

CARIBBEAN MARITIME



 **The year ahead
CSA to help strengthen
national shipping
associations**



**Cartagena
Set to break records
in 2008**



**Panama Canal
Work under
way on canal
expansion**





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- The Editor.



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“To promote and foster the highest quality service to the maritime industry through training development; working with all agencies, groups and other associations for the benefit and development of its members and the peoples of the Caribbean region.”

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Plan for success

The year ahead promises challenges that will demand concentration, experience, skill and patience. However, the dark clouds will have silver linings, and of that we can be relatively certain. Amid the difficulties and trials, the uncertainties and fears, there will be opportunities for success and there will be serendipity.

You owe it to yourself to meet the challenges with confidence and calm, relying on your own good sense and on the skills, knowledge and experience of your colleagues, compatriots and the CSA. Don't be overwhelmed by fear; nor should you be fearful of uncertainty. Rather, go boldly forward, secure in the thought that it was not mere luck that got you to this point, but some ability and intelligence. Self-confidence and a positive outlook will allow you to exploit the opportunities that 2008 may present, even in a sea of adversity. On the other hand, the twin obstacles of fear and dismay will sap your energy and weaken your resolve to succeed. They will blunt your innate ability to overcome, conquer and transcend.

Success in the year ahead will depend largely on how positive and responsive you are; how quickly you respond to the challenges and opportunities that will come your way. And if there is one thing you can be sure of: opportunities will come. They may come intertwined with challenges and disappointments, but there will be chances to make good and opportunities to score. Yours is the task to seek and find such opportunities and to turn misfortune and adversity into jewels.

The theme of this issue of 'Caribbean Maritime' is The Year Ahead. You will read of plans by the Caribbean's leading national shipping associations for 2008. The similarities between them are obvious. They expect challenges – regional repercussions from global economic issues – but the national shipping associations of Barbados, Guyana, Puerto Rico, Jamaica and Trinidad all have positive plans for development. Training and development of human resources are high on their list of priorities for 2008.

The CSA looks to the year ahead with eager anticipation and hope. Indeed, President Fernando's message, reproduced on an adjacent page, is encouraging and underscores the CSA's role as an agent for change and a catalyst for development. There are also positive signs in the cruise industry and, notwithstanding the recent weakening of the US dollar – to which many Caribbean currencies are tied – there are expectations for growth in the year ahead.

So, start the year ahead by planning for success. Work with your people. Everyone in your organisation is important. Sit down with your managers and supervisors. Talk with your messenger and the gate staff. Make an ally of them because, if you don't, someone else will. Start the process of planning for success by discussing not just the challenges and perceived problems but, more importantly, specific strategies for achieving set goals. Then put a team together to plan for growth, cost cutting and improved efficiency.

Plan realistically. Plan scientifically. There are many models that you can adopt or adapt.

The year ahead could be your most successful year in business. But, you do need a plan!

Mike Jarrett, Editor



CSA has full agenda for development in the year ahead



This being our first issue of 'Caribbean Maritime' for 2008, I want to take the opportunity to thank you all for the support given, not only to our two previous issues of this magazine, but also to me as President of the Caribbean Shipping Association (CSA).

Without your help and involvement we could not have accomplished all the things we did last year.

As we look ahead to 2008 there are many important things that we must continue to work at and new projects that are necessary for the continuous growth of the CSA. During this year we will be offering our members the first academic courses and training as a result of the Memorandum of Co-operation signed last year with the Pontifical Catholic University

of Puerto Rico. We will continue with our efforts to build and expand our relationship with other organisations in the Region.

Regarding security issues, there are a couple of things on which we are concentrating our efforts and will continue to do so. We must assist all CSA member territories to get the necessary training so that they can comply with all the new security requirements. In this respect we have met with the US Coast Guard and a security conference, sponsored by the Coast Guard and involving the CSA, will be held from 8 to 10 April 2008 in the Dominican Republic. The purpose of this conference is to provide a forum for the territories within the Region to identify principal problems, highlight best practices and map out

security initiatives within the Region.

This is a significant event for the Caribbean, particularly the smaller territories. It will be co-ordinated by the US Coast Guard 7th Region in Miami, the San Juan office and the CSA. During this conference, a Memorandum of Co-operation between the US Coast Guard and the Caribbean Shipping Association will be signed.

Another item which I consider the most important is what the CSA is doing and what we will do to help all small ports in the Caribbean to comply with all the security requirements. During the CCAA Conference in Miami late last year, this item was discussed and CSA will be designing a plan to accomplish this. The CSA's General Council, meeting in

Jamaica on 21 January, will discuss this and work should start on this immediately following that meeting.

Another item that we have to work on in the year ahead is the re-energising of national associations and the importance of re-establishing the CSA's National Associations Committee.

The CSA has a full agenda for the year ahead. It is all about development and improving the shipping industry of the Caribbean. There is no doubt in my mind that we can accomplish these projects, with the help of everyone.

May the year ahead be one of happiness and good health to all.

***Fernando Rivera**
President, Caribbean
Shipping Association*

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CSA to help strengthen national shipping associations

Bedrock that gives CSA stability

Fernando Rivera, President of the Caribbean Shipping Association, says he wants to help national shipping associations to strengthen their organisations so they can better serve their local shipping communities.

Mr Rivera was speaking at the CSA's 37th Annual Conference in Santo Domingo in October during a meeting of Group A.* He was responding to a paper delivered by CSA Past President Ludlow 'Luddy' Stewart, himself a retired ship agent.

In his presentation, 'Building the CSA, Strengthening the Foundations', Mr Stewart said national shipping associations were the foundation of the CSA. He described them as the bedrock that gave the CSA stability and the energy that made the CSA grow.

"They are the bridge over which the CSA is able to promote and assist, at the local level, development of the

Caribbean shipping industry," said Mr Stewart.

Undoubtedly, it is in the best interests of the CSA and, indeed, all the peoples of the Caribbean that strong and viable national shipping associations should be developed and sustained.

The Caribbean needs solid, professional national shipping associations, able to initiate and support projects and programmes for new development, expansion and growth while protecting its membership and industry standards.

