

International  
Port of Piraeus

# The International **Propeller** CLUB of the United States


Newsletter, May 2016

v.18/33



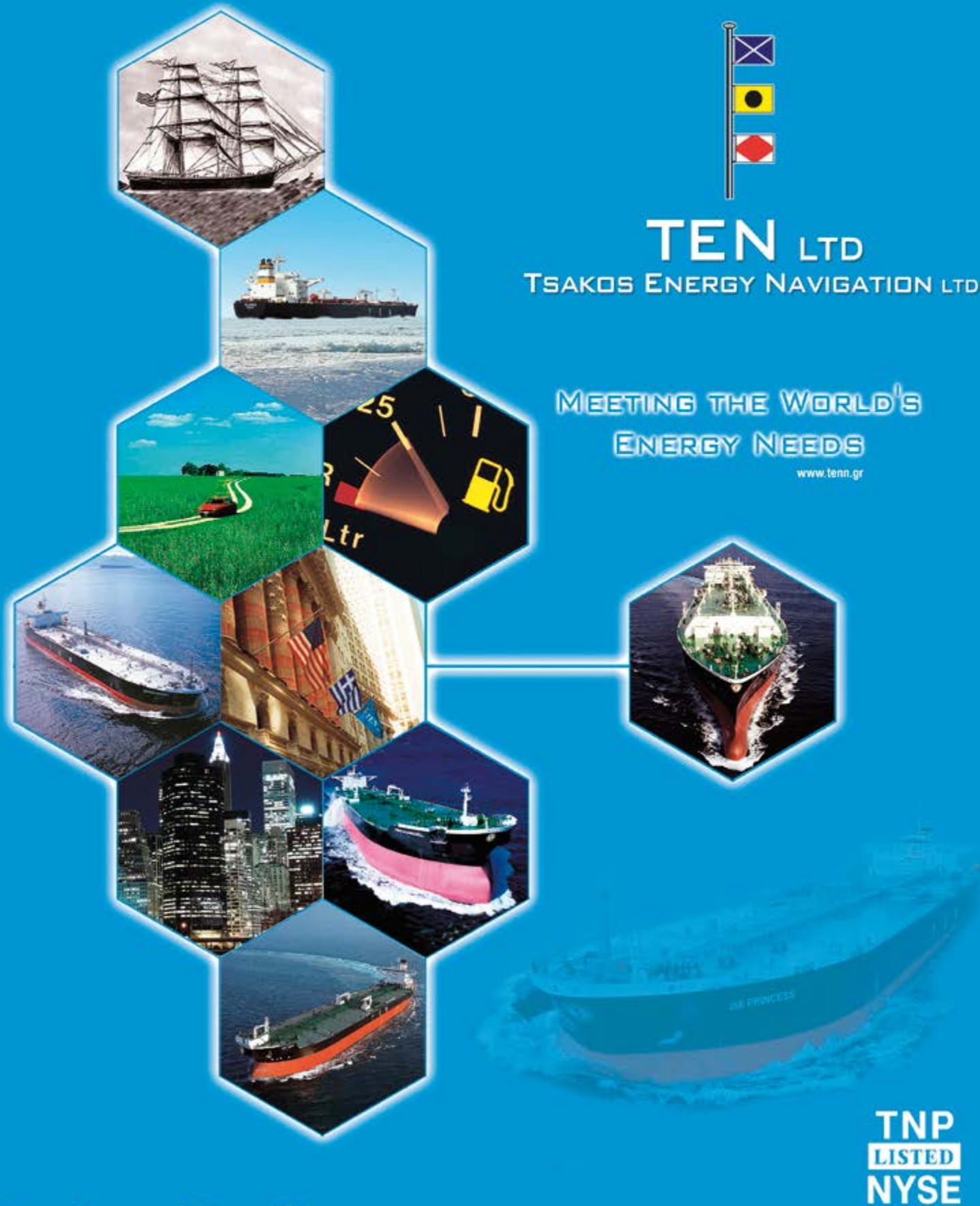


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**George C. Xiradakis**  
President of the International Propeller Club  
of the United States,  
International Port of Piraeus

## "Why do I have to become a Member of the Propeller Club?"

That was a question raised by a young executive at a reception that we were attending together. What could I have said to him within a crowded environment and both of us being in a hurry? Then, and due to that, I decided that in the next editorial of our Club's magazine, I would address this, really simple but ultimately valuable, question. It is accurate to say, that any association or club similar to our Propeller Club, cannot continue its presence, without regenerating its membership and without adjusting its activities, updating its by-laws and expanding its communication methods, by exploring available modern capabilities, with a view to ensuring and reflecting at any given time, the current needs of its members.

It would have been really easy to unfold on the spot to the young executive, the proud history of the International Propeller Club, inform him about the main reasons of its establishment with the profound cause being to promote the interests of international commerce, shipping, transportation and supporting industries, including governments and communities. A nice tale could have been added regarding the inauguration of the Propeller Club from a few New Yorkers, who were working in the maritime industry at the time and who had as a habit to gather regularly in order to discuss mutual issues and the future of their industry. I could have concluded by stressing the key role of Propeller to bring together people and to enhance personal relationships in the international field, as well as to promote the global business relationships with USA.

The proper answer therefore, necessitated thorough and deep analysis of the decision process followed by the founders of the club in 1932, in order to adjust and refresh the importance of our Club in our times. In fact, the fundamentals have not changed but the rhythm of life did change. That was the reason that Propeller Clubs developed, both internationally as well as locally, and thus, became a beacon of meritocracy, a solid point of philanthropy and a safe harbor of people who were thirsty and eager in sharing the care.

It goes without saying, that all these principles constitute the main point of attraction for all these prominent personalities who comprise the International Propeller Club, which serving as a solid

meeting point, provides to its members, the opportunity to fulfill many of these principles but also to get advantage of its unique network, as same is expanded around the globe.

My great new acquaintance described above, the young executive I met at the time, is really a good example of a future candidate of the Club and fully welcome to learn from the elder, but also called to offer his fresh ideas and input, in order for all of us to improve ourselves even further. The reader of this fine and detailed newsletter, that was in fact edited by our Chairman of the Administration Committee, Mr. Costas Constantinou, can easily run the conclusion, that the current Board of Governors in the International Propeller Club of the Port of Piraeus, has tremendously improved the activities of the Club, in an effort to attract the interest of new comers but also keep-in the hundreds of present members. In this way, new monthly gatherings of its members were introduced with or without agenda, nice parties and get-together events were organized, all in order to allow members and friends of the club to come together, combined with a series of seminars and speeches, which are now offered and regularly organized. We are really ready and willing to endorse any constructive proposal from a member or friend of the Club, in order to accommodate and or organize an event in the world's largest ship-owning center, the Port of Piraeus.

Our Club's principles and capabilities are illustrated in detail in the issue that you now hold in your hands. As a reader, one can verify that the International Propeller Club—Port of Piraeus, with its 80 years' presence since its establishment, is fully capable of passing on the torch of its enshrined principles, ethics and values, adjusted according to the new generations' needs but is also analogously prepared to soothe the society in need, in order to cope with the deep and persisting national crisis we face in this part of the world, as a result of the severe financial depression.

Leaving the difficulties aside, we are all proud of having the profound support of the Greek Shipping Industry. Thanks to our sponsors, we managed -once again- to organize in 2015, an astonishingly successful and memorable to all dinner, with the participation of almost 1,000 people, during which we presented the AMVER Awards and we proved that we Share the Care in practice. We are really thankful for the sheer support of both the Greek and US Governments, but we are particularly grateful to the US Ambassador in Greece, Mr. David D. Pearce, and his wonderful team at the US Embassy in Athens, for their continuous support to our Club. Obviously, this close and profound relationship of our Club with the US Coast Guard and the Greek Coast Guard, permits us to honor all these Hellenic sea-going patriots, who day and night care about life at sea. This unique action proves to everyone around the globe, the paramount social responsibility by which the Greek shipping industry abides, thus, we honor and shall continue to honor them, together with our members and friends.

In light of the above, addressing finally my new young executive once more, the only thing I can add concluding, is that you can join us to taste and learn not only how you can become a champion, but, most importantly, how you can live and offer as a champion!

Welcoming  
of President

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The articles included herein express solely the views of their writers.

*As a gesture of appreciation the Club has dedicated a few pages of the Newsletter to the companies which contributed towards the cost of publication and are thus assisting the Club's charitable purpose*

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# P&I: A view from the bridge

How to address the immigrants - at - sea rescue issue both in practical terms as well as insurance-wise



Within the last years and following the break-out of war or similar hostilities in various countries, especially in the Middle-East, a considerable number of people take the hard, but still realistic decision, to flee from their home countries for various reasons, them being either safety and/or financial and/or political ones.

An increasing number of these people, which can be characterized as holding a refugee status, frequently end-up in some form of distress at sea, either being on-board poorly maintained or even unseaworthy vessels, some of them even being crewless, during their desperate journey in search of a better life. These sort-of called boats or vessels, can unfortunately become not a refuge vehicle but extremely dangerous crafts, jeopardizing the mere lives of those on board.

As it is widely known to those who have elected to engage into shipping activities, there is a longstanding tradition and inherent belief, that all vessels navigating in close vicinity, shall assist when another vessel is in distress, however, and notwithstanding that noble tradition set-aside, such a duty is also regulated and can be derived from a number of International Conventions, thus rendering it a legal obligation for the owner and/or the manager and/or the carrier (same being either the owner or the charterer), to provide assistance to vessels under distress at sea.

Such conventions include inter-alia, The United Nations Convention on the Law of the Sea (UNCLOS), the International Convention for the Safety of Life at Sea (SOLAS) and the International Convention on Maritime Search and Rescue (SAR), thus, providing the platform and the legal frame-

work on what is considered to be a distress situation and how that assistance could be also covered insurance-wise, addressing the obligations of a vessel close in vicinity to a distress vessel, for the former to provide assistance, take on board, nurture and disembark those rescued to a refuge safe port, or alias, a safe place where they will be taken further care of and enable them to continue with their journey forward, whether same shall be to apply for asylum, economic or other shelter relief, to carry their lives onwards.

An important issue, thus, arises, on what shall be the eventual consequences for owners, charterers, managers, operators (as the case may be), if they come across such a situation, whilst the Master and the crew must be vigilant not to render in parallel their vessel unsafe and/or jeopardize their own lives, as refugees that may require assistance could be a considerable number raising various issues, mainly safety ones, the least being to prejudice cover or escalate costs.

It must be noted that such incidents can call for important decisions to be made very quickly, and although the first and spontaneous reaction for any prudent owner, charterer, manager/operator would be to take the distress call and assist in every way doable, such actions should be in parallel cautious and well thought of, so as not to lead to creating greater problems than the ones contemplated.

Dealing with human beings in distress is the utmost sacred action one can envisage, thus, it is at least strongly advisable, for the risks to have been identified in advance and a plan to be in place, in case such a situation arises, based inter-alia on the capability of the vessel herself.

Trading in the Mediterranean especially, where the issue more often arises, many vessels in the past have already encountered situations where they are called-up by a Marine Rescue Coordination Centre (MRCC), or the relevant Coast Guard in any of the European Coastal states and are requested to participate in a rescue operation.

In most of the cases, the vessel taking the distress call, may have to deal with a situation of a small or larger boat, often unmanned, unseaworthy and crowded with people, wearing life-jackets who may not even work, desperately seeking assistance, ending-up with taking on board tens, or even, hundreds of refugees aboard just one vessel, not manned with more than 20 crew members. Such situations may prove very challenging, difficult and unique to deal with and one must be prepared to do the best out of it, taking into account, that medical, sanitary, as well as humanitarian and communication challenges may occur, as these people must be treated in the best possible manner, must be nurtured and fed, whilst at the same time, the safety of the vessel's own crew must not be jeopardized.

Turning now to the technical issues and the cover from the

P&I side, and leaving undisputed the clear obligation inherent to the mere essence of the maritime profession, which is to save lives and which can clearly provoke and trigger even criminal consequences if not applied, one has to be in parallel vigilant and aware in advance, which party has to bear the costs involved, bearing also in mind that a deviation is almost inevitable, and the underlying contract (time or voyage charter-party), will regulate the allocation of responsibilities, costs and expenses related to same.

The insured parties involved to such an equation, are usually, the owners, the charterers and their respective underwriters, namely their P&I Clubs. The allocation of costs will pretty much depend on the wording of the underlying governing contract, i.e. the charter-party, and its clauses, i.e. the wording embedded in same may shift the burden of such cost to the one party or the other or may even split it in the middle. As is the clear P&I rule of thumb, the only expenditure which shall be indemnified to the assured, shall be the one which cannot and shall not be compensated by any other party.

In order for that process to be verified and validated, own-

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ers or charterers (as the case may be under the governing c/p), must initially explore the possibility for reimbursement to be provided by the competent authority which sought the assistance from the vessel in the first place (and subsequently instructed the vessel to provide) or the flag state where the vessel is registered under.

