Newsletter April 2009

April 2009

At our last IMIF Dinner in November 2008 a good member friend came up to me and said “Well, Jim, what are you going to say to us tonight…. ‘I told you so’?”

On the basis that there is nothing more wearisome than a self-admiring know-all chattering about his exceptional hindsight I managed at least then to avoid that temptation.

However I am drawn to what I wrote in previous letters, for instance **May 2007:** “We have all been enjoying a splendid market – past its peak perhaps, but good nevertheless. The high rates have been accompanied by a mass of ship deliveries and new orders. Container ships are entering the market at a pace far exceeding the market demand forecast. Dry bulkers are changing hands at a brisk old pace ($47m reported recently for a 1998 built Panamax) and lots of newbuildings. Some brokers are reporting an acute shortage of capesize bulkers giving rise to record charter rates until 2010! All this sounds splendid news but let us remember that this activity relies on World trade continuing at its present breathless pace. But will it, or are there signs of a major slow down?”

and September 2007:

“I write this on a weekend when the Baltic Dry Index has rocketed to a record 7319. In simple terms this means that a Cape-size can earn a princely $118000 a day; evidence that the world demand for commodities and indeed manufactured products remain unabated.

But the remarkable feature of this new freight market high is that it takes place after a near unique roller coaster ride in the world’s stock markets. The banking system globally is somewhat shaken by the apparent over-supply of credit to what are known as “sub prime” borrowers. As a result easy credit is no longer available, at least for the time being, while banks and investors reappraise their potential liabilities. Some commentators have labelled the stock market fall as a “useful correction”. Personally I have no idea of what these neat little words actually mean.”

For the last fast moving two years the sadly predictable crash has occurred. The marine industries are courageously squaring their shoulders to clear up the new situation that has emerged.

So much has been written that I shall only touch on the various sectors.

Financing

Bank lending and the availability of credit has, for the moment, simply ceased, unless by exception. The heavily involved banks are reviewing their portfolios of loans, while concurrently rebuilding their battered balance sheets. Government entreaties to recommence lendings are, for the moment, being ignored.

Some banks are intimating that they will no longer be involved in maritime finance. (I personally consider this to be a predictable “knee-jerk” reaction which will in time be countermanded.)

Whatever, credit is at an all time low with predictable discomfiture to shipowners and shipbuilders.

Shipbuilding

The unprecedented quantity of ships of all types under construction and on order is mind boggling. There are the twin prospects of cancellation and deferments solidly looming. Shipyards are unhappy with both of these. Some, as in the case of Korea, have the added problem of major fluctuations endangering forward currency dealings.

Shipowning

The collapse of freight levels has had obvious immediate effect. Bulkers have suffered most, tankers rather less. Two very bleak categories are container trades and auto carriers. The principal liner (container) routes

Asia-Europe and Asia-US have plummeted in volume and rates. Already the major players are trying to balance supply :: demand by withdrawing and laying up ships.

Auto carriers are for the moment in an even worse predicament. Many new ships are entering into an already crowded market and nobody needs reminding that new-car sales have near-completely dried up. The huge US car manufacturers – the very symbol of American capitalism and Yankee manufacturing know-how – are floundering and even the super-efficient Japanese with their most popular product range are suffering. Consequently cars are piling up from Bremen to Southampton, New York and Los Angeles and these new 4000+ car carriers are being used either as floating garages or are merely being laid up. What gloom!

That being said there must be light at the end of the tunnel. Indeed there is, but it will not be a return to the good old days of the past two decades.

All the involved industries must gear themselves – as must the banks – to a more measured, duller, environment. It will take, in my view, around 18 months from now for a better equilibrium in the maritime industries to be gained. Thus there may well be numerous casualties and the strong alone will survive.

One unapproached area in this little homily is the ultimate future of shipbuilding. Will the Chinese Government simply prop up their emerging greenfield as well as established shipbuilders by building for their own account and thus becoming far and away the greatest entity in shipping as well as shipbuilding, effectively submerging all others? That is however a topic for future debate and some informative IMIF lunches.

