May 2007

"And since there's in this Old World still
Much good but much less good than ill
Then I'd do as a wise man would
Prepare for ill and not for good."

I know this is a rather over pessimistic stanza from the great A E Housman, but there is a message in it for today's World and specifically the Maritime World.

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 is 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?

Though no economist/monetarist myself, I am impressed by certain fundamentals which point to a serious increase in inflation just ahead. The Pound Sterling has already passed \$2. This increase is due in large part to the old law of supply and demand. There is a genuine shortage of what the World seeks to buy, be it London housing or works of art. Thus there is a major inflation of asset values. The Korean Won has appreciated against a depreciating Yen (remarkably newbuilding prices in Japan are becoming lower than those in Korea).

The West has been enjoying unprecedented prosperity and low inflation supported, let us be clear, by the racing Chinese economy which continues to offer "cheap" manufactured products, the fruit of low labour costs. **But** recent figures show that inflation in China is fast gaining ground indicating already a figure of 3.3%. Thus the world may not for much longer be able to rely on China to counterbalance inflation.

Energy – now unhappily strapped to ecology and carbon emission concerns – is of huge concern to all. Many sources of supply are uncertain. Nevertheless demand remains unshakeably high to the benefit of tankers. This market has the unique benefit of the increasing distaste for, and phasing out of, single hulled vessels. There is rather less over ordering in this category than most others.

What does all this amount to? I do not much favour my "Cassandra" sobriquet but I am bound to say, for the umpteenth time, that in my view it is a time for prudence. A real depression is not imminent but there should not be the assumption that growth will irresistibly continue; indeed it will definitely slow down as interest rates climb. I hope my friends in all the Maritime Industries will act with great care and set aside provision against the lean years. Remember the negative elements building up affecting shipping such as terrorism, ecological demands, directives from Brussels(!) etc etc. In fact it is worth re reading my quote from AE Housman which heads this little homily.

Jim Davis

## IMIF new members

We are pleased to advise of the following new members:

Group IMBC Seward & Kissel LLP	 Dr Thierry R Dorfsman H Clayton Cook
B & H Ocean Carriers Ltd	R Anthony Dalzell
Lloyds TSB Bank	Helen Lewis

# Towards a future Maritime Policy for the Union: A European vision for the oceans and seas.

On Friday 12th January 2007 John Richardson, Head, Maritime Policy Task Force and Antonios Vidalis, National Expert, Maritime Policy Task Force came from Brussels to London for the day to take part in a series of three meetings with UK located maritime organisations to present and to discuss the EU Green Paper on a future EU Maritime Policy. In the morning they visited IACS, at lunchtime they met the International P&I Group and their final call that day was to IMIF at the Baltic Exchange.

The delegates from IMIF were

Jim Davis, Chairman IMIF;

Philip Bailey, Managing Director, Theisen Securities Ltd;

Mark Brownrigg, Director-General, The Chamber of Shipping;

Ioannis Kontogiannis, Director, Greek Shipping Co-operation Committee;

Jeremy Penn, Chief Executive, The Baltic Exchange;

and Chris Spencer, Managing Director, CF Spencer Ltd;

with Ian Bouskill, Secretary, IMIF in attendance.

IMIF thanks Jeremy Penn for permitting the meeting to be held in the Baltic Exchange Board Room.

Jim Davis acknowledged that the Green Paper would have to involve a massive consultation. The document is enormously broad and one cannot argue against its intentions in principle but the devil is in the detail. Just what is Europe trying to achieve? Jim concurred that the sea has been neglected and that the sea must be looked after – but who must look after it?

John Richardson said that to date the Green Paper had received an enthusiastic response. Commissioners J Barroso and Joe Borg wished to accelerate 1. the report on the consultancy process, 2. the potential of the document and how Europe sees the sea and 3. the final concrete proposals and whether they make sense. The investigations to date had revealed a huge technical knowledge, not at all what the public perceives. He admitted that the maritime industries have a very low profile and he wished to identify synergies and to get specific ideas of where they were going.

There followed much animated discussion and a fuller confidential report on this whole meeting is available to any IMIF member. IMIF is considering making a written submission to Mr Richardson and his team.

# IMIF Chairman's Autobiography

If you thought you knew IMIF Chairman Jim Davis but haven't yet read his autobiography then be prepared to experience an amusing, pleasurable and an extremely 'insightful' learning curve! I first crossed Jim's path when Jim, as Shipping Director of merchant bankers Kleinwort Benson arranged the takeover of long-established shipbroking firm Harley Mullion in 1983 whilst I was there. Apart from a brief spell I have worked alongside Jim

ever since, in Harley Mullion, in KB Shipbreaking and now with IMIF and thought I had some measure of the man and his plethora of multi-faceted interests, commercial and academic – until I read his book and learned just how very much more there really was to learn!