This was how the CSA got started in the first place. The initiatives of the Shipping Association of Jamaica in the 1960s had caught the attention of the shipping communities in a number of Caribbean territories. The free sharing of information between these shipping communities made it

evident that a permanent organisation of shipping interests across the Region would be a good thing. The formation of national shipping associations like the Shipping Association of Jamaica and the Shipping Association of Trinidad and Tobago, both in the 1930s, had therefore been encouraged by the architects of the CSA. The national shipping associations were the foundation on which the CSA was built.

However, as Mr Stewart noted, at the time when the industry should be working towards strengthening national shipping associations there had been a decline in these

efforts within the CSA.

In this regard, he recalled that the CSA's attempts to develop the national associations had failed when the National Associations Committee, formed in 2002, finally floundered.

"There is need at this time for the CSA to establish and maintain a programme to build, enhance, strengthen and develop national shipping associations so that, through these organisations, the CSA can further its work of Regional development".

The CSA Past President proposed that Group A, the 'home' of the national ship-

ping associations, should discuss the building and strengthening of national shipping associations in order to develop them into efficient, professional organisations capable of dealing with the demands and technologies of the 21st century.

National Associations Committee

In his response, the CSA President said the General Council would be looking to re-establish the National Associations Committee. This committee will provide a forum in which executive directors, managers and secretaries of national shipping associations will meet (as a Standing Committee of the CSA) to exchange information and help each other to upgrade and expand the services they offer to their members.

The National Associations Committee will look at common problems; current systems and procedures; and discuss collective strategies where this can help the local shipping industry to develop.

Meanwhile, most national shipping associations across the Caribbean are completing plans and drafting strategies for the year ahead.

**Group A (Ship Agents and Private Stevedores) is the CSA's oldest and largest group*



Puerto Rico Shipping Association faces a busy year

Celebrating its 38th anniversary this year, the Puerto Rico Shipping Association (PRSA) is expecting a heavy workload in the year ahead.

The Ports Tariffs and Land Lease Agreements will expire and the PRSA Tariffs Committee, chaired by Fernando L. Rivera (President of the CSA) will have the difficult task of starting negotiations with the Puerto Rico Port Authority (PRPA) at the beginning of the year.

Based on a Settlement Agreement signed in 1996, the PRPA must present its proposal one year before the current agreements expire and both parties have one year to negotiate and reach a final decision.

"It is our goal to increase the participation of the Puerto Rico Shipping Association members in the future events of the Caribbean Shipping Association"

The PRSA Safety & Security Committee, led by Janet Nieves, Safety & Security Director for Horizon Lines, has developed a Safety and Security Committee Activities programme for 2008. This programme, which includes training seminars on all aspects of security, will be discussed with the CSA to see if the wider Caribbean can benefit.

Joining Mrs Nieves on the Safety & Security Committee will be Salvador Menoyo, Risk Manager for Crowley Maritime, and Juan E. Ayala Rubio, Terminal Manager San Juan for Luis A. Ayala Colon Sucrs, Inc.

Also under the direction of Mrs Nieves, the PRSA and the Occupational Safety and Health Administration of the United States Department of Labor are setting up an Alliance Agreement to foster safer and more healthy US workplaces. OSHA will provide PRSA members with information, guidance

and access to training resources to help protect employees' health and safety.

The PRSA is negotiating a new collective bargaining agreement for breakbulk cargo with the UTM-ILA stevedoring unions covering all ports in Puerto Rico. The current contract has been extended until an agreement is reached, with the caveat of retroactive pay cover as far back as 1 October 2007.

The Labour Committee is chaired by Miguel Ayala, Senior Vice-President of Luis A. Ayala Colón Sucrs, Inc and consists of Mayra Villalón, General Manager,

Island Stevedoring; Donato Alvarez, Comptroller; Jim Freeman, General Manager, Inchcape Shipping; and Bruno Calenda, President, Cruise Plus.

The committee is working with the association's legal counsel, Antonio Cuevas-Delgado. In the year ahead, the PRSA will collaborate with the Puerto Rico Manufacturers' Association to reduce the cost of medical coverage. This is beneficial because of the association's large membership of 10,000 plus. The health plan includes 'major medical' to all PRSA members at a lesser cost with more benefits.

New technology

For the past three years Hernan F. Ayala-Rubio, President of the PRSA, has been promoting the acquisition of a crane simulator by the Labour Department of Puerto Rico. With the help of the Turabo University, the Pontifical Catholic Uni-



versity, DISUR and the Port of Ponce, the Labour Department will invest US\$ 700,000 in the new simulator.

This system is designed to simulate gantry cranes, mobile harbour cranes, rubber tyred gantries and construction cranes. It will enable a crane operator to train under 'real' scenarios without risk of injury or accidents. The emphasis will be on training new operators for San Juan and the Port of las Americas in Ponce, with future space to be provided for training other Caribbean Region crane operators.

The new US requirements for port security include the implementation in Puerto Rico of the Transportation Workers Identification Card (TWIC), which applies to all port authority employees, longshoremen, terminal employees, truck drivers, port suppliers and ship agents. Puerto Rico will introduce the TWIC in April. The card will have biometrics capability and will be issued after strict background checks. The card is expected to cost \$137 and will be valid for five years.

"Last but not least, it is our goal to increase the participation of the Puerto Rico Shipping Association members in the future events of the Caribbean Shipping Association," said PRSA President Hernan Ayala-Rubio. "This way we can continue to support the commerce between the CSA members and contribute to the strengthening of the CSA."



Shipping Association of Guyana to set up permanent training facility

The new executive of the Shipping Association of Guyana (SAG) is introducing internal programmes aimed at further institutional strengthening and capacity building.

The Association hopes to satisfy the current and future needs not only of its members but of other stakeholders and interests including the Guyana Maritime Authority, Customs and Trade Administration, the Ministry of Public Works and Communications, the Ministry of Tourism and Industry, the Ministry of Foreign Trade, the Private Sector Commission and the Caribbean Shipping Association as well as cargo interests and end users.

Stakeholders

In drawing up these plans, the Association has kept in mind the consideration of all stakeholders. It hopes to achieve the following objectives:

- To lead the process of skill development and training in the maritime sector. In order to achieve this, the association will set up mechanisms for the introducing of training and development policies and programmes for all players in the sector. This year will see the establishment of a permanent training facility under the auspices of the SAG to provide not only awareness training but also specialised train-

ing consistent with the international regulations and practices now and in the future.