The costs for deviation are usually the most controversial and significant item in dispute, since changing route to assist and take the people in distress on board and then disembark them where instructed by the authorities, can fluctuate from a few hours to a few days, thus, bunkers, hire and time are all questionable and contributing factors to building-up a considerable overall cost.

Such costs for deviation are usually covered by the P&I,

of business should the distress call had not taken place. On top, any expenses incurred for nurturing, feeding, and alias, taking care of the rescued people, are all equally claimable.

It is to be expected that owners or charterers (as the case may be), will be asked to provide and disclose the full course of events leading to the deviation and the rescue operation, thus, they must have collated all relative evidence to support same (VDR entries, log books, witness statements, photos etc.).

Finally, it must be clearly noted that loss of hire for the deviation is not covered and shall not be indemnified under the normal P&I cover, but there are special insurance products developed in the industry, to provide additional cover to owners and charterers, on top of same.

Concluding, owners or charterers (as the case may be), must be always prepared in advance for such events and further must be taking all precautions at an early stage and before reaching the port of refuge, where the refugees shall be disembarked, in order to obtain clearance from the port, taking into account that once a vessel is calling a port with refugees on-board, she falls outside the routine regulations applicable to a normal call and is subject to the superseding authority of the harbour Master, the Coast guard etc. whilst P&I correspondents cannot really attend until all refugees have disembarked, thus, the appointment of a husbandry agent is strongly recommended to avoid complications and delays.–



subject to the deviation being made under reasonable grounds, which is usual the case, as distress calls are made from competent authorities, but this should not be taken for granted that the P&I silently adheres to it, the proper way to deal with it, is for the owners or the charterers (as the case may be), to inform their P&I in advance (as may be practicable and soonest allowable to do so) and clearly obtain advice, alias eventually, approval by the Club, so as to avoid even a scintilla of cover prejudice in any respect whatsoever.

In order to calculate the time and cost, one must presume that the event starts when the vessel responds to the distress call, changes her route and scheduled course, in order to attend and concludes when she resumes her original course and itinerary.

The costs and expenses that are normally covered under P&I for distress calls, usually include same for bunkers, stores and provisions, any additional port charges where the vessel shall call to disembark the refugees, pilots, port dues and other miscellaneous expenses, but always attributable and directly linked to the distress call event and not the ones that would have been incurred in the ordinary course

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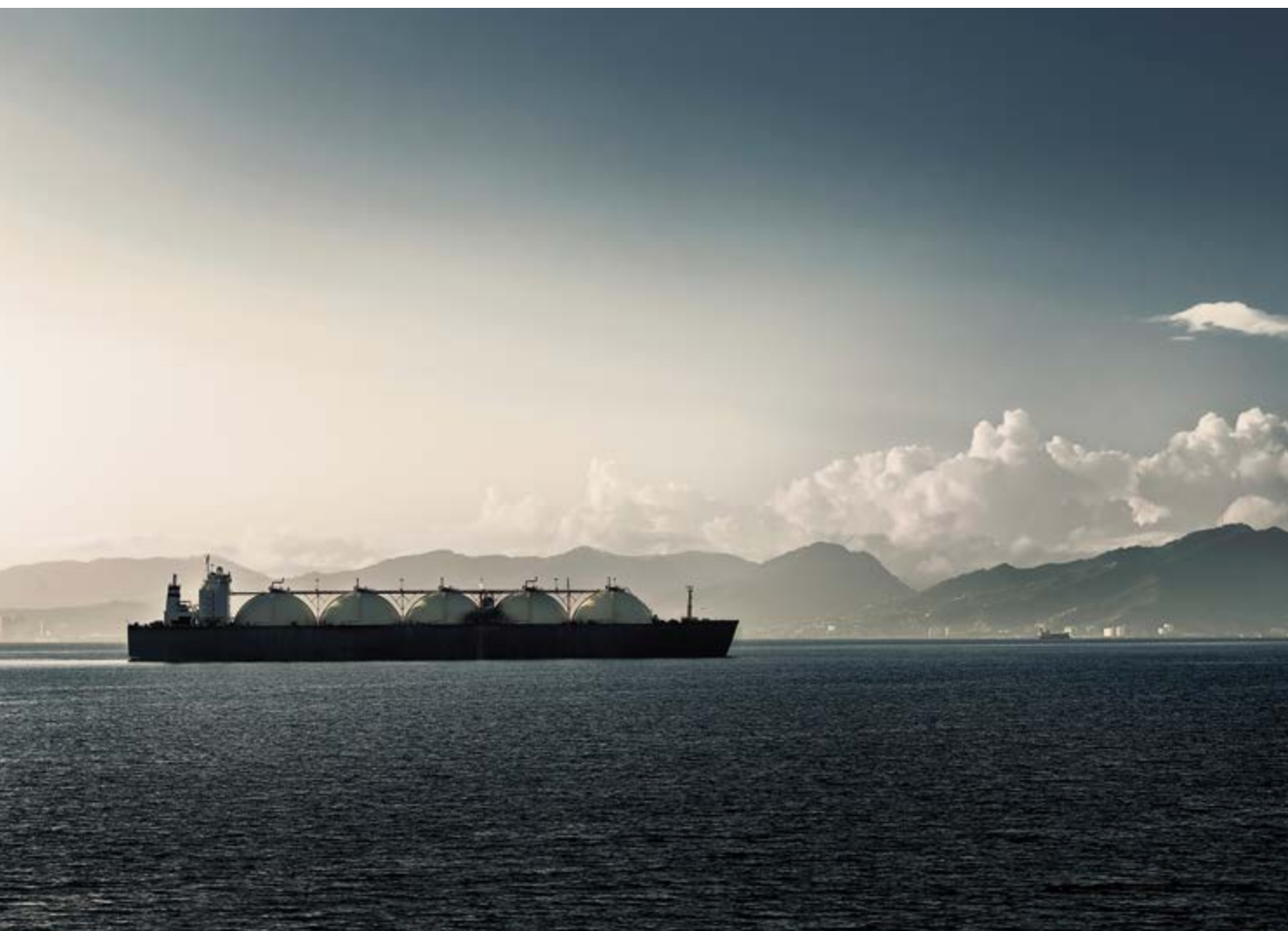
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# The viability of Liquefied Natural Gas



Interest regarding the viability of Liquefied Natural Gas (LNG) as a marine fuel continues to increase, particularly when the price of conventional marine fuels surges, freight rates decline and the regional price of natural gas, and subsequently LNG, remain at relatively low levels. Figure 1 depicts this fact; during the boom years of 2004 to 2008, market indices such as Clark-Sea and the Baltic Dry Index surged conventional bunker prices (HFO 380cSt prices in Rotterdam are indicatively considered) were at lower levels, and LNG fuel was an afterthought. In contrast, the freight market recession at the end of 2008, where the Baltic Dry Index experienced a drop of almost 90%, in combina-

tion with the increase in bunker prices made conventionally-fuelled ships unprofitable and LNG fuel a consideration.

Amidst these trends lies the Hellenic position, including the Shipping and Ports community, participating in 6 out of 9 priority projects of the Southern Gas Corridor (SGC) from its territory and according to the Projects of Common Interest (PCIs) list attracting 10% of the EU's key strategic natural gas infrastructure projects in Central and South-East Europe (CSEE). Existing projects include the Revithoussa LNG Terminal, currently in upgrade to increase the LNG unloading rate to over 7.000 m<sup>3</sup>/h and the Alexandroupolis FLNG terminal incorporating an offshore LNG

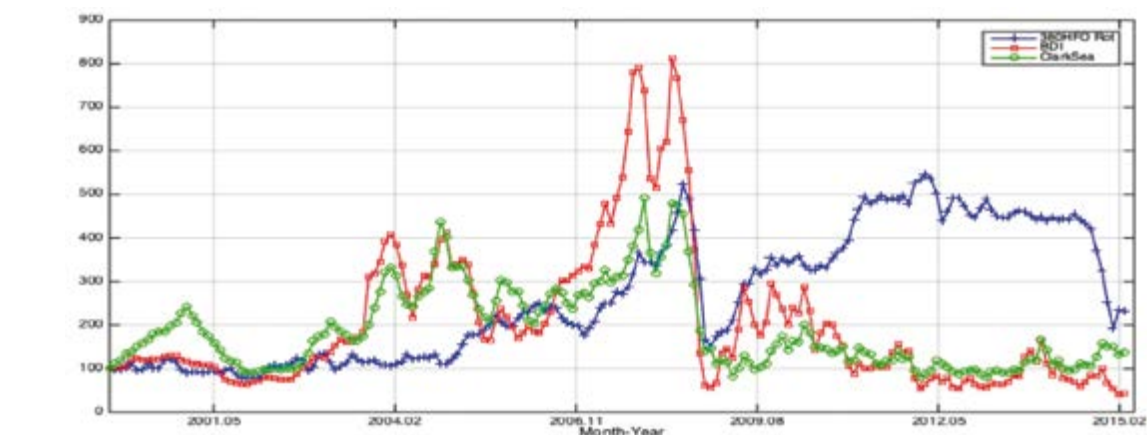


Figure 1

storage and regasification terminal connected to the Hellenic Natural Gas Transmission System and capable of delivering 6,1 bcm of natural gas on an annual basis. Worth to mention that the Revithoussa LNG terminal, one of three national entry points for natural gas with the other two being in the borders of Bulgaria and Turkey, is the only operational LNG terminal in the EU's Balkan region supporting the c. 800 km national gas pipeline system. Last and certainly not least to mention is the Poseidon Med project that aims to "introduce the use of LNG as marine fuel in order to provide an efficient and effective solution to the problem of emissions abatement in the East Mediterranean area" through the collaboration of a diversified number of partners, including shipping companies and port authorities that have joined forces to design an LNG transportation, distribution, and supply network/infrastructure in a number of countries including Greece, Cyprus, Italy, Slovenia and Croatia.

So, even though the LNG industry has already being around for a few decades, the article wishes to focus on the present driving forces behind decisions concerning LNG investments, these being the regulatory matters urging shipping companies to consider LNG as an option, the technical challenges that accompany the adoption of the technology, the financial constraints associated with the bunkering issues and ultimately the critical parameters that govern the final decisions taken from ship-owners.

## Environmental Issues, Regulatory Framework and Incentives

The option of using LNG as marine fuel has indeed attracted the interest mainly due to the sulphur limits introduced by the International Maritime Organisation (IMO) in Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL) that sets limits for non-GHG such as Sulphur Oxides (SOx) and Nitrogen Oxides (NOx) emitted from the engines of ships and consequently impacts ship operations in the high-seas as well as in Emissions Controlled Areas (ECA's). Areas as such presently are characterised the east and west coast of the north America peninsula, the Baltic region and the north sea region even though more areas, with the Mediterranean region being one of them, are under consideration to also adopt this status. The issues related to non Green House Gases (nGHG)

and Annex VI including ECA, as well as the sulphur Directive 1999/32/EC, as amended by the EU Directives 2012/33/EC and 2005/33/EC and the California Air Resource Board (CARB) rules will not be analysed, as they are strenuously and exhaustively discussed and analysed in relevant reports and presentations. The issue of Green House Gases (GHG) such as carbon dioxide (CO<sub>2</sub>) is also intertwined, as there is a need to reduce the carbon footprint of the industry and the current technical measures do not suffice, therefore the Market-Based Measures (MBM) are currently discussed at the IMO. As a summary, Figure 2 is provided to tabulate established limits and their corresponding implementation dates.

Finally of equal importance are regional approaches and incentives not limited to the abatement of SOx and NOx. As such, many ports and that fact should be seriously considered by the port of Piraeus, provide incentives for operations deemed to be beyond minimum compliance or peer performance standards of International, EU and national legislation. Some of these incentive regimes may even be related to the Environmental Ship Index (ESI), i.e. a measurement derived by the World Port Climate Initiative (WPCI) of the International Association of Port and Harbors (IAPH) that determines seagoing ships that outper-

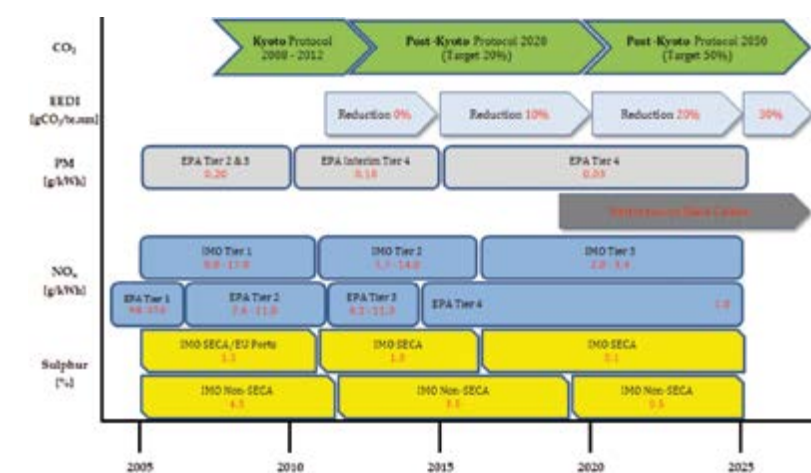


Figure 2





form current emission standards and consequently special tariffs or schemes of benefits can be applied for the ships reducing their CO<sub>2</sub> footprint. Examples include a rebate offered by the port of Hamburg, the award of a 'Green Trophy' by the port of Rotterdam, the adoption of 'simple concepts and ideas' by Swedish ports and incentives introduced by Singapore such as the 'Green Ship', 'Green Port', and 'Green Technologies' programs where qualifying ships enjoy significant reduction of registration fees and tax burdens.