Jim's autobiography entitled You and Your Ships is priced at £14.95 plus post and packaging of £1.50 (UK) £2.50 (Europe) £4.75 (Rest of World) and can be obtained as follows:

By post to The Memoir Club, Stanhope Old Hall, Stanhope, Weardale, Co Durham, DL13 2PF with a cheque payable to The Memoir Club

Or by telephone to The Memoir Club on 01388 529060 with credit/debit card details

I can promise you that it reads extremely well and is remarkably frank in discussing not only his successes but also those ventures that didn't quite develop as he would have hoped. And no, I'm not on any sort of commission!

# Press Cuttings SHIPPING INTERNATIONAL MONTHLY REVIEW OCTOBER 2006

# They used to run away but now they carry knives and guns and will use them!

IMIF attracted a record attendance at its 1st September 2006 IMIF buffet luncheon hosted by maritime lawyers Stephenson Harwood when "Muku" Mukundan, Director, Commercial Crime Services, ICC International Maritime Bureau came to talk about Piracy and armed attacks - threat and response. As Chairman Jim Davis reminded those present the high seas once came under the protection of 'Pax Britannica' and pirates then ran the risk of very likely being intercepted by the Royal Navy - but that was a long time ago. As Muku pointed out the ICC IMB was looking at incidents involving foreign ships, a foreign crew and a foreign cargo so they were often of very limited interest to National Governments. However, with incidents being reported from a variety of areas, Malacca, Somalia and Bangladesh to name just three, he had set up the Piracy Reporting Centre at Kuala Lumpur to act as a single point for reporting piracy and had now instituted the IMB live piracy map 2006 which could be accessed on the internet. By collecting all the reported attacks and then sending them out as free reports it guaranteed the independence of the material. As Muku commented certain national governments were not averse to massaging the figures if they could to understate any incidents involving their own territorial waters. Richard Leslie related how in his previous role with British Marine P&I he had also had to deal with State Sponsored Piracy. British Marine were covering the Greenpeace vessel "Rainbow Warrior", when it was attacked and sunk by

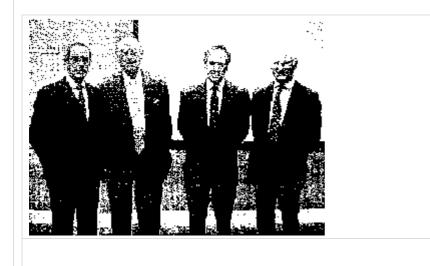
agents of the French Secret Service as the vessel prepared to try and prevent a test nuclear explosion being carried out at the instigation of the then French Government. Jim Davis asked about hostages - were they taken purely for the ransom? Muku confirmed that this was indeed the case - it was a weakness exploited especially in Somalia. Jim asked what percentage were caught and punished. Muku replied that times were difficult. "The pirates used to run away if challenged - now they carry knives and guns and will use them."

Various deterrents were discussed including sonics as used on "Seaborne Spirit". "The real deterrent", said Muku, "is for the pirates to be arrested - and tried by the State."

## The Chinese don't do it!!

Another IMIF buffet luncheon, this time at London's Baltic Exchange, home of the Greek Shipowners' Co-operation Committee and of course the home of IMIF.

This luncheon was being co-hosted by Bureau Veritas (UK) Ltd and the Baltic Exchange. The two co-hosts were Philippe Boisson from the Bureau Veritas Paris Headquarters and Anthony Cooke, Chairman of the Baltic Exchange.



The speaker was Philip Wake, Chief Executive of the Nautical Institute and he asked whether in a perfect world there should be a need - or no need - for confidential reporting to highlight dangerous practices. A show of hands was inconclusive - "with rather a noticeable proportion of abstentions" as Philip commented. The areas examined in most detail related to proper implementation of the ISM Code, Safety Management Systems, interpretive reports under the Confidential Hazardous Incident Reporting Programme (CHIRP) and the Nautical Institute's own Marine Accident Reporting Scheme (MARS). Over 700 MARS reports have been produced now and they are extensively used in ships' safety meetings. One area in particular into which the Nautical Institute is putting resources is, under a five year Strategic Plan, the collection of confidential reports on stress and fatigue issues. There is anecdotal evidence of the routine falsification of the hours of work and rest records required under STCW and the fact that Port State Control inspectors are taking these at face value. In particular the Institute is targeting the two watch system of Master and Mate, examining the fact that many so-called rest periods are regularly interrupted t handle emergencies and incidents as they happen. Philip pointed out that in discussions with a Chinese government delegation recently the Chinese

were amazed that any shipping area allowed a two watch system under STCW rules and claimed it was not allowed in Chinese companies! All in all a most informative IMIF luncheon with another record-breaking attendance from the delegates.