- To consolidate and expand the Association's revenue base and pursue all available funding opportunities for the membership; to further develop the capacity to expand membership and increase income; and to engage the financial services market by developing new financing options for business development and investment in the shipping sector.

- To introduce a more appropriate database and information system for use by the industry, stakeholders and other interest groups. To create a user-friendly website and provide up-to-date information on all aspects of the Association's services and activities.

- A public communications campaign to improve SAG's public image. The Association intends to develop its leadership status in debates, development and policy issues with respect to maritime transport. A brainstorming session is planned early in 2008 to map out the PR campaign.

- To continue the institutional strengthening process using grant as well as internally generated funds, and to keep up the programme of continuous improvement, training and capacity building for the SAG.

- To arrange study tours to the Caribbean Shipping Association and other Regional associations to give executives a chance to look at their structure, management and operations.

- To lobby the Local Maritime Administration Department to become an authority in line with other associations in the Caribbean and in compliance with international regulations.

- To continue its efforts to set up

a demurrage and detention facility. This will satisfy the needs not only of our membership but also their principals and the wider shipping community.

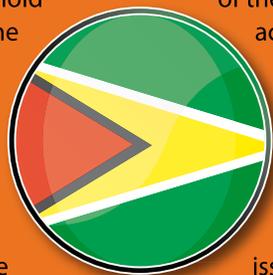
In the year ahead, the SAG will address those issues that have been left unfinished in the past year and put itself in a position to influence the direction of the shipping industry and enhance its image internationally. SAG will seek to promote international codes and regulations and to achieve more interaction with other shipping associations in the Region. As well as influencing Regional policies in shipping activities, SAG will be looking to influence government policies and programmes in relation to maritime transport and international trade. The association must join the world body of sister organisations so as to benefit from their development programmes.

Bulletin

The SAG intends to publish a monthly bulletin and a quarterly newsletter to disseminate data and information on industry issues, international developments, pending new legislation and other issues concerning the industry.

It is felt that, through the introduction of ISPS Codes, SAG can research and access opportunities in the IMO and the US Government through the Ministry of Foreign Affairs. In general, SAG is trying to establish industry-wide standards for improving port efficiency to meet market demands and to align ourselves with other countries within the Caribbean.

In the year ahead, the SAG will be looking at other recommendations. These include having the various rates in shipping regulated at the various wharves and shipping offices; and the establishment of common tariffs to discourage rate cutting.



Education and training of workers is key challenge for Shipping Association of Jamaica

The Shipping Association of Jamaica expects 2008 to be a challenging year for Jamaica, for the shipping industry and for the entire Caribbean Region.

In the course of this year the SAJ will continue its rigorous training and education programmes to ensure that the Port of Kingston continues to benefit from committed workers who are not only skilled but who understand their role and that of the port in an increasingly demanding and competitive global logistics business.

The SAJ supplies port labour in Kingston and has a force of 310 skilled workers.

As the port's business depends heavily on transshipment, the SAJ believes it is critical to educate its workforce to understand the significant roles they play in keeping vessels calling on Kingston.

Agents committee

Apart from its regular monthly meetings, a number of specialist meetings will be held to examine and discuss issues of sectoral, national and international importance. Last year, the presence of representatives from the Jamaica Customs Department at particular meetings proved immensely useful in addressing concerns and clarifying matters affecting SAJ members. Sub-committees have been set up to deal with issues of concern to agents including Customs, NVOCC issues, Customs brokers' issues and port community systems.

Trade agreements

In 2008 the SAJ will continue to track the developments in international trade and the various negotiations to which Jamaica was a party. The Association has been alerting its members to these developments and has arranged for them to take part in discussions. SAJ members have attended various meet-

ings of the Ministry of Foreign Affairs and Foreign Trade's Jamaica Trade and Adjustment Team (JTAT) as well as briefings and seminars to stimulate public dialogue and discussion.

For many, the main focus over the past year has been on the Caricom Single Market and Economy (CSME) following its implementation in all the Region's member states. While most elements of the Single Market have been put in place, there are still some elements that need to be addressed before the Single Market and its underpinning institutions are fully operational. It has been announced that the Single Economy, originally due to start in January 2008, will not, in fact, come into effect until 2015.

Among the most significant external trade agreements and negotiations last year was the Economic Partnership Agreement between the European Union and the countries of Cariforum (that is, Caricom plus the Dominican Republic) to replace the long-standing preferential arrangements under the Lomé and subsequent Cotonou Trade Agreements. As 2007 marked the fourth and last phase of these negotiations, with the agreement

In 2008 the SAJ will continue to track the developments in international trade and the various negotiations to which Jamaica was a party

set to come into force in January 2008, talks were held about the interests and concerns of maritime services stakeholders in the liberalisation of markets to the Europeans. Various positions were tabled through the Ministry of Foreign Affairs as well as representatives of the Caribbean Regional Negotiating Machinery (CRNM).

Significantly, regional negotiators have been given a mandate to being exploratory talks with the United States and Canada on free trade agreements



to replace the current Caribbean Basin Initiative (CBI) and Caribcan trade arrangements.

Private sector organisations

The SAJ will continue to raise its profile and relevance as a vibrant private sector organisation by intensifying its involvement with other organisations representing the private sector. In particular, as an executive member of the Private Sector Organisation of Jamaica (PSOJ), the SAJ joined a consultation last November with the Prime Minister and Government aimed at developing ways to move Jamaica forward. The SAJ has been

generally active in that body to ensure a strong voice for the shipping industry. The PSOJ monthly report also now has a section dealing with the priorities and issues of the shipping industry.

'Lunch and learn'

The SAJ will continue hosting its series of 'lunch and learn' seminars throughout 2008 with a range of experienced presenters speaking on various topics. These seminars have been well >



received and are anticipated as an opportunity for people to meet and swap ideas with other members of the industry.

Last year, the 'lunch and learn' series was started in Montego Bay. It was immensely successful and will be continued in 2008.