Jim Davis

IMIF new members

We are pleased to advise of the following new members:

Captain Mike Marchant MBE		
Reynolds Technological Inquiries Ltd		Mr Les Chapman
		Captain Andy Mitchell

REPORTS

IMIF Buffet Luncheon Wednesday 22 October 2008

Host:	Mr Tetsuya Kinoshita, Regional Manager, Europe and Africa ClassNK TD>
Speaker:	Dr Abdul Rahim, Director - Technology, Europe and Africa ClassNK
Subject:	Large Containership Structures

The following report was compiled by James Brewer, NUJ, who attended the luncheon on 22 October 2008 at The Baltic Exchange. IMIF thanks him for the courtesy of his professional summary and Mr Tetsuya Kinoshita and ClassNK for their generosity in hosting this luncheon.

LARGE containerships have large hatch openings for efficient cargo handling: hence potentially large problems. Perhaps large enough to warrant the close attention of shipping's largest oversight body, the International Maritime Organization, not to mention hull and cargo underwriters who might have a total of a couple of billion dollars or more on risk each voyage. Despite this, such interests have seemingly yet to address such concerns.

This was the dilemma raised at October's IMIF luncheon meeting, in the serene ambience of The Baltic Exchange, and which aroused passions over the eternal free market quandary as to who is ultimately responsible for whatever sets out to sail the seas.

Dr Abdul Rahim, perhaps one of the most brilliant naval architects on the planet, lifted the lid on critical research at Nippon Kaiji Kyokai, where he is principal surveyor, based in the classification society's London office.

Your diligent IMIF secretary rightly pointed out that even before the economic changes that have shaken the financial and maritime world in the last few months, there were very different points of view about not only the way the containership industry was developing but also the development and structure of the boxships themselves.

Large was far from a lovely word by the time Dr Rahim had launched into his presentation. The ClassNK technology director for Europe and Africa, who has to his credit more than 40 technical publications mainly on ship structures, outlined how his society is engaged in substantial research into large warping stress and large deformation of hatch covers.

Wind and waves, sometimes whipped up into typhoon, create risks for sizeable containerships, calling for the development of new structural designs and the use of higher strength steel plates for hulls. NK is among those to the fore in conducting extensive research on hull girder torsional strength and has developed what it calls a practical and rational evaluation method, working with the Nagasaki research institute of Mitsubishi Heavy Industries, and the National Maritime Research Institute of Japan. Tank tests have focused on the 6,400 teu post-panamax, with speeds of 18.4 knots (75% of service speed) for a Japan-Europe voyage, and of24.5 knots, with wave heights of up to 15 m.

Dr Rahim said that improved accuracy of buckling and fatigue strength evaluation pointed to the necessary and sufficient scantling. Hull girder stresses and deformation in irregular waves could be estimated accurately and practically. For large containerships, extremely thick plate is needed. Generally, for ships of 8,000 teu and more, thicknesses of up to 100 millimetres are being used for the hull structure around the upper deck – “I don’t know whether you can call it a plate anymore,” observed Dr Rahim. Thickness in this case does not mean safety. “When you use thick plate, you have to be extremely careful,” said Dr Rahim.

Brittle cracks that occur in the welds of very thick steel plates propagate in straight lines and may extend into penetrating the parent material, in contrast with plates half the thickness. A brittle crack in a hull structure with very thick steel plates could become catastrophic, with failure or collapse of the hull structure.

New technical standards to prevent such disasters would seem a matter of urgency, and the International Association of Classification Societies, shipyards and steel mills appear to be conscious of this. The audience at the IMIF meeting doubted however whether other leading parties, such as the IMO or marine underwriters, had begun to take on board, or even been apprised of such scary scenarios.

Hopes for resolving the construction issues are focused on a new type of steel, known as YP47.

The material is being used in four 8,000 teu ships under NK class, and is lined up for another 23. NK is collecting data from four ships in operation with YP47. We may have to wait some time for action, however, as NK’s project is of five years duration. More work has yet to be done on brittle crack arrest, Dr Rahim made clear. Two yards can be building ships to the same specification, but the results can be different.

Adding to concerns, it is common practice to overload ships because the containers are not accurately weighed. The salvage industry is among those who are greatly unhappy, because the MSC Napoli casualty showed that even in calm waters, working on a stricken containership poses enormous difficulties.

Alongside other leading societies, ClassNK has been drawing benefit from the shipping boom (those were the days!) and now covers 6,900 ships totalling 160m gt, with average vessel age is 11.5 years, against a world average of around 20 years. For NK, 2008 was a record year in terms of classing new ships.

