.

He asked for suggestions on how the competition could be improved to be sent to Mrs Donna Stevens at the Chamber of Shipping.

NNPC looks abroad for oil tanker partner

STATE-owned Nigerian National Petroleum Corp is planning to set up an oil tanker fleet, possibly as a joint venture with a Malaysian company, a senior oil official said Friday, *Dow Jones newswire reports.*

Ernest Nwapa, general manager of the newly-formed division overseeing local content, told reporters NNPC is considering several options for the proposed fleet, including buying a foreign tanker company or partnering with Nigerian shippers.

He declined to say how big the fleet would likely be or when it would be established.

New logistics services give ports a headache

By James Brewer

NEWCOMERS to the logistics market are creating headaches for all concerned, as trade expansion piles pressure on ports, shipping lines and associated operations.

The warning has come from Alan Wilkins, business development director of Through Transport Club, a leading mutual liability insurer.

Risks, often in areas that were imperfectly understood, stemmed from the growth in end-to-end logistics services and the greater complexity of long-distance supply chains, Mr Wilkins told a conference in Antwerp.

Speaking at TOC Europe, he said the drive was on to boost throughput by every available means. As a result, there was a greater risk of service disruption or of tolerating unsafe working methods.

Growth in outsourcing had resulted in the arrival of businesses that have not historically operated as supply chain managers, he said. Shipping lines, ports and warehouse operators were taking on supply chain activities outside their core businesses, and liability risks in these new activities had to be evaluated carefully.

"Although the risks of national and international carriage, warehousing and distribution may not have changed with the development of logistics, the obligations undertaken by the logistics service providers certainly have," said Mr Wilkins.

He warned logistics service providers to ensure that their customers were providing clear and complete data and setting realistic goals and that they could fulfil their contractual obligations.

"Certainly TT Club has seen claims examples involving companies signing contracts that they were either unprepared for or ill-equipped to handle," he said.

Company mergers could pose additional problems.

"We have a number of instances where the flow of goods to particular facilities has expanded too rapidly, following acquisition, so that the original staff quickly became overloaded. The operation can then get rapidly out of control, as the company struggles to correct the previous errors while also running and coping with the ongoing and increased cargo flow."

Mr Wilkins acknowledged that the insurance industry needed to get back into step with the transport industry's requirements. As the supply chain industry looked to eliminate separate profit silos, insurers had to offer something more comprehensive than separate policies for the different segments of the transport business.

Four die in Trinidad tanker blast

FOUR workers were killed by an explosion on a chemtanker in a Trinidad repair yard last week, *writes David Osler.*

The blast follows two similar incidents at repairyards last year, which claimed eight lives. In addition, at least four other explosions occurred at sea in the same period.

The ship affected is the 6,288 dt *Tradewind Sunrise*, built in 1991 and believed to be owned by Venezuela-based Maritime Aragua, and operated by V.Ships Shipmanagement. The cause of the incident has yet to be established.

According to the latest Intertanko annual report, 28 people were killed in fires and explosions on board chemtankers last year. A steering committee from top trade associations has been created to look at the issue.

Good and bad news for short sea

By Katrin Berkenkopf in Cologne

GERMAN transport experts have lowered their expectations on volumes in European short sea shipping for the current year, but are at the same time more optimistic about developments on North Atlantic and Asia-Pacific trades.

Freight rates in European trades are expected to remain stable or go down slightly, while further increases are likely for the North Atlantic and Asia-Pacific region.

These are the main results of a survey undertaken by Swiss ProgTrans and German research institute ZEW. The survey, which includes about 300 experts from the transport industry, is regularly updated.

More than 70% of the experts expect stable or slightly lower volumes for European trades, and nearly 60% expect freight rates to develop accordingly — in contrast to other trades. The reason for this, according to the survey, is that there is much more competition from other modes of transport within Europe.

Asia-Pacific trades are regarded most optimistically, with 75% of the experts believing they will grow or even grow strongly, and the same percentage expecting rising freight rates.