SAJ/CMI short courses

In the course of this year the SAJ and the Caribbean Maritime Institute (CMI) plan to deepen their areas of co-operation, following last year's successful launch of a series of short courses for industry professionals. The first course, 'Essential Principles of Commercial Shipping', led by Bertrand Smith, of the Maritime Authority of Jamaica, was held in April 2007 and was oversubscribed. More than 40 people took part in the two-day programme and received CMI/SAJ certificates for participation.

These courses are expected continue into 2008 with other topics including supply chain management and movement of hazardous waste.

Foreign language programme

The foreign language initiatives, begun in 2006, will continue this year as the SAJ prepares its membership for globalisation. Three groups of students were awarded certificates of participation in 12-week Spanish language courses taught by trained Spanish teachers. These classes were conducted at the offices of the shipping association at a subsidised rate for members of the industry.

CSA

As a founding member of the Caribbean Shipping Association, whose secretariat is housed at the SAJ's head offices in Kingston, the Shipping Association of Jamaica clearly recognises the importance of networking and regional integration.

A major contributor to the development of the CSA over its entire history, the SAJ has pledged to continue to support and participate in the programmes and activities of the CSA throughout 2008 and beyond.

SATT to be more inclusive; to expand membership

This promises to be an exciting and challenging year for the Shipping Association of Trinidad & Tobago (SATT) as it continues to implement its strategic plan in the following areas:

SATT restructure

In response to industry and other environmental changes, as well as its members' needs, the SATT will be accelerating its restructuring efforts. The aim is to ensure that all members enjoy the highest level of participation, recognition and representation. It is believed that this restructure will also help to make the SATT more inclusive and allow for an expanded membership base that represents all stakeholder segments within the country's maritime industry. Among the changes being considered is an Associate Member classification.

SATT lobby and advocacy

SATT is committed to institutional reform and transformation – in particular, Customs reform and port transformation. Given the significant role that these two institutions play in efficient trade, the Association will be looking to redouble its efforts to bring about these much needed changes. In the case of the port, there will be a major focus on congestion and labour productivity.

With regard to Customs & Excise, SATT will be looking closely at how this institution can move more progressively towards the World Customs Organization's framework of standards. Collaboration, rather than confrontation,

with all stake holders will be the approach.

In terms of industry growth, the SATT will be promoting a local content initiative that will seek to bring in legislation to ensure the fullest possible participation by nationals in maritime industry investment and expansion and offer the right incentives.

SATT linkages

The Maritime Industry Development Committee has the task of implementing the Strategic Plan and Maritime Industry and the SATT, as a member of this committee, will play a major role in guiding and facilitating this process.

SATT will continue to oversee many projects in 2008 including:

- A human resource needs analysis for the maritime industry
- Maritime clusters analysis and development.

In support of the implementation initiatives, the SATT is willing to act as interim secretariat for the committee's activities. A Memorandum of Understanding (MOU) will be signed in early 2008.

Another affiliation that puts the SATT at the forefront of maritime industry development – and by extension trade – is the National Transportation Facilitation Committee.

In 2008 the committee will continue to focus on:

- Reviewing questions of policy in relation to clearance formalities





Challenging year ahead for Shipping Association of Barbados

A year of challenges – but also plans for development – is faced by the Shipping Association of Barbados (SAB) as it enters its 28th year of existence.

There are plans to resume talks between the Caribbean Maritime Institute, the Shipping Association of Barbados, Barbados Port Inc and the Ministry of Education on the proposed alliance of the tertiary institutions so that Barbadian school leavers will have an opportunity for specialised training before they enter a career in the shipping industry.

Current employees in the shipping industry would also have an opportunity to undergo training in areas relevant to the industry such as marketing, customer services, diesel and electrical engineering, languages, etc. People working in the industry would also have an opportunity to receive further and advanced training in other aspects of shipping.

Before those discussion concluded, however, the SAB needs to conclude outstanding wage negotiations. The Association will be in partnership with Barbados Port Inc to discuss and conclude a new two-year agreement with the Barbados Workers' Union for the period 2007-2009. The start of these negotiations is already some months overdue.

The idea of setting up a local demurrage company was mooted a short while ago. However, these discussions were stalled and plans had to be shelved. It appears that some of the shipping lines currently serving Barbados are now looking to renew their efforts to set up such a company, possibly in the year ahead. In this regard,

the SAB is concerned that it should be included in the discussions. Both private sector and Government organisations will be made aware that these discussions would be better informed with inputs from the association.

Challenges

The capacity of the Port of Bridgetown remains a challenge. Bridgetown continues to be congested during the cruise ship season, from October to April. And with cruise ships growing in size, berthing more than one cargo ship at a time will present difficulties on many occasions.

Cargo volume could also be a concern given the state of world currency markets and the global economy. Trade and the flow of cargo could be affected by currency exchange rates and the weakening of the US dollar. The Barbados dollar is tied to the US dollar, which has been weakening against the British pound. Historically, the UK is one of Barbados's largest trading partners.



applied to international transport services

- Making recommendations for improving the flow of maritime traffic through local ports, competent authorities and other organisations concerned with the national facilitation programmes.

Occupational safety & health

As from January 2008, the SATT anticipates a strategic partnering with OSHA Services LLC, which has a mission to transform the national safety culture – an aim fully supported by the Association.

The SATT will work with OSHA to provide the SATT's member organisations with proven, cost-effective, systematic methods for implementing and complying with the requirements of the Trinidad OSHA.

Hosting the CSA Conference

The SATT is looking forward to hosting the CSA's 38th Annual General Meeting, Conference and Exhibition in October. The planning process, begun in 2007, will intensify in the first quarter of 2008 as the SATT obtains sponsorship commitments.



CSA fosters training and co-operation in cruise sector



By Jan Sierhuis, Chairman, CSA Cruise Committee

The positive mood in the cruise business is continuing and the industry is looking to the future once more with confidence.

Developments in the United States market indicate that the maturing 'baby boom' generation is willing to spend. The industry is reacting by building new ships that cater to their needs. But things also look bright outside the USA.

The high euro is shaking things up in Europe, where several markets are maturing and where high yields are attracting more and more cruise ships. China continues to hold promise for the future and it seems likely that, within the next five years, this market will start to develop.