# **TradeWinds**

17 Nov 2006

# Davis takes to the stage

#### Adam Corbett London

A new slim-line Jim Davis returned after his recent recovery from a serious illness to be the host once again of the International Maritime Industries Forum (IMIF) annual dinner.

The shipping industry veteran received rapturous applause as he took to the stage, weighing in at some 30kg (661b) lighter, he says, than when he last hosted the event.

The only problem with his new physique is "having to fight off the girls", he told the audience.

But on a more serious note, in his customary state of the industry speech, he said that he feared the end may be in sight for what has been the most prolonged and profitable boom the industry has experienced.

And he mentioned that the mega-profits being earned today have done little to swell the coffers at the IMIF. He thanked the membership for generously responding to a cash call earlier this year to keep the 30-year-old organisation afloat.

Then proving that his absence has done nothing to dull his wit, he slipped into his stand-up routine to deliver a series of politically incorrect jokes in his trademark deadpan style - showing the audience that Jim Davis is well and truly back.



Gillian Smyth of ABS

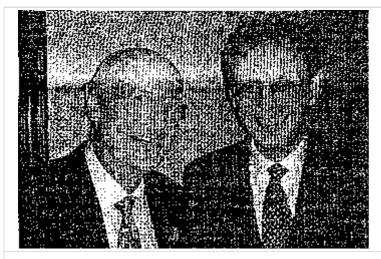


CMA CGM UK chairman Michael Parker



ClassNK London representative Eiji Owada





IMIF's Jim Davis and Clarkson's Martin Stopford

Photos: Adam Corbett



Peter Cowling (left), IMIF
vice-president and former
managing director at Wallem,
and Chris Horrocks,
out-going secretary general
of the International Chamber
of Shipping

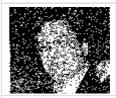


Japan P&1 Club general manager Yutaka Miyaji

Former Gibsons head Eric Shawyer



John McNeece



Cyprus High
Commissions
councellor for
shipping Dr
Christos
Atalianis

# Lloyd's List

Friday November 10 2006

# Feet on the ground

IT WAS a pleasure to see that the chairman of the International Maritime Industries Forum, svelte

and trim, remains a fount of realism in an industry that has rather been carried away by its good fortune.

At the celebrated IMIF dinner in London this week Jim Davis was perhaps loath to cast too many shadows on the festive cheer but thinking of all that shipyard capacity, an issue which three decades ago brought his organisation into being, urged people not to be too carried away with their enthusiasm for new tonnage.

Listening to his polite warnings about some of the storm clouds looming on liabilities, over-regulation, Brussels and so on, it is worth recalling that IMIF still remains relevant, even though the crisis in the 1970s which brought it into being is almost folk memory. Perhaps we should make Mr Davis the Official Industry Remembrancer.

#### ......

## lastword@lloydslist.com

#### Davis jokes on menu

THE inimitable Jim Davis was firmly back in the saddle at the International Maritime Industries Forum annual dinner in London on Wednesday.

Having missed last year's event due to ill health, the forum's chairman was keen to get a few things straight. Most importantly he wanted to respond to scurrilous rumours printed in this column suggesting that he had been seen sniffing round a bronze age archaeological dig for new after dinner jokes. This was a ridiculous suggestion, he insisted, as nearly all his material is of a medieval vintage. Keen to prove his point he lost no time in launching into a collection of antique gags understood to have only recently been translated from their original middle english.

#### Toasting good fortune

ONE of the regular fixtures of the London shipping fraternity's calendar for the past three decades, the dinner has traditionally been a time for reflection on the current state of the industry, in between the fine wine, gossip and food.

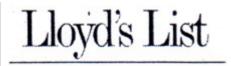
Davis was-pleased to admit that the current April 23 2007 boom had continued far longer than he had ever expected, but tempered his statement with a note of caution. Although not wishing to be typecast as the industry's Cassandra, he warned everyone to keep their feet on the ground. The sentiment was echoed by markets guru Martin Stopford who was also on hand to remind everyone just how good a time they were having, until it came to making a toast:

"To our good fortune and sense in accepting that all the wonderful money we have received over the past few years is not a gift but a loan". Indeed.

#### Skinny dip into wallet

SUPPORTERS of the IMIF will also be pleased to hear that the forum's recent cashflow crisis (the forum was virtually running at a loss despite every effort to minimise expenditure) has been staved off by some generous responses from members.

The noticeably slimmed down Davis however has not been so lucky. While his trim new physique has apparently left him fighting off the advances of young ladies, it has also hit his wallet after he had to spend a small fortune on a new skinnier wardrobe.



Monday April 23 2007

#### lastword@lloydslist.com

## **P&I progress**

THE ups and downs of the reinsurance arrangements for the International Group of P&I Clubs were the subject of debate by that other august institution, the International Maritime Industries Forum, when superbroker Aon Global Marine hosted the April meeting.