### Available Technical Solutions

The use of LNG is by all means not the only option to reduce emissions and, as such, there is no absolute need for LNG as a marine fuel. Equipment based actions can also be deployed, and until 2020 to 2025, in most areas, Heavy Fuel Oil (HFO) can be used. The option of desulphurised HFO, i.e. with a content of less than 0.5% of sulphur is also an option even though global capacity is a considerable burden. But one must know that from the early efforts to reduce GHG and nGHGs all actions resulted in fuel consumption increase and unavoidably increase in CO<sub>2</sub> emissions. So given this necessity for a holistic technical solution, the technology for LNG-fuelled engines with reduced emission profiles has indeed gained momentum and attracted the interest of manufacturers, policy-makers, and operators however. In summary, given the current regulatory limits, operators effectively have three compliance options. Fuel Switch where operators can install dual fuel systems, which allows high sulphur heavy fuel oil (HS-HFO) to be consumed when the ship is operating outside an ECA, and low-sulphur heavy fuel oil (LS-HFO), Marine Diesel Oil (MDO), or Marine Gas Oil (MGO) while inside an ECA. This solution complies with Regulation 14 for SO<sub>x</sub>, however, it also increases operational risks especially for ships that frequently enter

or operate within an ECA. Furthermore, Selective Catalytic Reaction (SCR) or Exhaust Gas Recirculation (EGR), or an alternative equivalent technology must be used for the abatement of NO<sub>x</sub>. Add-on Technology where operators can install an Exhaust Gas Cleaning System (EGCS) that desulfurises the exhaust gasses, an option implying that HS-HFO can be consumed in all cases. Unfortunately as in the previous option, a relevant NO<sub>x</sub> abatement technology must be installed. LNG Fuel Consumption where LNG as a marine fuel can be used with significant reductions in SO<sub>x</sub> and NO<sub>x</sub> emissions, allowing for compliance with existing and proposed regulatory limits.

### Bunkering / Pricing Matters

When it comes to bunkering with LNG two things are of importance. How will a ship be refueled and the manner with which the amount of fuel delivered will be charged. The first question is much easier to answer since there are practically three, well established, ways to bunker LNG, namely ship to ship transfer, truck to ship transfer and intermediate tank to ship transfer (pipeline to ship); as an interesting historical information one should know that the first ship to ship transfer took place more than thirty years ago, in 1984. On the other hand, should someone wish to calculate pricing of LNG he would face ambiguity surrounding its price, as opposed to conventional bunkers, where the supply and energy content are relatively well known. Challenges include the various natural gas pricing mechanisms such as the hub-based, oil indexed, bilateral-monopoly, regulated, and subsidized pricing mechanisms that serve presently the needs and purposes of natural gas as an energy commodity, i.e. not as a marine bunker. To them one must add the unknown costs of distributing LNG to a ship that obscure the transparency of LNG pricing for marine bunkering purposes. Then there is the

issue of the quality of LNG as a natural gas mixture, which varies depending on the natural gas reservoir, production process, and liquefaction facility that determine the energy content, price, and usability as a marine fuel. Finally there are the liquefaction technology issues, i.e. transportation of natural gas to a liquefaction facility, refrigeration/liquefaction process, cryogenic storage facilities, and transportation from the LNG storage to the ship. Unfortunately, these costs are not publicly available, and the known hub-based and oil-indexed prices do not include these costs. The most common approach to consider the price that marine operators will pay for LNG, is the sum of either the Henry Hub (HH) natural gas, UK National Balancing Point (NBP) natural gas, a European LNG import and the Japan Crude Cocktail (JCC) index.

### Financial and Operational Considerations

It is easy to understand that, ship-owners, that provide a warranty of seaworthiness and thus maintain ships in compliance with the mandatory regulatory framework, understand that the use of LNG-fuelled ships will compete with, equally compliant, conventionally-fuelled ships. At the same time the selection of a competitive ship is practically determined by the freight-rate and the time-charter hire offered, in other words, *ceteris paribus*, the lower the freight rate, the higher the probability for voyage based employment. In the time-charter market, charterers will not only be driven by the hire, but also from the consumption at a given speed. This implies that owners will have an interest to provide energy-efficient ships, i.e. ships with a lower unit cost of energy, given that these ships will consume the same bunkers. Consequently, the comparison of conventionally and LNG-fuelled ships should be based on the product of the energy required with the market price, for the same (i) speed, (ii) capacity, and (iii) voyage parameters. Cost in marine transportation and accordingly LNG investments can be broken down into capital expenses, i.e. expenses related to the financing and acquisition of the ship, operating expenses, i.e. expenses that deem practically the ship seaworthy, such as manning, lubricants, spares, stores, administration, etc. and voyage expenses, i.e. costs related to the particular voyage or roundtrip, such as port and canal dues, bunkers, and cargo handling expenses. Capital expenses for LNG-fuelled ships are expected to be higher than those of the conventionally-fuelled ships, due to the more expensive propulsion plant, associated technology, and procurement considerations. Of course as with most technologies, as more suppliers enter the market and more specialised and cost-effective technology is developed, costs are expected to decrease. The current premium that shipyards charge to build an LNG-fuelled vessel reflects the additional risk and expertise associated with construction, particularly for shipyards considered to be less-flexible. In general, the overall additional cost for an LNG-fuelled vessel (mainly applicable for merchant vessels such as bulkers, containers, and tankers) is 15% - 30% of the newbuild cost of a conventional vessel (DNV-GL, 2014). The biggest cost driver in the additional required investment for all vessels is the LNG tank with additional capital expenses varying between 5 to 20 mil USD depending on tank and engine (DNV-GL, 2014). On the other side of the coin lie the main factors that reduce the payback time, them being the ECA exposure and the lower LNG fuel price. Then follow the operational expenses where the

original hypothesis is that engine-crew is generally determined on the basis of installed power so it can be assumed that no changes are expected in the labor costs dedicated to the propulsion. However, the provisos for maintenance and repair may be higher, as the fuel storage and piping system is more complicated. Although all these considerations are plausible, it is expected that the operational expenses will be more or less the same with those of conventional ships. Finally as the cost of a particular voyage heavily depends on port and channel dues, cargo handling fees and fuel expenses, substantial differences are expected in the cost structures between LNG and conventionally fuelled ships. Cargo handling fees are expected to remain similar, yet the remaining two other categories will require attention; port dues are expected to be less for ships with reduced emission profiles and the comparable price of energy (in terms of toe) for LNG-fuelled ships being also lower.

### Ship-owners decision factors and Conclusions

To summarize one can say that despite the current regulatory momentum, along with the global sulphur cap coming into force in 2025 the latest and the sulphur limit in 2020 are strengthening the position of LNG as a marine fuel. Yet all other factors such as the commercial and financial uncertainties associated with LNG pricing, the availability of LNG fuel (bunkering facilities), and the high additional investment required are indeed significant barriers preventing the adoption of LNG as a marine bunker. Based on the current market situation, the only vessels with a high likelihood of adopting LNG as a fuel are either vessels operating on fixed routes (containerships, RoPax) or relatively large vessels engaged in regional trades, especially in ECAs. So even though an effort was made to present in a concise manner the facts and figures it is obvious that the problem is one where the unknowns are exceeding the equations and any attempt to give a definite answer would not have been an easy task from the beginning. A parameter nevertheless that could bring in some optimism in the analysis, not being exploited in this analysis since the authors wish to dedicate a full article in a future issue, is the introduction of Gas Turbines as a primary propulsion unit. It is no secret and already a discussion concerning the application of this technology in the commercial maritime industry has started that in the era to come Gas Turbines not only will they find their way in vessels but also will drag the balance in favor of LNG usage. After all, innovation at all levels and in all aspects of engineering is required in order to deal with the needs of tomorrow and the financial yields involved in competitive markets such as shipping trade. ☸

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# History of the Amver System



The genesis of the Amver system ultimately finds its roots in the RMS TITANIC disaster in 1912. Ships passing within sight of the ill-fated passenger liner were unaware that it had hit an iceberg and was sinking. Upon later investigation, those who had seen the distress flares from the stricken ship admitted they thought they were merely part of the maiden voyage celebrations!

However, the resultant idea of a ship reporting system that could identify other ships in the area of a ship in distress, which could then be sent to its assistance, would not become a reality until the advent of computer technology. As late as the mid-twentieth century the world's commercial shipping fleet and burgeoning air transport system lacked an available full-time, global emergency reporting system. On April 15, 1958 the United States Coast Guard and commercial shipping representatives began discussions which led to the creation of Amver.

Originally known as the Atlantic Merchant Vessel Emergency Reporting (AMVER) System, it became operational on July 18, 1958. Amver began as an experiment, confined to waters of the North Atlantic Ocean, notorious for icebergs, fog and winter storms. Vice Admiral Alfred C. Richmond, Coast Guard Commandant at the time, called on all commercial vessels of U.S. and foreign registry, over 1,000 gross tons and making a voyage of more than 24 hours, to voluntarily become Amver participants. The basic premise of Amver, as a vehicle for mariner to help mariner without regard to nationality, continues to this day.

The first home of the Amver Center was at the Customs House in downtown New York City, due to the fact that many commercial cargo and passenger lines operating in the Atlantic maintained offices nearby, and Amver's success would depend on close ties to the merchant fleet. Subsequent homes for the Amver computer would include Washington, D.C.; Governors Island, New York; and now at Martinsburg, West Virginia. A Visitors Center has continuously resided in New York, currently at the Coast Guard's Battery Park Building, just a few blocks from the old Customs House.



The system's first computer was an IBM RAMAC (Random Access Method Accounting Control), characterized as being able to "evaluate information and determine the position of vessels through dead reckoning." The product of the computer was a "Surface Picture" or "SURPIC" of an area of the ocean, indicating the Amver-participating ships in the vicinity. The world's oldest maritime radio station, Sweden's Gothenburg Radio (SAG) which began operating in 1905, was the charter network participant in 1958.

Only two years after Amver began, its database had grown to 5,000 vessels for an average of 770 ships "on plot" during a 24-hour period. The system began receiving sail plans, position, diversion and final (arrival) reports from all around the world. Even today, Amver remains the only worldwide ship reporting system, though several similar "regional" systems have been created.

The U.S. Coast Guard also created an annual Amver Awards Program as a way of rewarding those ships which remain "on plot" for at least 128 days in a calendar year. These awards have become instrumental in Amver recruitment and retention. Amver awards are a tribute to the support of a ship's crew, management, and ownership, which is so integral to the program's success.

Amver award ceremonies have been hosted by U.S. Embassies and Consulates abroad; and maritime industry organizations, such as the Norwegian Shipowners Association; the German Shipowners Association; and the Propeller Club of the United States (Ports of Piraeus, London and Limassol), among others.

The awards consist of a Letter of Appreciation to the company, a Certificate of Merit to each ship, and a colored Amver pennant, representing a ship's continuous participation in the program: blue for (1) year; gold (5) years; purple (10) years. A distinctive plaque is presented

On April 15, 1958 the United States Coast Guard and commercial shipping representatives began discussions which led to the creation of Amver



for (15) years, an engraved pewter plate for (20) years, and an acrylic globe for (25) years.

Today, over 22,000 ships from hundreds of nations participate in Amver. An average of 4,000 ships are on the Amver plot each day and those numbers continue to increase. The Amver Center computer receives over 14,000 Amver messages a day. Over 2,800 lives have been saved by Amver-participating ships since 2000. The success of Amver is directly related to the extraordinary cooperation of ships, companies, SAR authorities, communication service providers and governments in supporting this international humanitarian program to protect life and property at sea.

Source:  
[www.amver.com/amverhistory.asp](http://www.amver.com/amverhistory.asp)



# AMVER AWARDS 2015



The AMVER Awards, part of the U.S Coastguard premier awards, recognize the courage and determination of the voluntarily efforts of seafarers for saving lives at sea.

The International Propeller Club of the United States, Port of Piraeus, in cooperation with the United States' Embassy in Greece together with the United States Coast Guard, organized the 2015 AMVER Awards Ceremony at the Ath-

enaeum Intercontinental Hotel in October, on **Thursday the 22<sup>nd</sup>**, attracting 900 members of the Greek Shipping Maritime Community.