Closer to home, Latin America seems to attract the attention of the cruise lines, both as a stable and attractive sailing region and as a source market. For the Caribbean, the industry's traditional cruising ground,

The cruise sector has left a period of uncertainty behind and is once again spreading its ships and its business risks over the globe

the message is that the cruise sector has left a period of uncertainty behind and is once again spreading its ships and its business risks over the globe. This offers both opportunities and threats to the Caribbean.

Opportunities

To start with the opportunities, both the Eastern and Western markets, particularly those within two days sailing of USA home ports, are preparing for the arrival of a new generation of ultra-large cruise ships. This is creating a new round of investments in Mexico and Central America, Jamaica, St Maarten, the Virgin Islands and elsewhere. The renewed confidence is also spreading to the Southern Caribbean, the more

vulnerable Caribbean region further away from the US mainland. Places like St Lucia, Grenada, the ABC islands (Aruba, Bonaire, Curaçao) and others have all announced plans to upgrade their existing infrastructure or create new infrastructure for the larger ships.

Several new Southern destinations are trying to place themselves on the cruise map, including Tobago and Santa Marta in Colombia. The emergence of a true 'Latin' cruise market spells opportunity for these destinations, as the Southern Caribbean is the natural cruising ground for markets like Colombia, Panama, Brazil, Chile and Argentina.

The industry is developing the products to place in this market, using as bases ports such as Colon (Panama), Cartagena (Colombia) and Aruba. The high exchange rate of the euro is also attracting Europeans back to the Caribbean and the industry is catering to this

market with new products, based mainly in places like Barbados, the Dominican Republic, Jamaica and Aruba.

In Europe, the British, German, Spanish and Italian markets are growing rapidly. Pullmantur Cruises, the Spanish operator purchased by Royal Caribbean last year, is starting with a new product to tap the French market, which has been lagging behind. In the Caribbean, this market will be served out of La Romana (Dominican Republic) sailing into the French Caribbean.

As always, there are also threats facing the Caribbean. Product wear-out is one of them. Luckily, this is one factor over which the destinations have some control. It seems advisable that



Caribbean cruise market is still growing and diversifying

co-ordinated efforts and policies are put in place to ensure that the current market growth is sustainable and that visitors have an experience that draws them back to the Caribbean.

Another threat is related to the summer season, when demand for the Caribbean traditionally soars and ships move away to markets with more demand and higher yields – now mainly in Europe, the Mediterranean and the Middle and Far East. Competition in the summer is fierce and will increase further as efforts are made to extend the season in the Mediterranean and other destinations.

The widening of the Panama Canal will allow more and larger ships to move to summer markets and the cruise industry is already looking into this. At the same time, of course, this will lead to construction of a new generation of yet larger cruise ships. Ports and destinations planning for new infrastructure had better start looking to the period after the widening of the Canal. These threats, both real and perceived, to the Caribbean are leading to a sense of urgency. Finally, the Caribbean is starting to realise that the industry is truly turning global and that the Region can no longer rest on its laurels. After the initial reactions of denial and threats, the region finally seems to be

gearing up for more co-operation in terms of how the product is developed and marketed.

The Caribbean Shipping Association (CSA) took note of this need some years ago and responded by creating a cruise platform to bring these issues to the table. With this, the CSA intends to contribute to the development of regional training and co-operation in this sector. Our next forum for discussion will be this year, on May 21, in St Maarten, where the CSA will organise its first separate one-day cruise seminar in the fastest growing destination of the Caribbean.

Future trends

On that day, we will focus on future trends and the Caribbean agenda for co-operation in ensuring that our product remains competitive. The seminar will be followed by a two-day cruise training workshop focusing on all elements relevant to Caribbean destinations and service providers. The seminar and training workshop are organised in co-operation with our partners and are open to members and non-members of the CSA in an effort to broaden the participation base and scope of the event. This is a new CSA event not to be missed in the year ahead.

I would like to end on a positive note.



The market is growing and diversifying and this in itself offers opportunities for the Caribbean. There is a growing awareness of the need for more co-operation to keep the product fresh and attractive. The CSA recognises this and will continue to offer a platform to foster such co-operation. I am confident that, with the aid of our industry and regional partners, we will succeed in securing sustainable growth for our region well into the next decade. I invite you to participate and share your thoughts and insights with us. 



Caricom Single Market and Economy

Are we ready? And what does it mean for Caribbean shipping?



By **Sacha Vacciana**,
Shipping Association
of Jamaica

The Caricom Single Market and Economy (CSME) has been a topic for discussion for some time but questions still persist. Why the CSME? Why me? Why now? Why bother?

For the maritime transport community, the questions seem more pertinent. After all, trade has been taking place globally for centuries without the shipping fraternity having to give much thought to the current catchphrases of 'integration', 'harmonisation' and 'free movement'. The Ansa McAls, the Grace Kennedys and

the Goddard Industries are exemplary Caribbean businesses, trading and expanding, circulating personnel, becoming household names region-wide, apparently with or without the facilitation of ambitious machinations like CSME.

After all, shipping just happens naturally, doesn't it? It is simply a question of supply and demand economics, right? Why don't we just get on with the business of shipping as usual? It is easy to feel that shipping is to industry and commerce what water is to life, so why bother? It's full speed ahead, right?

Wrong. The CSME is important for us all, at individual, corporate and industry levels. For the Caribbean Shipping Association (CSA), an appreciation of this is critical if it hopes to maintain its relevance as an organisation.

Why the CSME?

With an uninspiring history of attempts at integration, the question of 'Why the CSME?' seems justified. Among its primary objectives are:

- full employment of

all the factors of production within a region with a cumulative population of some 6 million (with Haiti, 14 million)

- improved standards of living
- accelerated, co-ordinated and sustained economic development for the whole region
- increased intra-Caribbean trade
- better opportunities for businesses to penetrate third country markets
- increased economic leverage and effectiveness *vis-à-vis* third party states.

The Single Market, which began in 2005/2006, seeks to create a seamless economic space. This will be facilitated by the removal of restrictions (legislation or restrictive administrative practices), the free movement of goods and services, capital, labour and the right to establishment.