IMIF Annual Dinner 5 November 2008
Held at Radisson SAS Portman Hotel, Portman Square, London

Once again a record attendance was achieved and, once again, the atmosphere was maintained at a pleasantly light-hearted level; this despite the gloom encircling the maritime industries. With minimum reference to it the IMIF Chairman Jim Davis felt that this was the one occasion where everyone should wear a smile.

Philippe Louis-Dreyfus made a short but charming speech of thanks.

Incidentally the Chairman's jokes received their customary buffeting in the next day's papers!

IMIF Buffet Luncheon Wednesday 12 November 2008

Host:	Mr Richard Greiner, Partner, Moore Stephens LLP
Speakers:	Professor Tim Congdon CBE
Subject:	The Credit Crunch – What does it mean?

The gathering of IMIF delegates for the buffet luncheon hosted by Richard Greiner at the Moore Stephens Training Centre at Snow Hill was indisputably the largest ever witnessed by IMIF Chairman Jim Davis in the ten years since the luncheons started. All had come to hear what economist guru Professor Tim Congdon CBE might have to say about a subject that was no doubt affecting everyone present – the credit crunch. Some of those present would have remembered the same guest speaker, co incidentally talking on 19 May 2004 at the same venue when he spoke so effectively on "The Asian Free Trade Boom: what does it mean for the world economy and for shipping?" This time the Professor was working on a far broader subject – namely what had gone amiss with the entire market system – and the implications.

Various slides appeared on the screen but in a very few moments Professor Congdon was addressing the IMIF delegates as if they were pupils at one of his seminars. "What is a credit-crunch?" he asked. "Well" he replied to himself, "to answer that we need to understand what credit is, and how it works and just why it has gone so wrong." He then proceeded in seemingly simple but frighteningly logical steps to explain the basic financial mechanisms employed.

He then referred to previous recessions, explaining how they had come about – all of them caused by the then policy-makers. The difference between the present crisis and those previous recessions was that this one was certainly never intended to take place – but that it most certainly was taking place. The main factor was that there was a belief now by both commercial organisations and the man in the street that the policy makers did not know how to curtail or prevent the financial breakdown that seemed to be developing. "There is a deep lack of confidence!" said the Professor. Even so he added that if things were handled sensibly he saw no need for a deep recession.

The roots of the problem, he continued, were to be found in the errors created in the banking system. Professor Congdon then went on to discuss the theory and practice of the banking system – what it was meant to do, what it should have been able to do – and what it had actually done. "This is a morality talk," he said in Chaucerian tones, "and it is based on 'fees' – and 'greed'!" He hearkened back to the 1960s when banks were much safer. They retained sizeable deposits, made loans against tangible assets and invested wisely. And they certainly did not make loans for house purchasing – that was the role of Building Societies. Professor Congdon mused on the evolution of the banks. Originally there were Commercial Banks, the High Street banks of the 1960s, and the ‘Investment Banks’. Their role was to invest in riskier ventures for an appropriately higher reward. All well and good.

But then a new creation entered the arena, the ‘bank holding company’. This was a hybrid – combining the role of the commercial bank with the role of the investment bank and with some extras – hedge fund management for example – thrown in – all of them sometimes in the same building. The combination was potentially lethal – and Professor Congdon clearly did **NOT** approve of them. Referring to certain revelations that had become public concerning some of the United States institutions the Professor said that the only word that adequately described their perpetrators was as “crooks”! Not that the banks were the only villains, stated the Professor, the government was equally to blame. He was especially scathing about the way the government had treated Northern Rock. The arithmetic did not suggest a massive failure as stated. They had a 93% loan cover – with a write-off rate of no more than 1%. The decision taken was based on politics and not economics. “But surely the banks took insane risks” said one delegate. “Not Northern Rock” said the Professor. He was challenged by another delegate. Those present then witnessed the Professor applying a ruthless logic against the delegate’s proposition. Like Jeremy Paxman or John Humphrys calmly but unforgivingly repeating the flaw in the argument of a hapless political minister he simply asked the delegate again – and again – to justify the basis of the proposition. The delegate declined to take up the point…..