This year, more than 150 ship managing companies and 1.300 ships (under Greek management), enrolled in the AMVER system and received AMVER Awards.

The President of the Propeller Club, Mr. George C. Xiradakis



President Mr. G. Xiradakis  
and the Board of Governors  
at the welcoming speech



A photo commemorating  
the celebration of  
2015 AMVER Awards



Governors of the  
Propeller Club with  
representatives  
from companies

is, along with the Board of Governors of the Propeller Club, welcomed and congratulated the attending guests. The President referred to this year's most exceptional, stimulating and inspirational environment expressing the moto **'We Share the Care'**. President George Xiradakis highlighted that from 2014 to 2015 there was a significant increase of Greek participation enrollment at the AMVER System, same being characterized as a 'testimonial one due to the the substantial contribution and the underlying continuous efforts, to achieve the scopes and objectives of the Propeller Club, Port of Piraeus, which is inter-alia, to encourage enrolling vessels in the AMVER System'.

Being invited to the podium, H. E. Ambassador of the U.S to Greece, Mr. David D. Pearce, stated that it was a great privilege to attend this year's Awards' ceremony, same being an important event that seems to be growing in size every year, mainly attributable to the rigorousness of the President Mr George Xiradakis and the Club's running Board of Governors.

The Ambassador was proud to be there alongside Admiral Paul Thomas of the USCG and the Greek Minister of Mercantile Marine, Mr Theodore Dritsas.

The Ambassador stated "Share the Care" was a very appropriate motto for this event and this community particularly, when so many things are going on around the world



The US Ambassador to Greece Mr. D. D. Pearce at the podium



Mr. A. Faraklas  
receiving the award  
from Rear Admiral of the  
Hellenic Coast Guard  
Evangelos Tsantzalos,  
Rear Admiral Thomas,  
Mr. Kontes, Mr. Rokkos,  
Mr. Xiradakis



Mr. Tripolitis, Mr. Patrikios,  
Mr. Xiradakis awarding  
another group of companies



where that "Share the Care" is needed and he went on to say that there was no better example of this, than what Greek ships actually do by saving people in distress at sea. Ambassador Pearce echoed Mr George Xiradakis' words about the Hellenic Coast Guard and the heroic work and efforts they are exerting every day in Greek waters by saving hundreds of people, who are risking their own lives in search of a better life. This refugee crisis has touched the hearts of everyone and the spirit of generosity shown by Greek people, is really admirable.

On a more personal note, the Ambassador referred to the recent tragic loss with all men onboard, of the US flag "EL FARO", and the outpouring of sympathy extended from the Greek shipping community to the families of the more than 30 crew members, who perished their lives, and to the Embassy. He felt that this meant a lot to the deceased' loved ones left behind, 4 of whom had their origin from his home state of Maine.

The Ambassador stated that the AMVER awards' function and the connection that the Greek shipping community has with the USCG, are really important and are one of the things that make US - Greek relations special.

At his closing remarks the Ambassador was of the opinion, that this relationship is growing better and stronger

and that every day the US Embassy works so that, finally, Greece can emerge from this long-running crisis "stronger and more stable so that it can play its proper stabilizing role in this part of the world".

Minister of Shipping and Island Policy, Mr. Theodore Dritsas, referred to the central role of humanity in times of distress regardless of nationality or status indicating the importance of the humanitarian role of the system with reference to the protection of human life at sea.

Following him, Mr. Dimitris Patrikios, B' Vice President of the International Propeller Club, introduced the representative of the USCG, Rear Admiral, Mr. Paul F. Thomas. Admiral Thomas commenced his speech by bringing greetings from the USCG to fellow seamen and life-savers. "USCG watches with great interest and respect, as the Hellenic Coast Guard carries out what he knows personally to be a very tiring and difficult mission during a high seas' day, which it carries out with a great deal of professionalism, and, even more importantly, with a great deal of humanity. So congratulations and "SEMPER PARATUS" ("Always ready") to the Hellenic Coast Guard" he stated.

The Admiral felt honored to be present at the Awards' ceremony. AMVER "the worldwide network of mariners who save mariners" is celebrating its 57<sup>th</sup> year of existence. In



Mr. G. Vlachos along with  
Mr. M. Dalakouras and Mr.  
D. Patrikios presenting the  
awards to the companies



Minister of Shipping and Island Policy, Mr. Theodore Dritsas

fact, on average, every day an AMVER vessel saves or assists the life of a mariner every 6.6 hours somewhere in the world. An amazing statistic, he believed.

AMVER continues to grow year by year and in 2014 the AMVER network saved 1.330 persons. In the last 10 years, over 4.000 persons have been saved. Most remarkable has been the growth in the number of vessels available to achieve these rescues. From about 3.000 vessels in 2005, the number of vessels "on plot" being tracked by USCG and ready to divert and assist has grown to over 7.600 in 2015. This means that life-saving capacity has nearly tripled and the Admiral was in no doubt that the participation of the Greek shipping community has played a crucial part in this growth.

"There is no doubt that Greek vessels not only continue to be an integral part of AMVER but that the Greek fleet leads the world and comprises over 10% of the entire worldwide AMVER fleet"

A few statistics: In 2005, 688 Greek ships participated in AMVER and received awards.

By 2015, this number had increased to 1.500 Greek ships, representing a 230% increase in only 10 years.

In 2014, Greek vessels saved 437 lives not including rescues outside the AMVER system. This represents 33% of lives saved worldwide.

The Admiral mentioned one rescue that stood out in his mind as a shining example of co-ordination between a Greek-flag vessel and the USCG. This was the tanker "LENI P", managed by Marine Trust Ltd of Athens and enrolled in AMVER in 2012. In May 2015, the USCG received a distress call from a sail boat 750 miles North West of Bermuda. The 890ft tanker was 80 miles away but the Master made the decision to divert and assist. A Coast Guard helicopter was unable to winch the crew off the sail boat due to the very adverse weather conditions, so the Master of the LENI P put a small boat in the water and effected the rescue.

In closing, the Admiral also referred to the "EI FARO", the loss of which only served to prove that even in today's



Admiral Thomas with  
President Mr. Xiradakis  
and Vice President  
Mr. Patrikios



Almost 900 participants were gathered to honor the companies and those who contribute to the AMVER System



high-tech world, going to sea continues to be perilous, so having a world-wide network of savers is vital. He urged the audience to keep on "Sharing the Care" and to continue to lead the world with its participation in AMVER. At the same time the USCG would do everything in its power to improve the system.

At the end of Admiral's speech, a painting of collector's value from the distinguished artist Mr. George Stathopoulos, kind offer from IRIS GALLERY, was presented as a gift by the Governors of the Propeller Club to the Admiral.

Dr. Konstantinos Rokkos, President of the Maritime Committee, along with the Secretary General of the Propeller Club, Mr. Kostas Th. Kontes, subsequently presented the **Propeller Club Special Rescue Awards**.

For the first award they invited Mr. Antonios Stamos Faraklas from **Chartworld Shipping Corp.** regarding the **Propeller Club Special Rescue Award** to the Captain and the Crew of the M/V PERUVIAN REEFER.

The M/V PERUVIAN REEFER in June 2014 flying under Bahamas flag, successfully rescued 210 refugees south of Sicily in Italy from two boats, one of which capsized and sank, in the Mediterranean Sea off the coast of Libya. The M/V "Peruvian Reefer" was specially awarded from the Association For Rescue At Sea (AFRAS) at a ceremony which took place on 09/09/2015 at U.S. House of Representatives Washington DC, for International Rescue at Sea and for Exceptional Humanitarian Service. Similarly, Chartworld, has been nominated for the Seatrade Global awards. Chart-

world Shipping Corporation won The Amver Assisted Rescue at Sea Award for "Peruvian Reefer" at the Lloyd's List Global awards presented last night at the National Maritime Museum. The company has stated: "This year's winning crew were, like so many others, was at the centre of a search and rescue operation involving unseaworthy boats, dangerously overcrowded with migrants. This rescue saw 210 migrants successfully plucked from the sea off the coast of Libya. Our panel felt that the operation exemplified the everyday bravery and courage that this award was established to recognize, but also highlighted what has become for shipping a worryingly routine operation."

The second **Propeller Club Special Rescue Award** was awarded to the Captain and the Crew of the C/V MAERSK KOKURA, **Costamare Shipping Inc.** On June 2, 2015 the c/v 'MAERSK KOKURA', was involved in the rescue of (17) persons 35 miles north of Cuba. During her passage from Mobile, USA towards Freeport, Bahamas and while being about 35 NM North of Cuba vessel's crew noticed one boat of about five (5) meters length with more than ten (10) persons on board. Vessel's crew brought the boat, after maneuvering, to her lee side and supplied the persons on-board with water, food, coveralls and shoes and provided some medical assistance due to the fact that they were at sea for three days trying to pass across from Cuba to USA.

The third **Propeller Club Special Rescue Award** was awarded to the Captain and the Crew of LPG/C COMET, **Dorian LPG**. The LPG/C COMET during her maiden



Mr. Restis of Enterprises Shipping and Trading SA receiving the Award for the most ships in the Amver system by Ambassador Pearce, Minister Dritsas and Mr. Xiradakis, Mr. Kontes and Mrs. Foros-Tsirozidis

The winners of the Fidelity award, Mr. N. Tsakos of the Tsakos group of companies, Mr. V. Restis of Enterprises Shipping and Trading SA and Mr. G. Kouleris of TMS Group of companies



Mr. Tsakos of Tsakos group of companies, receiving the Award for the Award for the most ships in the Amver System in the past decade, by Ambassador Pearce, in the presence of Mr. Belousis, Mr. Gratsos, Cpt. P. Tsakos, Rear Admiral Thomas, Mr. Vlachos and Mr. Xiradakis

voyage, performed a rescue operation while sailing west-bound in the eastern part of the Mediterranean Sea. The crew safely embarked 175 migrants. Among those there were three women, three infants and one kid, providing them onboard food and clothes before disembarking them to Sicily (Trapani) as per instructions of the Italian Authorities. The Master of the vessel, Cpt. Niksa Sosa completed this rescue operation between 16th and 19<sup>th</sup> of September 2014. Captain Niksa Sosa joined the company on 2008 as Chief Officer and he is serving as a Master since 2009.

The last **Propeller Club Special Rescue Award** was awarded to the Captain and the Crew of M/T SEAV-ALOUR, **Thenamaris Inc.** On 29 May 2015, the Maltese flag M/T SEAV-ALOUR on her way to loading Port at Tunisia, was instructed by MRCC Rome to proceed to a dedicated position where an inflatable boat with persons on board was reported. On late afternoon of same day vessel reached this position and she rescued aprox 100 persons. First aids and essential provisions (Shelter, food and water) were supplied to all persons. Medical assistance from Italian Coast Guard was also provided to a person being in special need, who was eventually evacuated to a Coast Guard boat for further treatment. On 30 May 2015

vessel arrived at Porto Empedocle in Sicily, where all refugees were safely disembarked under the supervision of the Italian authorities. The Master, Officers and the Crew performed the task in a very professional way acting with utmost humanitarian commitment. The SEAV-ALOUR is the Second vessel operated by Thenamaris Ships Management Inc. that performed such kind of refugee rescue. On June 2014 the M/T SEABORN instructed by MRCC Rome was again diverted from her course and rescued aprox 210 refugees from two inflatable boats.

The Governors of the Propeller Club, Mrs. Zoe Lappa-Papamatthaiou, Mrs. Despina Foros-Tsirozidis, Mr. George Skordias, Mr. Gregory Timagenis, Mr. John Belousis, Mr. Markos Tripolitis, Mr. Dimitris Patrikios, Mr. Konstantinos Rokkos, Mr. John Cheilas, and Mr. Michalis Dalakouras, participated in presenting the companies and calling them to the stage to receive the awards.

Afterwards the Hellenic National Team of Water Polo was invited to the podium to receive commemorative plaques, an initiative taken by the Board of Governors to honor the distinction of the Hellenic World Championships.

Addressing the audience, Mrs. Zoe Lappa-Papamatthaiou, Governor and Chairwoman of the Fundraising Committee,



focused on the main parameters of the mission of the newly elected Board of Governors, which fall within the spectrum of the ethical, philanthropic and altruistic principles, the founders, ex-Presidents and ex-Governors of the Propeller Club of Piraeus, created as its main platform.

Mrs. Papamatthaiou also referred to the devotion and pride the running Governors possess for the accomplishment of their target, which is their main drive and canvass of offer to people, addressed mainly to assist young students thriving towards the maritime profession, whether same pursued academically or via a carrier at sea, thus, building for the future and passing the torch to the new generation for creation, well-being and progress.