With air freight, the transport experts have become slightly less optimistic about volume on the North Atlantic trades, but still the majority believes in rising freight rates for all regions.

In rail-borne transport, stagnation is expected both in terms of volumes and in terms of rates. The same is true for German inland waterway transport. Here, the survey suggests, more competition from rail could bring prices down.

United States

Agent certification programme now in place

Scheme intended to assure shipowner clients of firms' quality and credibility, writes **Rajesh Joshi** in New York

A CERTIFICATION programme initiated for its US-based shipagent members by the Association of Ship Brokers and Agents is now fully in force, the association, based in New Jersey, has announced.

Twenty-eight individual agents were now "ASBA-certified" and could market themselves as such, the association's executive director Jeanne Cardona said. The figure represents a 30% decline from the 40 agent members estimated to be on the ASBA roster, out of a total membership of 130, when the programme was announced last year.

Six members resigned as they did not wish to go through certification and six were suspended because of non-compliance, Ms Cardona said.

Altogether, she estimated that the 28 certified members handled 39,000 ship calls in US ports annually, a shade over half the US Coast Guard total of 72,000 ship calls in all.

The certification process, which is mandatory for all agent members, is intended to assure existing and prospective shipowner clients of the quality and credibility of the firms in three areas — sound handling of principals' cash, adequacy of insurance coverage and competence of staff.

High-profile shipagent bankruptcies in the US over the past few years and cases where agents were alleged to have absconded with principals' cash motivated ASBA to implement the measure, said Scott Michael Jones, an ASBA director and chairman of its agency affairs committee.

Mr Jones is also president of General Steamship Agencies in Mill Valley, California.

"As agents we must take our accounting role seriously," Mr Jones said. "We are fiduciaries for the principals.

"Some firms may still work by the old system of verbal trust. But professionally run outfits have recognised the value of the certification process. We would not have implemented it if we did not see it creating business opportunities in the years ahead."

To qualify for certification all 28 agents had to subject their accounts to review by a certified public accountant by January 1 this year, with the CPA attesting to the procedures that document principal transactions, including proper segregation of funds.

Depending on the nature of the relationship with the CPA, this process is believed to have cost $2,000 to $5,000. The CPA report will have to be submitted each year for agents to retain their certification.

Agents also had to display liability coverage of at least $1m per event and adequate automobile and workmen's compensation coverage.

In addition, agent employees of certified members had until June 1 to pass a one-hour online examination that tested their industry knowledge. This test will not have to be repeated annually.

People can take their certificates to a new job they may seek in future, Ms Cardona said.

Almost 500 took the test and no one had to take more than two of the three chances allowed to pass, she added.

The ASBA initiative might not be replicated in other countries because of statutory registration requirements for agents in some nations and other local factors, according to industry experts.

However, the Federation of National Associations of Ship Brokers and Agents in London, of which ASBA is a member, said it fully supported the US initiative.

J C Williams, Fonasba general manager, told Lloyd's List: "We support the use of reputable, financially sound agents that have qualified staff in all countries, no matter what form tactual certification may take."

ASBA AGENT MEMBERS

American Shipping and Chartering
B&R Agencies - Charleston
B&R Agencies - Miami
Biehl & Co
Blue Water Shipping Co
Carolina Shipping Co
Celtic International Shipping Agency
General Steamship Agencies
Inchcape Shipping Services
Interport, International Port Services
John S Connor
Leeward Agency
Lott Ship Agency
Luis A. Ayala Colon Sucrs
Mid-Gulf Shipping Co
Moran Shipping Agencies
Moran-Gulf Shipping Agencies.
North American Shipping Agencies
Norton Lilly International
NSA Agencies
Peabody & Lane
Riley-Sherman Shipping Agency
Ruggiero & Ogle Motorship Agency
Savage Shipping Co
T. Parker Host
Transmarine Navigation Co
Valls Shipping Co
World Shipping

Jones: 'Professionally run outfits have recognised the value of the certification process.'