A final question from one of the delegates evoked a very immediate answer. “And who do you think are the principal losers in this situation?” was the question. “The banks’ shareholders” was the Professor’s brief but definitive reply – and that ended the discussion.

IMIF Chairman Jim Davis thanked Richard Greiner for his hospitality as host and Professor Congdon for the privilege of his insightful thoughts.

IMIF Buffet Luncheon Thursday 11 December 2008

Host:	Mr Tony Suchy, Ince & Co
Speaker:	Dr Martin Stopford, Managing Director Clarkson Research Studies Ltd
Subject:	Assessing the latest market developments “On the Day”

At the IMIF luncheon hosted by Tony Suchy of Ince & Co in December 2008 IMIF Chairman Jim Davis was again to witness another record turnout of IMIF delegates. This time they had come to listen to the wise words of Dr Martin Stopford, the internationally acknowledged and much respected analyst of the shipping markets in all their variations. No doubt some of the delegates present would have remembered Martin Stopford's previous presentation to an IMIF luncheon hosted by Harry Theochari of Norton Rose at their former offices in Houndsditch. Entitled "The Seven Ages of Jim" Martin Stopford had cleverly matched major developments in the shipping market to developments in Jim Davis's career from 1953 when Jim Davis had started to engage in shipping up to the time of the luncheon.

What was to be Martin's approach this time? The personal touch appeared in the very first slide – not an image of a "super yacht" or of a luxury mega-sized cruise ship or a less photogenic but impressively huge ULCC. Instead there was a portrait, beaming out at the delegates, of Chairman Jim! Martin Stopford had decided however to extend his researches this time prior to 1953, indeed prior to 1928, the year of Jim's birth – far back to the late 17th century – 1680 to be precise. He wanted to look at all the information he could find on market movements to decide whether the present market movements could prove to be a 'bubble', a 'paradigm' or a 'cycle'.

Via an impressive series of graphs, spreadsheets and diagrams overflowing with information Martin Stopford traced, examined and explained how and why the markets had reacted as they did in times past. Gradually he moved the clock forward until he was comfortably into the 1980s. Perhaps not so comfortable, as these were for shipping a very depressed time when the market as a whole could only look for things to improve in the 1990s. No relief however. More graphs showed an equally depressing time right up to 1999. Then things began to change. The graphs heralded the great shipping boom. In best analytical style this movement was sub-divided into "the great shipping boom, stage 1, the trial run – 2000 2002" and "the great shipping boom, stage 2". By 2003, Martin Stopford reminded his audience, everything seemed wonderful. However there were certain requirements. First, you needed to actually be in the shipping business. Second, you needed to have a reasonable amount of luck. And third, last but not least, you needed to have some basic good judgment. In 2002 newbuilding orders were still slow but could a turn in the tide be detected? Fewer ships were being ordered than delivering. True there was some scrapping, no doubt to the approval of our Chairman Jim Davis, Martin added. By December 2003 with the graphs continuing to rise ever upwards Martin was beginning to predict that it would not – or could not – last. Instead there was a large increase in orders. By December 2004 Martin Stopford was considering whether he was witnessing a new paradigm in the industry. With such record levels it was essential to have a strategy – but what? Martin produced his next slides with the six ingredients suitably illustrated:

1. Jump and enjoy it. Go and order 6 VLCCs .
2. Get some wings (time charters are a good substitute).
3. Practice balancing – keep cash on the balance sheet – and enjoy it.
4. Try flapping your arms – you might succeed in talking the market up.
5. Get a parachute – get some futures.
6. Do not wait to be pushed – get some finance now before the banks wind up.

By December 2005 the market was running out of superlatives but, Martin warned, China was clearly overheating.

By 2006 ‘globalisation’ was appearing in the market. Was this a ‘paradigm’ – or ‘evolution’? Martin opted for ‘evolution’ but added that another new factor, the financial investment bubble, had also arrived on the scene. By 2007, six years into the boom it was China that kept things going. “Here’s your ship,” said China, “now go and bring us all the ore you can find!”

The years 2003-2008 were the years of the shipping investment financial super bubbles. Then, by 2008, we were into the next phase, the ‘morning after sickness’ phase. (There were muted noises of recognition from around the room, clearly some of those present had experienced this phase.) Rates had fallen back to the level of August 2001. However Martin Stopford finished his presentation on a note of hope.