Interest and anticipation was built around the "PROPELLER CLUB OF PIRAEUS AMVERSYSTEM FIDELITY

AWARD OF THE DECADE 2006-2015" that were presented for the first time to the three top Greek shipping companies participating in the AMVER System of the last decade. The Propeller Club in accordance to the USCG statistics honored the **Tsakos Group of Companies** as it was ranked FIRST with 533 AMVER Awards over the last ten years. **Enterprises Shipping & Trading** was ranked SECOND with 510 AMVER Awards and **TMS GROUP OF COMPANIES** ranked THIRD in the relevant list with an achievement of 433 AMVER Awards over the decade! The awards were presented by Mr. George Xiradakis and Mr. John Belousis.

The repertoire of Melina Aslanidou kept company to the audience and her sensational voice and vocals created a comfortable atmosphere throughout the event. ☼



The Governors of the Propeller Club Mr.J. Belousis, Mr. G. Timagenis, Mr. Th. Kontes along with the President Mr. Xiradakis



The Hellenic World Water Polo Championships had every reason to be proud of as they were cheered when they made their entrance at the stage



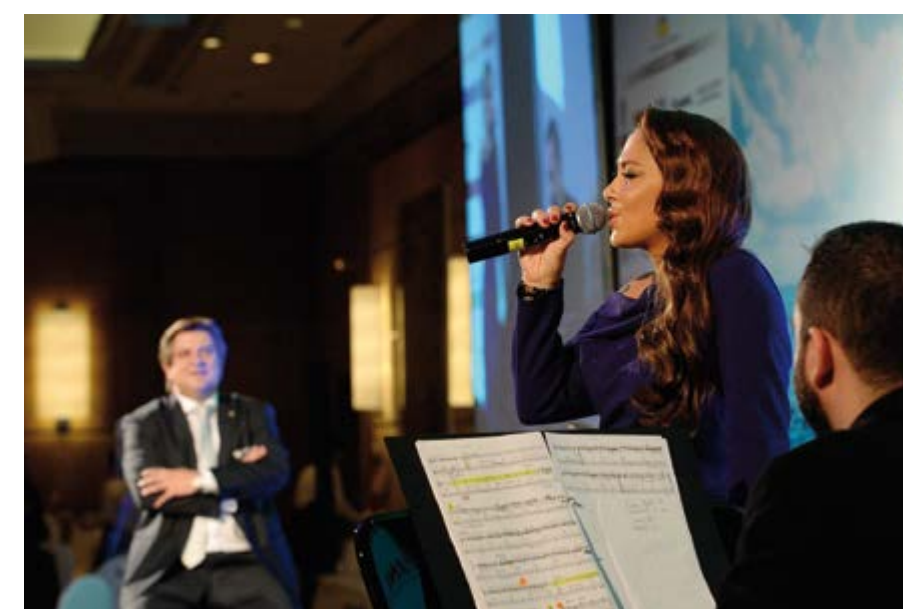
Mrs. Zoe Lappa-Papamatthaiou at the podium during her speech



Secretary General of the Propeller Club, Costas Th. Kontas at the podium



The last group of companies receiving the AMVER awards

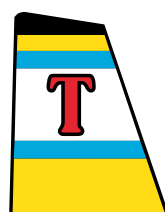


Melina Aslanidou at the Ceremony



# Propeller Club, Port of Piraeus wishes to thank all Sponsors and Supporters of the 2015 AMVER Awards Ceremony

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# New leasing accounting standard

In the recent months we have all heard of a new Standard called 'IFRS 16 Leases' that will bring major changes in the accounting treatment of leases, when it takes effect in 2019.



## Why does this development affect the shipping community?

Because time charter, bareboat charters and other arrangements that are widely used in the shipping industry will typically fall under the definition of a lease. In specific:

- Bareboat charters will typically meet the definition of a lease, as the charterer controls the use of the vessel during the period of the contract.
- Time charters are likely to contain both a lease component and a service component (the operation and maintenance of the ship by the owner). We need to follow how the practice of separating the service component from the lease component will evolve over time and whether a 'shipping practice' will emerge.
- Pool agreements are also likely to contain a lease and a service component.
- Voyage charters are not likely to meet the definition of a lease, as the charterer does not have the right to direct the use of the ship, i.e. how and for what purpose the ship is used.
- Contracts of affreightment are not likely to meet the definition of a lease, as they are contracts for the provision of services.

Therefore, their accounting treatment will typically fall within the scope of the New Standard.

## What is the position of the international shipping community vis-à-vis the new standard?

- The International Chamber of Shipping ('ICS') strongly opposed the changes in the lease reporting standards. The ICS submitted two comment letters and had a meeting with the International Accounting Standards Board (IASB).

## What is the impact?

**To ship-owners:** There is little impact to ship-owners ('lessors') compared to current practice, as the new standard substantially carries forward the lessor accounting requirements of the previous standard. Accordingly:

- A ship-owner ('lessor') continues to classify its leases as operating leases or finance leases and to account for those two types of leases differently.
- Certain additional disclosures are required which relate to information about how the owner / lessor manages its risks relating to residual interests in leased assets.

The main impact of the change affects charterers ('lessees') because any lease arrangement with a term of more than 12 months will have to be recognized on the balance sheet

- However, the significant impact of the new standard to charterers ('lessees') may cause a change in their negotiations of new (and perhaps even existing) contracts; this will have a business impact to lessors as well.

**To charterers:** The main impact of the change affects charterers ('lessees') because any lease arrangement with a term of more than 12 months will have to be recognized on the balance sheet, whereas at the moment, such arrangements are usually considered to be 'operating leases' and are kept off-balance sheet. In specific:

- At the commencement date of the agreement, the lessee will recognize a right-of-use asset and a lease liability; these are calculated as the present value of the lease payments. The right-of-use asset shall be depreciated over the lease term. The lease liability will subsequently be increased by interest on the lease liability and reduced by lease payments made.
- The most significant impact of the new requirements is that there will be a significant increase in lease assets and lease liabilities.
- Although total lease expenses to be recognized over the entire charter period will be the same as before, they will be more front-loaded, with higher charges in the earlier years and lower in the later years.
- For leases previously classified as finance leases, there will be no significant change.
- For leases previously classified as operating leases for the charterer ('lessee'), significant changes are expected and summarized in the following table:

- Information received by the IASB, including comment letters by banks, credit rating agencies and academic research, indicates that most sophisticated users of financial statements (including lenders) already estimate the effect of off balance sheet leases on financial leverage. Therefore, the impact of the new leasing standard on the cost of borrowing (if any) remains to be seen.
- The IASB noted that the changes to lease accounting could affect some debt covenants. They could also result in some companies no longer complying with debt covenants when IFRS 16 is applied. A public survey conducted in 2015 by the European Financial Reporting Advisory Group (EFRAG), the IASB and national standard-setters in five EU countries covered 11 per cent of the European banking market and concluded that banks expect to reconsider the terms and conditions of debt covenants when IFRS 16 becomes effective.

## 2019 seems quite far away...

- The new leasing standard (IFRS 16) is effective in 2019.
- However, charterers, who are likely to be impacted the most, are already taking steps to manage that impact, by means of revisiting the terms of the agreements. Inevitably, their counterparties will also be affected, sooner or later.
- Where breaches of covenants are likely, or reasonably possible, given the anticipated effects of the Standard to the charterers' financials, it is crucial that companies proactively identify and manage those breaches, by engaging in early discussions with their lenders. ☺

Article submitted by:

Theo Ignatidis  
Technical Partner Moore Stephens AE

Metric	What it measures	Common method of calculation	Expected effect of IFRS 16	Explanation
Leverage (gearing)	Long-term solvency	Liabilities/Equity	⬆ Increase	Increase because financial liabilities increase (and equity is expected to decrease)
Current ratio	Liquidity	Current assets/Current liabilities	⬇ Decrease	Decrease because current lease liabilities increase while current assets do not.
Interest cover	Long-term solvency	EBITDA/Interest expense	Depends	EBITDA will increase applying IFRS 16 as will interest expense. The change in the ratio will depend on the characteristics of the lease portfolio.
EBITDA	Profitability	Profit before interest, tax, depreciation and amortization	⬆ Increase	Increase because expenses for off balance sheet leases are excluded.

Extract from "IFRS 16 Effects analysis" issued by IASB, January 2016



# 2015 Thanksgiving Dinner

The International Propeller Club of the United States, Port of Piraeus and the American Hellenic Chamber of Commerce organized the 2015 Thanksgiving Dinner, on Wednesday, November 25, at the Ecali Club.

Thanksgiving is a key event in the annual American holiday calendar. It is traditionally a time for giving thanks, which began with the Pilgrims in the 17th century and took on renewed significance after the American Civil War, something that carries forward today.

Like every year prominent members of the Greek business community enjoy this festive dinner have the opportunity to learn more about this day by the speeches of the two Presidents, Mr. Simos Anastasopoulos from the American Hellenic Chamber of Commerce and Mr. George C. Xiradakis from the Propeller Club.

The President of the Propeller Club Mr. George C. Xiradakis at his welcoming speech referred to the meaning of the Thanksgiving Day, stating that 'it is about family, it is a time to show appreciation for our loved ones, it is about being Thankful



Deputy Chief of Mission Mrs. S. Lawrence together with Mr. Xiradakis and Mr. Simos Anastasopoulos



Presidents Xiradakis and Anastasopoulos together with officials from the US Embassy



Mrs. Angie Hartmann President of WISTA Hellas with Mr. Xiradakis



Mr. D. Patrikios vice president of the Propeller Club together with Mr. Moussas, Mrs. D. Bezentakou, Mrs. Moussa, and president of AMCHAM Mr. Simos Anastasopoulos



The president of the Piraeus Propeller Club greets Mr. A. Gallagher president of the Monaco Propeller Club



Mrs. Marigo Lemos with Mr. Xiradakis

for all the awesome things we have in life, but above all it's also important to remember that there are those who are less fortunate than us'.

Extending her wishes for this special year's celebration, DCM of the US Embassy to Greece, Mrs. S. Lawrence addressed the guests and sent a gentle reminder that 'these holidays are a time for giving and it's a good thing to bring a little light into someone who might otherwise not have a Thanksgiving meal.'

Roast turkeys, the bird that became one of America's national symbols, was a kind offer the AMERICAN FARM SCHOOL of Thessaloniki. Guests enjoyed an elegant and lavish menu with all the traditional favorites of the Thanksgiving Day.

The dinner was attended by members and friends of both organizations who had once more a great time at the beautiful surrounding of the Ecali Club.



Mr. Moraitis with his wife Vanessa



# Steering a green course

The marine environment matters. It matters to everyone, because air and water pollution at sea impacts on populations ashore. But it matters in another way too. Misplaced or uncompetitive environmental regulations impose costs on marine trade, and that hits the standard of living of everyone.



Greek shipowners lead the world in operating efficient shipping, delivering the raw materials, goods and energy that power our economies globally. They also lead the world in caring for the marine environment. Greece is a country built upon a clean and beautiful marine environment, and Greek shipowners want to keep it that way.

The key to keeping our economies efficient, our people warm and fed and our oceans and air clean is to steer a green course which ensures that shipping can deliver efficient transport in a competitive and fair market with predictable costs while operating clean ships.

That green course has to be set and monitored globally. That means IMO is the forum for discussing what ship-

ping can do to contribute to a cleaner world, and the forum for developing regulations and a globally-effective framework for controlling pollution from ships. In a global framework, developed after due discussion and with sensible timing of changes, shipowners can compete on a level playing field. Yards and equipment manufacturers can develop solutions to make ships more fuel

The key to keeping our economies efficient, our people warm and fed and our oceans and air clean is to steer a green course





efficient and to emit less and can plan on a global basis.

Regional efforts to impose local environmental rules are counterproductive. Moves by the US or the EU or even individual states in the US to impose local emission rules which do not match global standards always lead to a distorted market. Distorted markets lead to inefficiency, and inefficiency inevitably means higher costs, more ships to deliver the same amount of goods, and possibly a net overall negative impact on the marine environment.

We have come a long way from the dark days when ship burned coal and dumped rubbish over the side, or cleaned tanks into the oceans. Today's ships deliver costs per tonne-mile lower than any other form of transport, and environmental impact per tonne-mile hugely lower than any other means of transport.

But we cannot relax. As we get cleaner, so do competing industries and also the expectations of the public. And because shipping is big, the vehicle that moves almost all the world's goods, it does have an impact. It is easy for campaigners to claim that shipping is a big air pollution emitter, even if in unit terms it is cleaner than rail, road or aviation, just because shipping moves a lot more goods than other means.

So we can expect more and tighter environmental regulation, on ballast water and on air emissions especially. What is important is that the regulations are thought through, technically deliverable and imposed with a sensible timetable.

And shipowners also know that non-compliance is not an option. Even when freight markets are at their lowest, owners have to comply to operate.

Today's ships deliver costs  
per tonne-mile lower than  
any other form of transport

Those two areas are where classification societies like Bureau Veritas have a role to play. First we have to work hard alongside flag states to ensure that any new rules are technically deliverable and sensibly developed. Then we have to work hard alongside individual shipowners to help them comply and to ensure they can operate. That means tailored support for owners to check on fleet performance and provide training and audited information to keep them up to the mark.