Proponents of the CSME believe the creation of a Single Market and economic space will enhance the region's ability to face the obstacles of globalisation and increasing liberalisation of trade. The CSME is expected to provide the

The CSME will involve the harmonisation of investment and incentives, create competitive services and in many ways will be the Region's dress rehearsal for globalisation





region with a unique opportunity to prepare for more efficient and competitive production and trade within a wider global environment, while capitalising on synergies for production and trade within our own commercial market. In many ways, it is the region's dress rehearsal for globalisation!

As lofty as these ideals may be, Caricom has advanced in its implementation of the first component. Admittedly there are important outstanding issues, including the implementation of the Regional Development Fund, which was instituted as a key element in complementing the establishment and implementation of the Single Market by providing financial and technical assistance to disadvantaged countries, sectors and regions of the community. Issues relating to electronic commerce, free circulation of third party goods, the treatment of goods in free zones and similar jurisdictions as well as contingent rights are outstanding, but form part of a built-in agenda for further negotiations.

The Single Economy, for its part, is scheduled for 2015, a change from the initial target date of 2008. Admittedly, a more complex system to put in place, the Single Economy will involve the harmonisation and co-ordination of various policies – including investment and incentives – and convergence in monetary, fiscal and economic policy. Among these will be the introduction of a single currency with a single currency

authority. Ultimately, the Single Economy is expected to be the final stage of monetary union for Caricom.

Why is it crucial for us?

There is no denying that the geography and size of the Caribbean territories put us at a disadvantage in terms of global trade. There are well known handicaps such as trade imbalances, high distribution and transshipment charges, diseconomies of scale when negotiating freight rates with shipping conferences, lack of reliable and regular shipping services and general inefficiencies in port operations.

Our scattered geography places more emphasis on air and maritime transport in deepening our integration process and shipping remains our major mode of supply for international trade. In fact, ocean transport is crucial for the competitiveness of Caribbean countries to enhance the economy and improve the standard of living and quality of life of our people.

Participation in the global economy is conditional upon a functioning maritime transport system. Inadequate transport will undoubtedly reduce our piece of the global pie by thwarting our efforts to expand and diversify our trade as well as the competitiveness of our firms.

While the global trend in costs is downward, the high cost of providing maritime services in the Caribbean inhibits growth and development of the sector. The cost of transport services

is increasingly important for the competitiveness, development and economic integration of the Caribbean. Inefficient transport hampers trade and the development of non-maritime industries and services.

The Caribbean trade is small in value and volume, rendering it unattractive in terms of a reasonable return on investment. Most fleets are small and relatively aged. Where there is a capacity for vessel employment, particularly in the larger islands such as Jamaica and Trinidad & Tobago, it is in highly specialised sectors. Additionally, most economies continue to export traditional goods and raw materials for which the world value continues to decline, creating an imbalance between import and export cargo in most territories.

Maritime services in the Caricom framework

Caricom has recognised the importance of shipping and has made provision for the transport sector and its role in the deepening economic integration process.

Article 140 of the Revised Treaty provides for, among other things:

- Promotion of sustainable development within the shipping sector
- Establishment of a regime of incentives to encourage the development of shipping services to the Community
- Improvements and rationalisation of regional port facilities
- Promotion of joint ventures among Community nationals >

- In partnership with extra-regional shipping enterprises, to facilitate the transfer of technology, the harmonisation of training programmes to strengthen the capabilities of regional training institutions and the setting up of efficient port and cargo handling systems to reduce transport costs.

As if to reinforce its importance, Chapter VI of the Revised Treaty provides for a Community Transport Policy by providing the right conditions for the orderly development of air and maritime transport sub-sectors as well as setting out a Community Transport Policy to provide adequate, safe and internationally competitive transport services for the development and consolidation of the Single Market and Economy in Caricom. Article 8 zooms in on maritime services specifically and makes special provisions for the sector.

Tradition of region-wide restrictions in maritime services

Notwithstanding this obvious recognition of the importance of the maritime sector and the commitment of countries to removing restrictive practices and administrative regulations, there are still region-wide restrictions on maritime and auxiliary services to varying degrees across the member states. Among these are restrictions on the nationality of seamen, officers and pilots – for example, in Barbados, Belize, Guyana, Jamaica, Suriname and Trinidad & Tobago. Others require work permits for vessel crews, shipping

agency and Customs brokerage services – for example, in Belize, Guyana and Suriname.

Dominica, St Lucia, and St Vincent & the Grenadines have discriminatory licensing requirements for foreign vessels, pilots and crews. Suriname continues to maintain a closed ship registry, while pilotage and berthing services exclude foreigners in Belize, Grenada, St Lucia and Jamaica.

Legislative provisions such as the Alien Restrictions Act in Antigua & Barbuda speak to the nationality requirements of ship masters in that country. Barbados has an Aliens Act that restricts the nationality of those able to procure a pilotage licence. Jamaica, under its Customs Act 1955, holds a residency and work permit requirement for Customs brokers.

Clearly, there is still work to be done in order to remove the last vestiges of separation in what is supposed to be a seamless maritime space. Notwithstanding the outstanding legislative action by some member states, Caricom has renewed its efforts to advance the issue of transport infrastructure development. And, indeed, it is a propitious time for the maritime industry in the context of regional economic integration.

Renewed focus on maritime services within Caricom

In May 2007 the Council for Trade and Economic Development (Coted) met to discuss the issue of regional transport. Among its decisions were:

(1) To establish a Commu-

nity Transport Policy

(2) To establish a single market for maritime transport services, including the granting of cabotage rights to nationals of other member states

(3) To develop and carry out programmes to improve the efficiency of seaports

(4) To promotion and develop trans-Caribbean maritime routes as well as under-served routes within the Community by means of incentives.

Potential opportunities in the CSME

The CSME supports an integrated maritime policy to explore opportunities in joint ventures in port development that will be facilitated by the freer movement of capital. More experienced countries can export their port management services under the free movement of labour and skills.

With these rights and freedoms in place, Caricom businesses can set up sub-hubs, feeder and ferry services in less geographically competitive territories (for example, the Organisation of Eastern Caribbean States). Those territories disadvantaged in maritime services by their landlocked locations – for example, Belize, Guyana and Suriname – also have opportunities to capitalise on a good transport infrastructure to offer their landlocked neighbours overland access to the sea.