Having taken into consideration all the factors he decided that for shipping the movements had not been a ‘bubble’, or a new ‘paradigm’, but rather a ‘super’ cycle! The integrity of shipping remains undiminished – there have been good cycles and bad ones – but all in all shipping is still needed and it continues to provide an excellent service, Martin said. He finished by pointing out that there had been one notable casualty. “In all my years of studying all aspects of the market, this is the very first time I have witnessed banks NOT lending money!”

IMIF Chairman Jim Davis thanked Tony Suchy and Ince & Co for their generous hospitality in hosting the luncheon and guest speaker Martin Stopford for a superlative presentation.

IMIF Buffet Luncheon Wednesday 15 April 2009

Host:	Mr Michael Drayton, Chairman, The Baltic Exchange
Speaker:	Mr Michael Drayton, Chairman, The Baltic Exchange
Subject:	The Sanctity of Charterparties

In Lloyd’s List of 19 February 2009 Citibank’s Michael Parker referred to something he said he was witnessing for the very first time in his long career – “One thing we haven’t seen before, at least I don’t remember seeing it before, is cargo-owner charterers just reneging on charters…..Instead of renegotiating they are basically just saying ‘We are going to redeliver the vessel because there’s no cargo and so we’re not paying you’.”

The implications of these breaches of contract are significant. IMIF was delighted to have as its first guest speaker this year Chairman of the Baltic Exchange Mr Michael K Drayton. He agreed to talk on “**The Sanctity of Charterparties**”.

It was decided that amid the deep and still deepening depression in the freight markets it was especially relevant to examine how the traditional “Our Word Our Bond” maxim of The Baltic Exchange was standing up, particularly with reference to term Charters. Michael Drayton gave a clear and succinct account of the history of The Baltic.

Particularly following the April 1992 IRA desecration of the old Baltic building there had been unprecedented stress on the standards of the Exchange: the anarchic behaviour on the streets could not be allowed to jeopardise the strict business ethics of The Baltic. Anthropology observes that it is society itself must in the end self-regulate its actions. Rules become necessary as business extends beyond social exchanges, hence The Baltic Code to which all members subscribe.

When things go wrong there is a machinery to deal with the situation including Membership Committee representation, sanctions (notices, postings), bilateral debate and the application of reasonable flexibility.

The essential ingredients for business dealings - as predicated by Baltic Membership - are honourable qualified brokers with correct drafting skills. Members can moreover check the track records of counterparties through Baltic bulletins.

There is no better method of dealing – even in this electronic age – than face-to-face meeting. Once one has recourse to documentation in a dispute (however detailed be that paperwork) a happy, just resolution is already in jeopardy. “Baltic tradition” is not just a vague aspiration, it can be the rock of business dealings.

We must, Michael Drayton concluded, continue to fight the cause of The Baltic and encourage even greater membership, particularly in the economic dynamos of the Far East and Americas.

There was much questioning and comment from the 25 members present who unanimously applauded Michael’s presentation, the while facing up to the very real and current problems facing shipowners and long term charterers. The situation undoubtedly needs Baltic style morality and behaviour.

IMIF would like to thank Mr Michael Drayton and The Baltic Exchange for so kindly hosting this event.

Press Cuttings

Lloyd's List

FRIDAY NOVEMBER 7,2008

last word

Seen it all before

"COULDN'T they see this coming?" thundered Jim Davis.

"The most surprising thing about what is happening in the shipping markets is that so many people are surprised," he told regulars at the 33rd International Maritime Industries Forum's annual dinner on Wednesday evening

Attendees included top industry figures such as Jacques Saadé, Tim Harris and Philippe Louis-Dreyfus.

Davis very nearly refrained from using the "scrapping" word, but the temptation was too much.

But, as possibly the oldest person in the room, the cheerful octogenarian and IMIF chairman took delight in reminding his slightly younger guests that "those who cannot remember the past are condemned to repeat it.

A word to the wise

NEITHER could Davis resist recalling an adage of his father's: that if you couldn't afford something then you didn't have it, an almost forgotten philosophy which has now come back into vogue.

There never seems much of a pattern to the way people are seated at the IMIF dinner, though this year there was frightening concentration of brain power at one prominent table, which housed the financial analysts.