We do those things, and we go further. We have a series of tools and services to help owners to identify ways they can save energy and emissions and know the most cost-effective ways to do that. Our powerful software tools such as SEECAT and E2 can analyse energy use on board ships or across fleets and support decisions on retrofits or operational changes. Our powerful CFD tools, delivered by BV's subsidiary HydrOcean, can numerically simulate hundreds of options for hull form and appendage changes in a short and cost effective time scale, leading to major savings on fuel and energy use and therefore both costs and emissions.

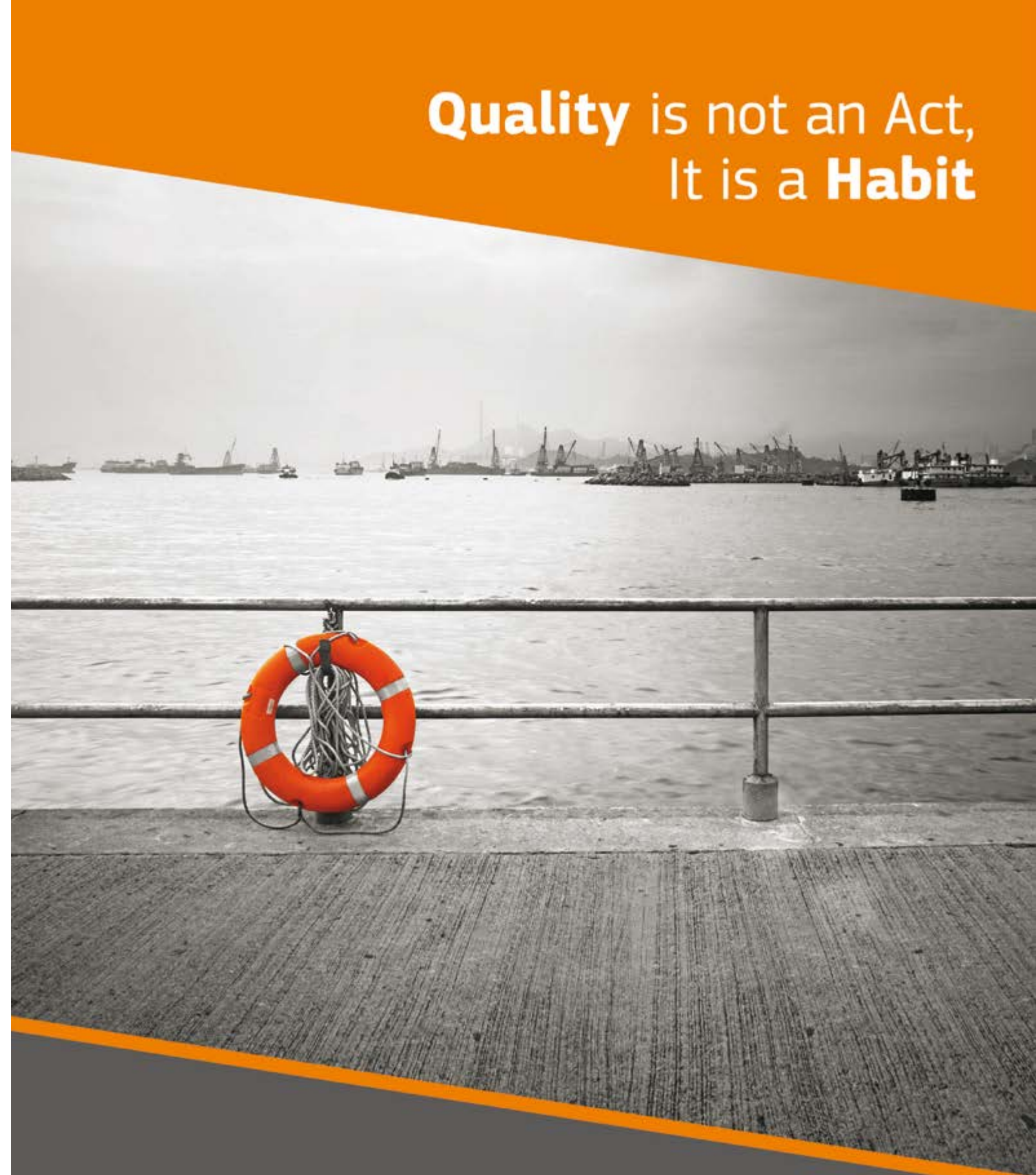
We lead the world in gas fuel for ships and can help owners transit to this clean and cost-effective fuel. The world's first dual fuel ships – BV class. The world's first ethane-powered ships – BV class. High speed cruise ferries with LNG power – BV class.

Experience combined with a pragmatic and practical cost-sensitive approach means that BV can and does help owners to move beyond compliance to finding a green course which combines delivering a cleaner world with delivering a better bottom line.

Article submitted by:

Lambros Chahal

Vice President, Regional Chief Executive  
for the Hellenic and Black Sea Region, BUREAU VERITAS  
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# 5<sup>th</sup> Ship Operating Cost Presentation



On 9<sup>th</sup> December 2015, the Propeller Club of Piraeus, with the continued support of Moore Stephens organised year, the annual Operating Cost (OpCost) presentation at the beautiful venue of the Piraeus Yacht Club for the 5<sup>th</sup> consecutive year.

This event has been firmly established in the calendar of the Greek Shipping community as it combines the presentation of the eagerly awaited results of Moore Stephens annual survey, with the wisdom of industry experts who present to the members and friends of the club their views on their areas of expertise together with useful practical advice.

Joining Mr. Richard Greiner, the Partner from Moore Stephens London responsible for the survey was Mrs. Zoe Lappa Papamathaeou, a Governor of the Club and legal director of Danaos Shipping, her fellow Governor, Dr. Kostas Rokkos owner of TST management, Cpt. Andy Cook, Global Crewing Operations Director from VShips and Mr. George Lazaridis, Head of Research & Valuations, Allied Shipbroking Inc.

Mr. G. Xiradakis, the Club's President welcomed the guests and emphasized the Club's commitment in providing important information to its members and Mr. Costas



The speakers of the event together with the Club's Treasurer Mr. D. Vassilacos, president Xiradakis and General Secretary C. Kontes

Constantinou, the managing director of Moore Stephens Piraeus introduced the speakers and moderated the conference.

For the first time the event had a sponsor, the P&I club SKULD. Mr. Kjell Augustsson welcomed the guests and gave a brief but very interesting talk on the insurance sector and bravely suggested that the clubs should support their members be reducing and even returning premiums given the fall in value of the vessels and the depressed state of the shipping market.



Mr. Kjell Augustsson from SKULD addressing the audience



Captain Andy Cook, enlightened the audience with his wealth of experience and gave many tips on how one can control crew costs, the biggest component of Opex.



Dr. Kostas Rokkos gave a very thought provoking presentation about the Opex elements and how they should not be considered as the sole factor in measuring the performance of a vessel or a manager.



After the presentations the speakers answered the questions from the audience and President Xiradakis organized an impromptu voting.



As always the conference was opened by Mr. Richard Greiner whose presentation of the 2015 results of the 2015 survey which showed a continued decline in the all major categories with the exception of crew costs which remained stable. Mr. Greiner also presented the results of a relatively new survey.



Zoe Lappa Papamathaeou analyzed in great detail the insurance market an its trends and noted the decreased costs and the opportunities that are available for the owners.



Finally Mr. George Lazaridis presented the results of the research performed by Allied Shipbrokers and explained the trends of the world economy and the various shipping sectors.



After the questions, the guests had the opportunity to continue the discussions during the buffet lunch hosted by the Club.



# Comments on vessel's running costs - a Member's View

This is to comment to Seminar held at Marine Club of Piraeus Greece, on referring to Running Cost and Ship Expenses. Those subjects addressed by very competent speakers and drew the attention of the audience who appraised the Lecturers.

The items of expenses or paid cost of premiums and other vital expenses, were presented but did not mention the losses Owners suffer when the ships are running and which are written hereunder:

## No payment to Owners Full Freight in some cases of Spot Fixtures.

Most of the times Owners receipt Prior to Start Loading of the Cargo, 90% and some times 95% of the Freight, then are obliged to accept payment of the balance 10 or 15% after discharging of the Cargo in the port of Destination, with the Cargo in good Condition, meaning, no damage, no Shortage and delivery in the right time.

When the vessel delivers the Cargo in Good Condition and at the right time, the good Charterers or Shippers or receivers, pay the Freight Balance but the no good ones alleging some silly excuses and they do not want to pay, then start the problem. Have to involve Lawyers, Logbooks, P&I Clubs, Surveyors and reports, Arbitrators, Courts and Judges. Doing so the Owners involve in a lot of expenses and loss of time and hope to be paid to involving in that unpleasant situation but that is not sure, some time Owners do not succeed to be paid.

## Advanced Payment to Agents, Repairers and some time to Suppliers.

When the Logistics of the Owning Company, works out the true cost of Services rendered to the vessel and verify that have remitted surplus of amount justified, then ask to be paid back the surplus. The bad ones from those who have who have offered the services, refuse to pay back and the Owners, have to fight for it and there is again the same problem as described above.

Some times the Owners succeed, some times do not succeed. There are some times, the Owners do not continue to fight, because of Lawyers and other expenses that should have to be paid, make an amount higher than the amount claimed, thus they desert the effort and accept the loss thus they do not affect their health.

## No fully paid claims of GA or damages of Hull and Machinery.

Same Problem, as on paragraph 1-2.

## Stevedores damages.

Only few of the Stevedores accept responsibility. Others are alleging that the ships Personnel caused the damage or Crew did not reported the damage in time, or the damage was a hidden damage, or the Ship's Personnel did not give the right Instructions of Handling Deck Machinery so to avoid damages etc.

## Demurrage Claims.

That is another bitter story, Involving Charterers, receivers / Stevedores who allege that, the delay occurred, is due to holidays or strike or the delay occurred due to Ship's Fault, due to late arrival of the vessel or that not proper Notice of readiness was given on arrival for Loading or Discharge or cargo holds were not in acceptable condition.

## Repatriation of Crew

Repatriation of Crew, prior to Termination of their contract. In cases that someone has to be disembarked due to non-performance or inexperience. Most of the times, that crew does not pay the Expenses and every time have the assistance of ITF.

## Illnes

Illnes existing to crew members before signing on and have not been reported to company by the manning Agent. Same story as in Par 6.

All those items mentioned above seem to be of low cost or that they do not happen often. That is not true, if it will be taken on an annual basis. The cost can not be ignored especially in that bad time for Dry Cargo ships.

The remedy is to have good charterers, decent Repairers and decent suppliers, as well as good Manning Agents.

All those mentioned above, if properly selected can reduce the subject loses and might eliminate those to happen.

It is important also to choose competent Superintendents for Deck and Machinery. Have competent Superintendents to be at the port one day prior to arrival of the vessel in the port for loading or discharging, so to control and stop any problem that might arise, before it goes out of the berth to offices of stevedores - receivers - Charterers - Workshops and Suppliers.

Article submitted by:

E.Zouppas

Marine Chief Engineer, Marine Consultant, Shipowner  
Member of the International Propeller Club, Port Piraeus



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# Xmas Party 2015

Members of the Propeller Club along with many friends gathered together to celebrate Christmas at the first Christmas party organized by the Club on December 8<sup>th</sup>, 2015, hosted at the Yacht Club of Greece, Mikrolimano.

Live music entertainment by the acclaimed professional saxophone player, Mr. Nikolaos Koulouris created a relaxed atmosphere with charming sounds. During the event, the Board of Governors along with the President awarded the membership certificates to members of the Propeller Club that were present.



The Secretary General, Mr. Costas Th. Kontes announced the lottery for one free cruise KIND SPONSORSHIP from CELESTYAL Cruises and one year free of membership fee, KIND SPONSORSHIP of the Propeller Club to one member.

Afterwards, President Mr. George C. Xiradakis offered fancy Christmas hats as well as Reindeer headwear to the participants to wear and make them feel festive.

Vivid experience at the party was when all the participants sang altogether the Jingle Bells theme with Christmas triangles.

The music definitely made the night as the DJ played various kinds of music mixtures and the guests swung on all night.

The guests enjoyed the party and had a holly, jolly good time and as they said it was a 'fun concept which offered something completely different for Christmas'.

At the end everyone took a present before leaving for December to roll around.





## Dean James Stavridis meets President & Governors of PCP

The International Propeller Club of the United States, International Port of Piraeus, held on Wednesday the 13th January 2016, a working breakfast with Dean James Stavridis, an Honorary Member of the Club.