With all the synergies afforded by the single economic space, the development of logistics and multimodal transport, key

determinants of competitiveness in international commerce, would also increase the speed of intra-Caribbean shipments and make sourcing within the region more attractive for importers. It also enhances the ability of regional producers to meet rules-of-origin criteria for third party export markets in a more effective and expeditious manner.

One of the key benefits of the CSME is the harnessing of the factors of production, not least of which is the supply of labour. The sustainable provision of labour to work the industry is crucial for shipping and will undoubtedly facilitate the movement of the skills pools necessary to the trade such as stevedoring and piloting. The Caribbean ranks low, globally and among developing countries, in the supply of seafarers. As a region with a relatively high literacy level and the added advantage of being mainly English speaking – the language of trade and shipping – there is an untapped opportunity to supply manpower.

But are we ready?

All these are opportunities, but are we ready as an industry to seize them? Unfortunately, there are several things the industry needs to ‘fast track’ now if it is to catch the ship before it sails.

Lobbying will be crucial for industry players like the CSA. They need to lobby for:

- (1) Immediate action on an integrated Caricom Regional Transport Policy to generate growth, jobs and sustainability
- (2) Regional incentives to

promote the development of regionally owned shipping

(3) Harmonisation of shipping legislation

(4) Policies that give more favourable treatment to CSME services and less favourable treatment to non-CSME competing services

(5) Free movement of skilled people (categories to include marine pilots and seafarers)

(6) A change in local cabotage laws to allow Caricom-owned lines to benefit from equal treatment and access to cargo

(7) Removal of remaining restrictive legislative and administrative practices.

The shipping community must be at the table to advance these positions. Business people must tell negotiators and governments specifically what to negotiate on their behalf in order to foster the growth of the industry. We must engage the Caricom machinery and others, including our national government ministries.

It is only with a spirit of co-operation and exchange that we can succeed. We must overcome the 'enemy within' syndrome. We must see our Caribbean counterparts as partners. The CSA must gather, exchange and disseminate information for policy-makers to garner relevant industry data and develop strategies for the sector, thus raising the profile of the industry and its contribution to the region.

Can the CSME help us?

With all this lobbying and engaging, one may still ask: can the CSME do us any good?

While the CSME is not a panacea for the region's ills, we have several things to guide us in the consideration of this question. First, our own assessment of markets. Undoubtedly, a larger market benefits those who trade in it. Second, there is the experience of other organisations, notably the European Union, which has provided immense benefits for most Europeans.

To give a balanced view,

one can look at the British, arguably the biggest naysayers on European integration. "The EU has brought benefits in many areas, though certainly there are other areas where the UK government would like to see improvements...The market has created more competitive services, greater choice and lower prices, supporting wealth and job creation...It has lowered business costs and opened new opportunities...When the whole of Europe speaks with one voice, we have more clout on the world stage...We are stronger in trade negotiations if we negotiate as one economic bloc." [Source: www.fco.gov.uk]

According to the Irish Regional Office: "The European Union's regional policy, through the Structural Funds, has played an important part in the transformation of the Irish economy, in particular by bringing about

the rapid convergence of Irish living standards to EU levels during the 1990s. Ireland was poor in 1973. It had high unemployment, low levels of income and high levels of emigration. In statistical terms, it had an average income per head at 62 per cent of the EU average. Ireland's economic growth was the result of a combination of many factors: billions of euros of EU funding over 33 years,

that transport infrastructure is an important driver of future economic prosperity and social well-being will make the CSME and any other valiant efforts at integration meaningless.

In its Vision 2020 statement, the Community of European Shipyards Association says: "The history of civilisation and of commerce cannot be separated from that of waterborne transport."

Failure to recognise that transport infrastructure is an important driver of future economic prosperity and social well-being will make the CSME and any other valiant efforts at integration meaningless

a single European market established between the EU members, the encouragement of free and fair competition between EU countries, unrestricted trade between EU member countries using common rules, a large and growing market of consumers as the EU enlarged and more countries joined..."

While the CSME is not the panacea, a wholesale superimposition of the EU approach to integration on our region is certainly not a cure-all either. However, there is much to be learned from their experience.

Conclusion

While some countries have made strides, the Caribbean region as a whole has failed to anticipate the speed of the global production shift and neglected to build sufficient region-wide transport infrastructure to cope. Collectively we have been left behind. Failure to recognise

This statement, though seemingly pedestrian, is true. As we seek to create our own regional history with the implementation of the CSME, I contend that this cannot and, indeed, should not be without the critical input and contribution of the maritime sector.

It is only through the engagement of industry players that this statement will hold true for our Caribbean future. We must ensure that our anchor holds firm and deep in the billows of globalisation and increased trade liberalisation to ensure a lasting and sustainable foothold into the global economy, carried by the maritime transport sector. 

- From a paper presented at the 37th annual conference of the CSA in Santo Domingo, Dominican Republic



Work under way on

Panama Canal

EXPANSION

With dredging of the Pacific entrance due to start in the first quarter of this year, the Panama Canal Authority (ACP) will be inviting bids for the contract to design and build the locks.

Dredging of Gatun Lake and the Gaillard Cut will also commence in this year and the ACP workforce will complete that project to guarantee no disruptions in Canal traffic.

The ACP is currently drawing up solicitation packages and reviewing bids and awarding contracts related to the expansion project.

As part of the project, the Atlantic and Pacific entrances will be widened and deepened, as will the navigational channel at Gatun Lake. One lock complex will be located on the Pacific side, south-west of the existing Miraflores Locks. The other will be located east of the existing Gatun Locks.

Waterway awaits enlargement

It was on 22 October 2006 that the people of Panama overwhelmingly approved the expansion of the Canal. The project involves creating a third lane of traffic along the waterway by building a new set of locks. This will allow wider and larger ships to transit and will double the Canal's capacity to over 600 million Panama Canal tons per year.

In sum, the expansion programme includes:

- Deepening of the Pacific and Atlantic entrances of the Canal
- Deepening and widening of the navigational channels of Gatun Lake and deepening of the Gaillard (Culebra) Cut
- Construction of new locks and water-saving basins in the Atlantic and Pacific
- Raising Gatun Lake to its maximum operational level.