Steve Allum and Panagiotis Tsakos of Aon welcomed guests, and there was a lively debate led by chairman Jim Davis, after Aon P&I leader Stephen Hawke, who had been due to speak, was called away at short notice.

Experts are still talking about the fact that the new \$1bn group reinsurance layer which gives a total \$3bn protection, goes alongside a limit on passenger claims to \$2bn. So will the bigger cruise companies buy top-up insurance? Well, some cruise companies have balance sheets that are much larger than the biggest P&I clubs, some of the 35 guests around the table pointed out.

One P&I chief said the passenger issue in fact demonstrated the clubs at their best: it was recalled that some shipowners had campaigned for passengerships to be excluded from the mutual system, but all remained in the fold.

Although many P&I leaders are against allowing shipowners to choose the level of limits they think appropriate, what was in place represents astonishing value, it was said.

As one of the gathering put it, P&I was a broad church of cover, and another said: "After all, P&I is a compromise."

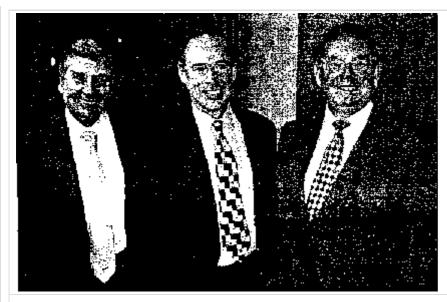
Unsurprisingly, wariness surfaced over the mood in Brussels, which is mulling calls for prefunding of claims and exclusion of limitation in cases of gross negligence - thorny issues, because they clash with the time honoured rights to limit conceded to the shipowner.



DECEMBER 2006

# Be a good environmentalist shipowner - or else!

This IMIF buffet luncheon, chaired by IMIF Deputy Chairman Struan Robertson, was advertised as being of especial interest to shipowners, ship managers -and their lawyers! The guest speaker, Dr. Dale Neef, the American strategic management consultant in corporate social responsibility spoke of a seachange in attitudes and approach to Enforcement Regulations are proliferating. There is ISM (1998), MARPOL Annex VI (2005), IMO STCW, ISPS (2004) and CONMARCON all involving increasing numbers of overlapping inspections from various stakeholders. Transgress the pollution rules and you could find yourself, like Evergreen hit by a fine of US\$25 million, or like Royal Caribbean by a fine of US\$9 million or Carnival's US\$ IS million.



(I to r) Tony Suchy our host, Dale Neef (the speaker) and Struan Roberson

And, warned Dale Neef, the biggest threat to the shipowner could be the active promotion by the Regulatory Authorities to encourage, under the Act to Prevent Pollution's 'Bounty Provision' of "Whistleblowing". The reward for whistle-blowing against a shipowning employer could leave that seafarer in possession of a huge lump-sum reward. So who will protect the shipowner against a rogue employee deliberately causing a pollution incident so that they can then blow the whistle and claim the reward? It was something to seriously consider. But, putting this to one side, the fact is, according to U.S. Enforcement records that there have been many instances of ships deliberately discharging tons of waste oil, sludge and other pollutants, and then either falsifying the records, or making concealed discharges at night to hide the fact. One way forward is the international acceptance by corporations of the development of an ECP (Environmental Compliance Plan) with an internal Compliance Manager and an external Auditor. This would monitor specific Engineering requirements and address specific Record-keeping Requirements. This is the route being adopted by those trading in waters policed by the USCG. Will the European Union adopt similar policies, asked Dr. Neef. And will it require an EU Coastguard to enforce it?

And who else, apart from owners and ships managers should care? Cargo interests? - financiers? Along with an excellent lunch provided by Ince & Co's Tony Suchy there was plenty of food for thought to be digested by the IMIF delegates present.



1 February 2007

# Commanding presence in London

AS FIREWORKS were being fired all across London's East Putney to celebrate India Day on Friday, Jim Davis - chairman of the International Maritime Industries Forum and himself the proud possessor of a CBE - warned his shipping colleague Ravi Mehrotra of the perils of becoming an honorary Commander of the Order of the British Empire.

Mehrotra is a popular Indian national - and head of the \$220M shipping-and-oil drilling group foresight.

He was using his opulent annual Winter BBQ for his many friends shipping in an elaborate and grand marquee in the garden of his East Putney home to display the distinguished UK decoration on his chest for the first time.

Davis recalled how he had suffered severe pain the night he pinned his new CBE to the chest of his pyjamas. Ha, the many burdens of greatness.

Foresight has launched a new cruise venture in Goa. Mehrotra, in true entrepreneurial style, offered his hundreds of guests - including *Fairplay* freeloaders - a 25% discount on cruises on board his newly acquired ship *Ocean Odyssey*.

And they didn't even need a CBE to claim it.