Dean James George Stavridis is the 12th Dean of the **Fletcher School of Law and Diplomacy** at **Tufts University**, the oldest school in the United States dedicated solely to graduate studies in **international affairs**. He is also Chairman of the Board of the **U.S. Naval Institute**. Dean Stavridis is a retired **United States Navy** admiral who served as the 15th Commander, **U.S. European Command** (USEUCOM, May 2009 – May 2013) and **NATO's 16th Supreme Allied Commander Europe** (SACEUR, June 2009 – May 2013). He is the



1<sup>st</sup> Row L/R: Ms G. Koumoundourou, Ms Zoe Lappa-Papamatthaiou, Dean J. Stavridis, Ms. Despina Foros-Tsirozides and Ms Dalasou,  
2<sup>nd</sup> Row L/R: Mr. G. Xiridakis, Mr. J. Beloussis, D. Vassilakos, C. Constantinou and M. Tripolitis



The Governors had the great pleasure and opportunity to exchange views with Dean Stavridis on several issues both on macro-geopolitical level as well as with regard to the shipping market prevailing conditions in conjunction to the evolution of political and commercial affairs in both U.S. and Greece, viewed and approached within a global perspective. It is worth noting that same day Dean Stavridis gave a speech at Konstantinos Karamanlis Foundation whereas during his visit he met with Greek Prime Minister and many Greek officials.

Dean Stavridis was also offered with his Club Membership Certificate and the pin of the Club in a relaxed and friendly atmosphere.



first **Navy officer** to have held these positions. Previously, he served as Commander, **U.S. Southern Command** from October 2006 to June 2009.

The working breakfast was attended by the President of the Club, Mr. George Xiridakis, it was organized with the assistance of the Treasurer of the Club, Mr. Dimitris Vassilakos and was attended by the following Governors named in alphabetical order: John Beloussis, Costas Constantinou, Despina Foros-Tsirozidis, Zoe Lappa-Papamatthaiou, Markos Tripolitis and the ex-Governor, Mrs. Constantina Dalassou (Tufts graduate and Alumni member) and from the Dean's office, by Mrs. Georgina Koumoundorou.

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# New Year Pitta Cutting Ceremony 2016

The 2016 New Year reception and traditional Pitta cutting ceremony was celebrated on January 24<sup>th</sup> 2016 at the Grande Bretagne Hotel with more than 180 distinguished guests and members of the International Propeller Club of the United States, Port of Piraeus.

The representative of the Ministry of the Shipping, Mr. George Koumoutsakos honoured with his presence and Deputy Chief of Mission, Mrs. Suzanne Lawrence, on behalf of the US Embassy attended the Ceremony. In his welcome address extending warm wishes for a prosperous New Year, the President of the Propeller Club, Mr. George Xiradakis stressed the close links between Greece and the US and added that Greece is playing an active role in trying to address the chal-



**Bishop of Velestino Mr. Damaskinos blessing the vassilopita**



**President Mr. Xiradakis at his welcome speech**

lenges of growth and competitiveness between the two countries. He stressed that it is an ideal opportunity to network and exchange views and also to find out more about our initiatives for 2016.

He stated that US companies are committed to the Greek market. They are still very much present, with some having strengthened their links with Greek counterparts. He went on saying that some major Greek projects around the world funded by US interests where they identify business opportunities and develop partnerships. He also highlighted the close relationship of the Propeller Club with the US Embassy that has always enjoyed and the supportiveness to the objectives of the Club thus enhancing the relationships between the two countries.

Later on, Mr. Xiradakis invited Mrs. Marianna Moschou, President of ELEPAP at the podium. In her short speech thanked the Board of Governors of the Propeller Club for the yearly donation, supporting a physically disabled child by covering its medical expensing for one year. She mentioned that in these difficult times the support and contribution to our fellow human is what it counts most especially to children that are in need.

Initiating the scholarships, 'MARIA P. TSAKOS' scholarship was given to Mr. Christos IOANNOU, best performing student of Livaneion Lyceum of Kardamyla, Chios who made a short speech thanking his supporters for



**Cpt. Panagiotis Tsakos in his speech**

embracing such initiatives which contribute to the promotion of education.

The 'SEVASMIA REGKOS' scholarship was awarded by Mr. Konstantinos Regkos, member of the Propeller Club in memory of his beloved mother, to Ms. Marilena APOSTOLIDOU, the best student of the University of Piraeus.

The Propeller Club Scholarship to Ms. Kiriaki KARADIMO, the best performing student of the American College of Greece.

The Propeller Club Endowed Scholarship to Ms. Angeliki ANDREADAKI, the best performing student of the American College of Greece.

The Propeller Club scholarship awarded to the best graduates of the University of the AEGEAN University, the twin brothers Petros CHRISTAKIS and George CHRISTAKIS.

The Propeller Club scholarship awarded to Mr. Panagiotis CHARALAMBIDIS the best graduate of Merchant Marine Academy of Aspropyrgos. The scholarship was received by his father as he was travelling abroad.

The Propeller Club Scholarship awarded to FULBRIGHT Foundation, Greece which was received by the repre-



**Dr. Sakellariadou, Professor at the university of Piraeus at the podium**



**Mrs. Paraskevopoulos thanking the Propeller Club**



**Dr. Horner, President of the American College of Greece at the Podium**



**Dr. Harizanis representing the American Farm School, addressing the audience**





**Dr. Harizanis receiving the scholarship on behalf of the American Farm school**



**Mrs. Angeliki Andreadaki of the American College of Greece receiving the Propeller Club endowed scholarship**



**Mrs. Zoe Lappa Pappamathaiou and Mrs. Paraskevopoulos receiving the scholarship for the Fulbright**



**Mrs. Karadimou from the American College of Greece receiving the Propeller Club scholarship**



**Mrs. Marianna Moschou among the Board of Governors of the Propeller Club receiving the Donation**



**Mr. Petros and George Christakis at the podium with the President Mr. Xiridakis**

sentative Mrs. Christina Paraskevopoulos, Financial Administrator, Fulbright Foundation.

The Propeller Club Scholarship to the AMERICAN FARM SCHOOL, Thessaloniki, received by the representative Dr. Pashalis Harizanis.

When the program for the scholarships was over, the Board of Governors of the Propeller Club along with the Bishop of Velesino Mr. Damaskinos, representative of Archbishop of Athens, gathered around for the traditional 'Vassilopita Blessing'. Then the slices were also cut symbolically for various groups and were given to people.

Mrs. Katerina Tsioufi, Coordinator of the Dance Group, Pierce College, American College of Greece, chose this year for the young dancers to perform dances from the Aegean sea: Mytilene, Naxos and two from Kithira.

Once more EPSA SA was a SPONSOR IN KIND and made its presence felt by distributing soft drinks to all the participants that received recognition, in two different flavours.

SPONSOR IN KIND was also the jewellery store KATRAMOPOULOS that sponsored the 'flouri' for the vassilopita cutting.

Among numerous US Embassy Propeller Club friends, Propeller Club members, members of the Board of Governors of Propeller Club, there were many distinguished members.



**Cpt. Tsakos and Mr. Ioannou student from Kardamyla Chios**



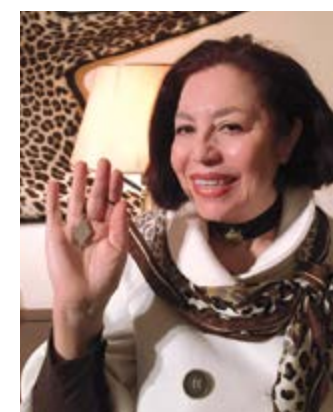
**Mr. Petros and George Christakis among Cpt Tsakos and the Professor Dr. Thanopoulou**



**Mr. Christos Charalambidis receiving the scholarship on behalf of his son**



**Mr. Konstantinos Regkos attributing the scholarship 'SEVASMIA REGKOS'**



**Mrs. Stavroula Dritsa having won the flouri from KATRAMOPOULOS SPONSOR IN KIND**

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**The Dance Group of the Pierce College with Mrs Tsioufi and the Board of Governors**



# Members Day Honouring Mr. Nikolaos Bornozis

On Thursday 18th of February 2016, this year's first meeting of the members of the Propeller Club was held with the outmost success at the Yacht Club of Greece, in the presence of the Club's numerous friends and enthusiasts.

The purpose of the gathering was, apart from the briefing of the members about the Club's various activities, to honor Mr. Nikolaos Bornozis for his immense contribution to the development of Greek - American shipping ties and liaison.

The start of the gathering was marked by the President of the Propeller Club - Port of Piraeus Mr. George Xiradakis who stated that the Club's Board of Directors had

decided the inauguration of new awards to be given by the Club to people who promote the Club's values and ideals and also advance these on an international level. Indeed, the "Members' Awards of Excellence" (awards to be given by the members of the Club to prominent people) will be handed out at special, celebratory members' gatherings if, and whenever, there are exceptional people deemed worthy of receiving such award.

Mr. Xiradakis stated that "Mr. Bornozis was chosen as the first receiver of this award due to the fact that his work, both on a personal as well as on a corporate level through his company Capital Link, has, indisputably, been helping the growth and internalization of the Greek shipping industry and in particular the industry's liaison with the International Investor Community of the US and that of the whole world".

Furthermore Mrs Zoe Lappa-Papamatthaiou, Governor of the Club and Head of the Fundraising Committee, read Mr. Bornozis' long and rich curriculum vitae.

Thereafter, Mr. Bornozis, feeling happy and touched, addressed the members and the friends of the Club that came to this glamorous event that took place in order to honor him. During his short speech about the development of the Greek shipping industry in the US financial markets, Mr. Bornozis emphasized that for all investment centers as well as for all markets there is the need of specialized expert consultants who can bring the businessman and investor, both institutional and private, together. He went on by saying that it was this aforementioned need that he, as well as his company, discovered about the Greek shipping industry. In detail, he mentioned "I am very happy that together with my colleagues and of course, sister, Olga, we managed to contribute to the growth of 60% of Greek companies that were listed on the US Stock Exchange and at the same time created a string of international events with the aim of promoting the investment in the shipping market. Thus, starting from New York and Athens, we managed to expand to other global cities and, as a matter of fact, this year's Capital Link Inc. Conference will be held in China. Based on feedback I've gathered from leaders of the shipping markets, these conferences contribute extensively to the development of the shipping companies' investment structures and models.

Mr. Bornozis continued with his short speech by mention-



Mr. N. Bornozis



Mr. E. Mitropoulos



Mr. N. Bornozis with his sister Mrs. Olga Bornozi, accepting the award from president Mr. G. Xiradakis

ing certain humorous moments that occurred during the process that the Greek shipping companies were trying to get a listing on the US stock market.

At the closing of his speech, Mr. Bornozis explicitly thanked the Club's Board of Directors and members for the honorary event and particularly said that "I am used at being the one to honor prominent people and not at being the one who is being honored, especially by such a special event as this one by the Propeller Club. I am deeply moved and I thank you all very much".

The President, Mr. George Xiradakis, in a humorous moment, emphasized how hard it was to convince the low-profile, exceptional Mr. Bornozis to accept this award but also expressed his satisfaction that Mr. Bornozis eventually accepted the invitation to attend the event, accept the award and address the Propeller Club's members and enthusiasts.

A special moment of the event was when the Honorary Secretary General of the IMO, Mr. Efthimios Mitropoulos, explicitly talked about Mr. Bornozis' modesty and productivity as well as about Mr. Bornozis' colleagues and company that also incorporate these qualities on an international level. Mr. Mitropoulos underlined that "Mr. Nikos Bornozis, has contributed a great amount to the Greek shipping industry and still has a lot to offer" and went on to congratulate the President as well as the Board of Directors of the Propeller Club - Port of Piraeus for their initiative.

The event was attended, apart from the above-mentioned people, by representatives of shipping companies that make up the Greek shipping cluster and also by people of the Greek political and business community as well as the newly - awarded by Capital Link Inc. Mr. George Tsavlis. Among other attendees, was the former Greek Minister of Finance Mr. Peter Doukas, Mr. Efthimios Mitropoulos, Honorary General Secretary of the IMO, Mr. Papadoggonas, President of the Yacht Club of Greece, the President of the Piraeus Marine Club Mr. George Gourdomichalis, Mrs. Irene Ntaifa representing the municipality of Piraeus, Mr. Nikos Alogoskoufis, Mr. Vasilis Niadas, Mrs. Maria Kouliga, Mr. Costis Pavlou, Mr. Charidimos Mayakos, Mr. Dimitris Vranopoulos, Mr. Akis

Tsirigakis, Mrs. Bianca Gklavani, Mr. Dimitris Athanasiou, Mr. Constantinos Couclelis, Mr. Andreas Stamelos, Mrs. Elena Mavrogonatou, Mr. Vasilis Patkos, Mrs. Vivian Patkou, Mr. Thanos Tzimeros President and Founder of the "Creation Again" («Δημιουργία Ξανά»), Mr. Charis Labropoulos, Mr. Dimitris Constantinou of Ernst & Young, Mrs. Mariza Fassianou as well as representatives of the Greek Navy and the Hellenic Coast Guard.