Perhaps his remark was aimed mostly at them - they should have had plenty to talk about in any case.

What will Obama do?

DAVIS raised a cheer when he proposed a toast to Barack Obarna, whose election victory has been greeted so enthusiastically around the world.

But the shipping fraternity may not be so happy about some of the maritime policies that the new administration is likely to pursue. Obama has already pledged support for the Jones Act, but more worrying is the potential position on federal versus state regulation.

Dealing with differing local rules is a nightmare for shipowners serving the US, but Charles Darr, a lawyer with the US Coast Guard, does not hold out much hope of change under Obama

In most cases, the Republicans champion the rights Of individual US states to set their own rules, while the Democrats favour a federal approach.

The exception is environmental issues, where the position is often reversed, Darr told members of the Bahamas Shipowners' Association, who held their annual general meeting at the refurbished International Maritime Organization headquarters on Wednesday. On green matters, Democrats often support the right of state legislatures to enact their own shipping standards.

So any progress on persuading Washington to impose a uniform set of regulations across the whole country could face a serious setback under Obama's incoming administration.

No laughing matter

THE BSA presented Mission to Seafarers secretary-general Bill Christianson with a cheque after he regaled delegates, with a string of anecdotes and jokes during a lighthearted after-lunch talk, before attention turned to the more serious matter of seafarer welfare.

The mission has identified 11 major ports around the world that have no facilities at all for ship personnel, and efforts are now afoot to rectify the situation.

But did the Reverend Canon's luck run out later in the day? He said grace before the IMIF dinner and prayed for some new jokes from Davis.

Well, Lloyd's List had not heard one or two before, but some of the others had vaguely familiar ring. Perhaps Christianson should do the charitable thing and ,write. some new ones for Davis before next year?

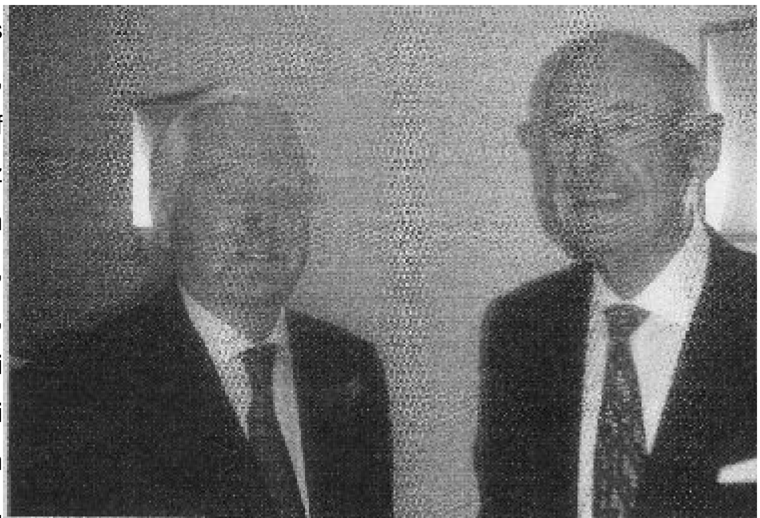
SHIPPING
INTERNATIONAL MONTHLY REVIEW

December 2008

Humor even at bad times - IMIF's record breaking dinner

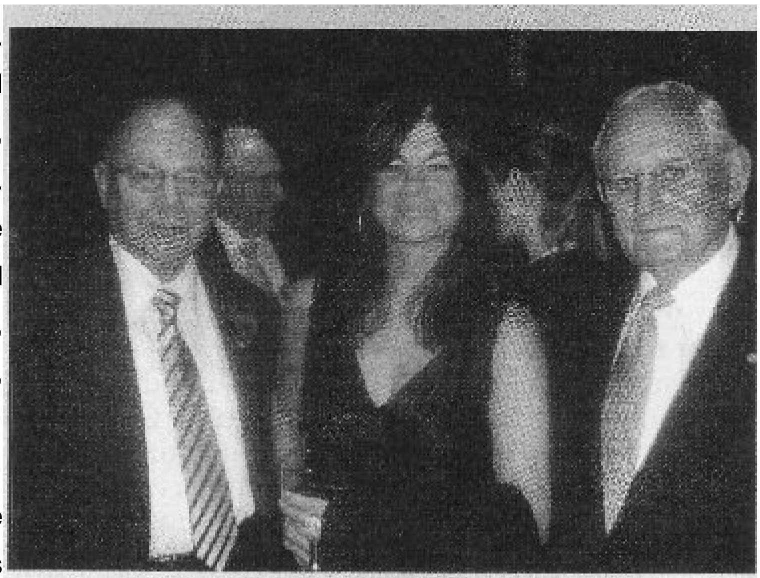
Despite the credit crunch and the fall of the shipping indices, IMIF's faithful gathered in full force at the Radison SAS in Portman Square on Guy Fowkes night honoring the Golden Dragon, his achievements, and his correct prognosis of the markets! and his unended humor! The 500 plus who gathered created a long queue delaying the dinner for almost half-an-hour! His Eminence Archbishop Gregorios and the Revd Canon Bill Cristianson were there to grace the Dinner.

At the top table we've spotted H.E. Mr. Indulis Berzins, Ambassador, Embassy of Latvia, H.E. Mr. Edgardo B Espiritu Ambassador of the Philippines, H.E. Mrs. Liliana Fernandez Puentes, Ambassadress of Panama, Tim Harris CBE from James Fisher & Sons Plc, Mr. Michael Jollife from Hanjin Eurobulk, Philippe Louis-Dreyfus, Mr. Masamichi Morooka from the NYK Group, Mr. Hiroyuki Nikaido from Mitsui OSK Lines, Mr. William O'Neil, former IMO SecretaryGeneral, Mr.



David Southwood just being greeted by Jim Davis

Spyros Polemis of ISF and ICS, Mr. Simon P. Sherrard from PLA, Mr. P. W. Vroon, Admiral Lord West of Spithead GCB DSC, Parliamentary Undersecretary of State, Mr. James Wey from Evergreen, Mr. Arne Wilhelmsen, Dr. Takuya Yoneya, H.E., and H.E Mr. Chun Yongwoo Ambassador, Embassy of Korea and of course]im Davis, IMIF's Chairman at the centre.



George Zarvanos, The Greek Consul Sophia Stamatelli and William O'Neil

Nearly 50 Greeks were there headed by the Consul Mrs. Sophia Stamateli, Thimios Lymberopoulos, head of the Shipping Operation at the Embassy of Greece and many others, amongst them Basil Papachristides, Adonis Pavlides, Philip John Goulandris, Dr. Aleka Sheppard, Chris Papathanassiou, Kostas Pertakis, Eleni Plessa from Intercargo Vassilis Zarifis and George Zarvanos. After the Loyal Toast to the English Monarch, Jim Davis, the Chairman of IMIF took to the podium and reminded the faithful about the markets, ending with his new Irish Jokes receiving a huge applaud my all present!

The Champaign card-raffle went to Michael Jollife... what a disappointment as many others were eying the super bottle... See you next year round and hope we will be as many as this year despite the continuous crisis in all fronts!

Many Congratulations to IMIF's Ian Bouskill and Jennifer Wybrew-Bond for staging such a successful event! Last but not least, congratulations to the 12 companies who have generously sponsored tables, amongst them WISTA!

SPECIAL EVENTS

Dr. Aleka Sheppard, Jim Davis and Graham Edmiston

Chris Papathanassiou and Gemma Cooper

Commander (HCG) Thimios Lymberopoulos with SMI's CEO John Murray

Large is not always lovely.