The event was concluded with the award of member certificates (Membership Certificate) to those members that have fulfilled their economic responsibilities following the invitation of the Secretary General and Person Responsible for the Members Committee, Mr. Constantinos Conte.

Thereafter, a reception, giving the opportunity for fruitful conversation and exchange of views, followed, which was hosted and organized by the Propeller Club - Port of Piraeus in favor of all members and friends. ☼



Members accepting their membership certificates





# International Propeller Club, Port Of Piraeus

## 1<sup>st</sup> Carnival Masque Ball

The International Propeller Club of the United States, International Port of Piraeus, organized its 1<sup>st</sup> Carnival Masque Ball on Wednesday the 09<sup>th</sup> of March 2016 at the Cinderella Club-Restaurant (disco), with theme "the 80's". The purpose of the event was to primarily render the opportunity to current members to mingle with each other in a relaxed atmosphere vis-à-vis creating bonding ties between them, as well as with the B.O.G. of the Club and the U.S. Embassy in Athens (a considerable number of officials attended), and secondarily to attract new members to the

Club, especially those of the younger generation to whom the torch of the Club will eventually be passed, in conjunction to raising funds for the noble causes of the Club.

The event was considered to be a great success and a memorable experience by all attendees, which exceeded 130 people, and received excellent reviews by all attending, including the U.S. Embassy officials and the press.

The running B.O.G. of the Piraeus Propeller Club considers fundamental to provide a wider platform to the Members, in parallel to academically-related functions, work-shop type



From left to right: Mr. John Belousis, Mrs. Renee Belousis, Mrs. Ifigeneia Constantinou and Mr. Costas Constantinou, Governor.



From left to right: Mr. Dimitris Vassilacos, Treasurer, Mr. Costas Th. Kontes, Secretary General, Mr. George Xiradakis, President and Mrs. Zoe Lappa-Papamathaïou, Governor



From left to right: Mr. George Xiradakis, President, Mr. Dimitris Vassilacos, Treasurer, Dr. Constantinos Rokkos, Governor, Mr. George Skrimizeas, General Manager Allseas Marine Inc., Mr. George Bonanos, Mr. Costas Th. Kontes, General Secretary and Mr. Dimitris Patrikios, 2<sup>nd</sup> Vice President

seminars covering the practical aspects and the scientific evolution of the technical and operational issues that concern the maritime community and meetings with prominent personalities of the maritime and business clusters, but furthermore to trigger the inherent need of the members to use the Club as a podium for creating friendships and long-term relationships, by offering family-type bonding activities, which will contribute to one of the main causes of the Club, i.e. the enhancement of the cultural ties between Greece, the U.S. and other countries, that share the same ethics and visions, culture contemplating entertainment within its mere essence. ☼



# Underwater Workhorses

## The relentless rise of the ROV

Weather forecasters spent much of 2015 giving accurate and dire predictions about a developing 'Super El Nino' effect in the Pacific Ocean. Much of their accuracy was derived from countless measurements made by small robots floating around the Pacific at various depths. Remotely Operated Vehicles (ROVs) are everywhere, and they're getting smarter.

Their marine use started out in the 1950s when the Royal Navy was looking at ways to clear mines. In the 1960s the US Navy began developing ROVs too, for mine clearance, ordnance retrieval and for underwater rescues.

As the offshore hydrocarbon industry ramped up in the 1970s, the ROV found itself tasked with increasingly challenging jobs at ever greater depths. Millions of research and development dollars went into extending the depth, range and functionality of ROVs.

Today, you can buy a basic 'swimming camera' ROV, for about USD 100. Smarter tech can still cost millions to develop and operate, but can do so much more than just having a 'look-see' under the waves. Sensors, manipulator arms, cutting tools, scrubbers, brushes, welders, leak detectors, trenching tools: there's an app for almost everything that needs doing at depth.



### Commercial eyeballs and metal muscles

According to authors Robert Wernli and Robert Christ, the first truly commercial ROV was Hydro Product's RCV 225, released in 1974. It weighed 82kg and could operate down to 400m. The authors describe it as the first 'flying eyeball'.

Beyond these 'observation-class' ROVs there are various lightweight survey and inspection vehicles leading up to the heavyweights, the Heavy Workclass and Trenching & Burial ROVs. These can generate more than 200hp and operate kilometres below the surface.

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## The Fight Against Fouling

Hull fouling has been a problem for as long as there have been hulls. For billions of tiny plants and marine creatures, a hull is simply a convenient structure: a place to latch on and build a colony. As the colonies build up over time, the resulting drag reduces speed, increases fuel consumption and eats into profits. Every year, more than USD5.7 billion is spent on marine bio-fouling remedies.

Historically, the solution was to lift ships out of the water and give hulls a good scrubbing. It was time-consuming, expensive and put the vessel out of commission until the job was done. Ingenious mariners and engineers sought smarter methods.

<b>1770s onward</b>	The British Royal Navy coppered the bottoms of its fleet. The copper would leach into the sea water, poisoning any organism that tried to attach to the hull. The method was so successful that the term 'copper-bottomed' entered the language as a synonym for something highly dependable.	<b>20th century</b>	The development of scuba equipment sent divers with brushes and abrasives down to clean hulls. But with this came greater risks: to expensive anti-fouling coatings and to human life.
<b>19th century</b>	With the rise of iron-hulled ships, copper sheathing was no longer viable due to its corrosive effect on iron, sparking the start of research into anti-fouling paints.	<b>2000-2010</b>	Stronger environmental controls led to the development of alternatives including diver-free underwater cleaning technology.
<b>1832</b>	George Fredrick Muntz, a metal-roller from Birmingham, UK, patented an alloy which came to be known as Muntz Metal composed of about 60% copper, 40% zinc and a trace of iron. Among the vessels to receive the Muntz Metal treatment was the now famous tea clipper, the 'Cutty Sark'.	<b>2013-15</b>	GAC EnivironHull launched HullWiper in Dubai. The smart little ROV uses adjustable seawater jets to remove fouling and collects the debris for safe disposal onshore. By 2015, it is available elsewhere in the Middle East, as well as in selected European and Asian ports.
<b>1860</b>	The first practical paint to become widely used – McInness hot plastic paint – was launched. Many of the coatings developed contained chemicals now forbidden due to their catastrophic impact on marine life.	<b>2016-26</b>	Over the coming decade, environmental regulations will tighten further, cost pressures will increase and the use of smart ROVs to carry out underwater works on vessels will grow rapidly. Drydocking may well be replaced by wet-docking and there'll be no end to development in hull-cleaning applications. This is a space worth watching.



### Exit divers

Offshore energy service companies, shipowners, and government authorities like ROVs mainly because they reduce the need to put divers in harm's way. Whether for hull cleaning, inspections of fish stocks or major engineering works, ROVs can go where divers cannot or should not operate. They might be operated by one man in a

dinghy at the local dam or by rolling watch teams working 24/7 in polar regions.

### In the name of science

Scientists like ROVs too. Shipwreck location, exploration and salvage have advanced with ROV developments. Most notable have been the exploration in 2003-4 of the RMS Titanic on the seafloor off Newfoundland and the discovery of HMAS Sydney and the German Raider Kormoran in deep waters off Western Australia in 2008.

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## North Eastern Sea Route (NSP)

### Is time ripe for maritime exploitation? Obstacles and way forward<sup>1</sup>.

The climate is becoming warmer due to anthropogenic carbon emissions, and High North is warming twice as fast as lower latitudes due to positive feedbacks. The uncertainty regarding 'if and when' the Arctic will be ice-free can easily render any planning obsolete. Dissimilar predictions coming from different scientific weather simulation models may freeze any decision-making process

in respect to the Arctic. However, increased operational risk and Arctic's peculiarities might shape the outline of a niche maritime market; getting first and being specialized, might make a huge difference in the economic results and the market share. Uncertainty goes as far as 2030, when it is expected that Arctic will be completely summer ice-free.

<sup>1</sup>Present article is a summary of relevant thesis at Fletcher School-TUFTS University

On September 2012, the ice cap reached its lowest level. Multiyear ice will give place to thin first year ice. Facilities and infrastructure near coastal and river regions will be threatened, thawing of soil on the sub-Arctic region will make obsolete existing transportation roads based on permafrost. Taking into consideration the almost non-existent road and limited rail network in the Arctic and sub Arctic Circle, maritime transportation may constitute the only affordable solution to an existing transportation problem of minerals and oil between producing and consuming zones. The melting of ice will have as a direct consequence new sea-lanes to open for maritime transit through the North (Eastern) Sea Passage (NSP), North West Passage (NWP) and in a much later time through the Transpolar Route (TPR). NSP, which covers Siberia's waterfront, is predicted to be ice-free earlier and commercial stakes will be higher than NWP and TPR. Even if there isn't one obvious sea route, still there are two rather obvious ports that above passage is called to bridge; Murmansk on the West and Vladivostok on the East. Rason port placed in North Korea -political situation permitting-, and Greenland could become major

The huge investments that are much needed to make these routes navigable, will probably lead to collaboration between the arctic states and the international community.

maritime transportation hubs. Real estate will follow suit maritime exploitation.

New maritime routes may have as a result great cost savings for the maritime industry and can reduce the travel time and fuel costs by 40% along some routes. The distance between the port of Rotterdam and the port of Yokohama in Japan could be at least 4000 miles lesser through the NSP versus the Suez Canal. This in turn can lead to an increased maritime trade for bulk cargo through the Northern Routes when conditions will be appropriate. Nevertheless, a similar trend is not probable for container ships due to time restraints and much needed predictability on arrival-departure times. Northern voyages have experienced a booming period the last





few years and a key advantage is that Northern Routes are away from current geopolitical hot spots such as the Persian Gulf and regions that are pirate infested such as the Horn of Africa and Malacca straits. Trade flows might gradually alter in favor of Northern Sea Routes despite initial inertia, and future technologic advancements will certainly play a role. Naval engineers provide new solutions to overcome long-existing problems; such as double acting vessels that are able to sail both in open Seas

Is time ripe to invest heavily in polar ice capable vessels and polar infrastructure?

and ice infested regions. This technological step forward, is combined with directional propulsion systems such as azimuths, hardened hulls and retractable rudders. An ice-breaker escort will be less and less needed in the near future and these proficient vessels could even achieve reduced fuel costs. Plenty of technical problems that are met especially in icy environments still exist, such as the ice forming upon the vessel due to icy winds that can easily capsize any vessel without proper handling and on time removal of the excess ice. Special coating materials are underway to resolve such issues. The increased cost associated with these vessels during the operational life cycle –design, construction, maintenance- will determine the viability and economic feasibility of such projects. Russia is certainly eager to alter world maritime trade routes to her benefit. The huge investments that are much needed to make these routes navigable in a safe manner, will probably lead to collaboration between the arctic states and the international community.

However, exploitation of Arctic passages won't be a straightforward process. Existing port facilities lying across NSP in particular that were established during the Soviet era are more or less obsolete today, due

# Η μοναδική ναυτιλιακή *free press* εφημερίδα στην Ελλάδα





to multiyear lack of maintenance after the collapse of USSR. Even the complete absence of piracy in the region nowadays, can change rapidly in the near future when the route will become more lucrative. These routes may become main avenues for immigration, smuggling, narcotics, and even terrorists' attacks. Russia's bureaucracy shall be a serious issue to consider prior any investment takes place. A major concern for the maritime industry is the sea-ice movements and the bathymetry of the Arctic region; much needed information in order for the Northern Corridors to become commercially viable Sea-lanes. Even the cartography and exact bathymetry of the upper North, isn't so accurately charted, few lighthouses exist and fewer are in operation and existing systems of GPS satellites are less accurate in the High North. NSP (Russia) has shallow points, such as the Vilkitsky and Sannikov strait which almost prohibits the accommodation of large vessels such as the Panamax class or vessels above 50,000 tons deadweight. Additionally, NSP route includes strategic choke points such as Severnaya Zemlya and New Siberian Islands that could be easily blocked by adversaries in case of international turmoil. Political stability in the international arena and economic

feasibility will influence above decisions. Current low oil prices are a prime example of how exogenous factors might hinder Arctic's exploitation. The risk premiums are quite high at the moment for ships that transverse NSP. It is safe to assume that such insurance premiums will have a downward trend as more and more these routes are used and evolve into ice-free regions.

Concluding, is time ripe to invest heavily in polar ice capable vessels and polar infrastructure? This shall be examined and answered on per case basis. A professional approach will be a company specific business plan to be prepared, based on a well-defined SWOT analysis, a macroeconomic analysis, and a risk assessment of operations to be executed, prior to any investment takes place. Good news are that arctic expertise is not hard to find anymore and simulation-based decision-support (SBDS)-tools have been developed that can certainly support company's decision process. Such tools, use vessel's dimensions, day specific ice conditions, and calculate day specific fuel consumption and transit times. These tools in no way replace what made Greek maritime great; an inherited instinct of markets' fluctuations combined with entrepreneurship, risk taking and hard work. ☼



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# The International Propeller CLUB of the United States

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