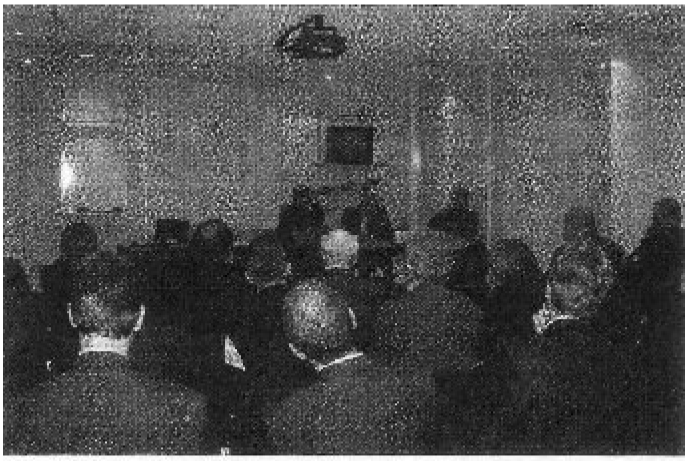

An emphatic Dr. Abdul Rahim addressing the delegates

IMIF delegates made their way to the Baltic Exchange in St Mary Axe on 22nd October to hear a presentation by Dr. Abdul Rahim, ClassNK Director of Technology, Europe and Africa at a luncheon hosted by ClassNK. As ever the food was excellent and the delegates were all motivated maritime experts in their own particular areas. They were lucky to have access to Dr. Rahim - he has after all produced 40 or more technical publications so far, most of them relating to the implications arising from ship structures.

As boxships get noticeably larger so do their hatch openings become noticeably larger and from a structural engineer's point of view this can be the source of some very important problems. Dr. Rahim graphically illustrated the warping and the stress tensions that occur in a large container ship as it proceeds on its voyage. Not a pretty sight especially if the framework is on the receiving end of a typhoon! ClassNK is one of the pioneers of research into 'hull girder torsional strength' and is working alongside the Nagasaki Institute testing the scantling. Another area of potential trouble occurs with brittle cracks in the welded areas - again something ClassNK is diligently investigating.

We have to take our hats off to the ClassNK team. Not only are they monitoring the boxships - they are deeply involved in developing a new hygrade steel (YP47) which is currently being tested in the construction and monitoring of four 8000 teu vessels over a five year period. Another of the boxships' most threatening problems is the unscrupulous charterer who overloads the container and underdeclares its weight. This puts even more strain on the boxship's structural frame. A lot remains to be done but at least it is reassuring to know that ClassNK with a lot of expertise on its side is quietly assessing developments with future safety in mind.

The credit crunch - who got hurt, how and why!



For a second time within a month IMIF delegates assembled at the Moore Stephens Training Centre at Snow Hill on 12 November in their droves. IMIF Chairman Jim Davis admitted that it was the biggest gathering that had ever taken place in over ten years of IMIF luncheons - all of it to enable the delegates to hear the wise words of economist Professor Tim Congdon CBE. The professor had of

A full house and at the centre right in the back of the auditorium, on a l to r basis are: the speaker Prof. Tim Congdon, Jim Davis and the host Richard Greiner

course prepared a Powerpoint presentation but within minutes he was putting it to one side to enable him to conduct a seminar for his IMIF 'pupils'. 'What is a credit-crunch?' the professor asked. 'Well,' he answered himself and took the delegates through a beginner's guide to what credit is all about, what it is meant to do - and just what had gone wrong to result in the present situation. It was a masterful, logical summary and it was interesting to see the intelligent application of economic principles. He compared previous recessions with today's market. The last three recessions were caused by policy makers. The present recession was not intended by policy makers - but it is happening. Companies and people are anxious that the policy makers don't know how to stop the recession that is now building up. There is a deep lack of confidence! The Professor said that nevertheless he didn't think there was a need for a deep recession. The guts of it is that things went wrong in the banking system. And so the delegates were taken through the banking system - what it can do, what it ought to do - and what it had done. 'A morality tale on fees and greed' as he summarised it. In the 1960s banks were much safer - they kept deposits and didn't make loans for house buying, Building Societies did that! Then he looked at two kinds of banks - and a hybrid. First the Commercial Bank, second the investment bank (which takes tots of risks) and third a 'bank holding company' which combines a commercial bank and an investment bank - and sometimes adds other ventures such as 'fund management'. The professor had little sympathy for the govemment. They treated the banks very badly, said the professor. The banks were greedy - but they were good traders. He was scathing at the way Northern Rock was treated - and Bradford and Bingley. They were not reckless - they had 93% cover of loan. But the banks took insane risks, said a brave delegate. The professor resumed his teaching mode. 'You must come back to 'fact' - he said. 'Northern Rock was very good - with a write-off rate no more than 1% One of the financiers tried to challenge him and was immediately painted into an economic corner by the professor who resorted to repeating a basic question time after time. The financier carefully avoided answering the basic question. 'You're making me very cross now' said the professor. Clearly he felt that said financier needed some quality time at one of the professor's seminars. And who were the losers? 'The banks' shareholders', said Professor Congdon and looking at today's share values no one was going to challenge him on that!