The new locks will allow the passage of vessels with a breadth of 49 metres (160 ft), an overall length of 366 metres



Location of new locks



(1,200 ft) and a draught of 15 metres (50 ft) with a maximum capacity of 170,000 dwt or 12,000 teu.

Water saving

Environmentally sound water-saving basins will be built alongside the new locks. These will re-use 60 per cent of the water in each transit, preserving the freshwater resources along the waterway. The ACP is a signatory of the UN's Global Compact and all construction work is being carried out in accordance with the highest environmental standards and principles. Because all construction sites are outside the existing channels and operating areas, the expansion work will not interrupt traffic and no existing lanes will be closed. Transit delays are not anticipated.

The ACP has brought in consultants on financial, legal and environmental matters and project management to

ensure that the project is carried out effectively.

- Japan's highly regarded Mizuho Corporate Bank Ltd is providing advisory services that include reviewing the financial aspects of the ACP's master plan and expansion proposal; providing strategic advice on financing structures and strategies; and creating and implementing an integrated financial model.

- Shearman & Sterling LLP, a market leader in infrastructure financing, is the international legal adviser for the financing needs of the project. They are working closely with the ACP and Mizuho Corporate Bank to determine the most advantageous financing options for the project.

- The Canal Authority received a seal of approval from the National Environmental Authority of Panama for the environmental impact study on the

construction of the third set of locks. The study analysed baseline information and extensive data obtained by the ACP, identifying and evaluating potential impacts and drawing up a community participation plan and an environmental management plan. These findings will be included in the specifications package for the new locks.

- The Canal Authority has also contracted the services of CH2M Hill, a leading international programme management company, which is assisting with the management of various contracts, including the design and construction of the two post-panamax lock structures. CH2M Hill is designing and implementing a state-of-the-art project management information system that will help manage and monitor all aspects of the project.

Expansion work began in September when 32,000 lb of explosives were >



used to remove the top of Paraiso Hill on the west lane of the Canal. Constructora Urbana, S.A. (CUSA), a Panamanian company with a lot of experience in civil construction, was awarded the

The second dry excavation contract, worth nearly \$25.5 million, was awarded in late November to CILSA-Minera María. A joint venture between Panama and Mexico-based firms, the



The Canal expansion project has become a magnet for investment in Panama, leading to a big growth in logistics and transport

first of the five dry excavation projects. CUSA is doing part of the dry excavation work for the access channel that will link the new Pacific Locks with the Gaillard Cut. It will remove 7.3 million cubic metres of material on the west side of the Canal. This work accounts for about 16 per cent of the total excavation for the new Pacific Locks access channel.

consortium is made up of two companies, Cilsa and Minera María, both of which offer resources and expertise in the engineering, transport, construction, water and energy sectors.

Infrastructure

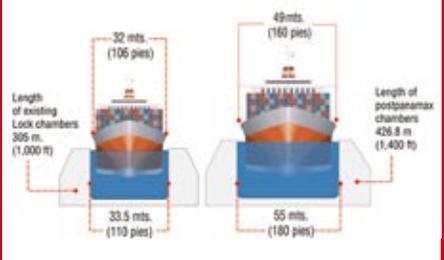
The ACP continues to improve its infrastructure and review its operational procedures to add capacity in the short and medium term. These improvements include replacement of the entire locomotive fleet; replacement of 53,000 ft of locomotive tow track; acquisition of new tugs; changes to the lighting system of the locks to extend daylight hours; tie-up stations that allow the ACP to pre-position vessels during lane outages and periods of high-traffic demand; a relay operation for panamax vessels of 900 ft in length that maximises the use of the locks by handling two vessels simultaneously; and the addition of booking slots to allow shippers and carriers to secure transits on their preferred day.



The Canal expansion project has become a magnet for investment in Panama, leading to a big growth in logistics and transport. Panama now claims to have the best connectivity in Latin America.

The Canal expansion proceeds according to schedule and is on track to meet its 2014 target for the inauguration date of the new locks – to coincide with the Canal's 100th anniversary. 

Lock: Existing vs. postpanamax



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Bigger ships, bigger ports in the Caribbean and Latin America?



Søren Jakobsen, Vice President Latin America for APM terminals, is in no doubt that bigger vessels will have a significant impact on the Caribbean.

In his presentation at the TOC Americas in Panama on November 6 he was very clear about this:

- Will bigger vessels give the Caribbean-Latin American region new opportunities or will they sail pass our shores without being handled in our ports?
- What are the main drivers behind bigger vessel size?
- Are specific actions needed by terminals or governments to make use of opportunities?

“Seaborne container movements will continue to grow and are likely to exceed 140 million teu in 2010. Most regions will experience double-digit growth figures and this is expected also for the Caribbean and Latin America. Trade growth is an important driver for bigger vessel size. >





"We have seen ship sizes grow in the last 15 years. Average ship size is now roughly 3,000 teu, clearly being driven by trade growth and economies of scale. Ten years ago the average size was below 2,000 teu," said Mr Jakobsen.

Cost difference

"Understanding economies of scale is important as it is another very important driver of bigger ship size. The difference in slot costs between, for example, a 5,000 teu vessel and a 10,000 teu vessel is roughly 20 to 30 per

cent depending on the services. This means many millions of dollars saved on a specific string."

This important factor has also been mentioned by Robert Bosman, Senior Manager Business Development Latin America for APM Terminals, in his presentation at the CSA's 37th annual conference in Santo Domingo in October. In this respect, Mr Bosman mentioned the effects of widening of the Panama

Canal, facilitating bigger ships, thus leading to lower slot costs.

More Than Double The Capacity

As regards the bigger vessels, Mr Jakobsen said: "Today there are seven vessels above 10,000 teu in operation. But there are 182 vessels bigger than 10,000 teu on order. The impact of this will be tremendous."

"Another fact is that many ports lack ability and facilities to handle vessels deployed today. Imagine what the effects will be for the future"

Canal, facilitating bigger ships, thus leading to lower slot costs.

"The trend of bigger ships will continue," he said. "In the global order book of September 2007 we see 1,433 ships on order with a total capacity of 6.5 million teu. The average ship on order is 4,500 teu. We see a significant percentage of bigger vessels in the order book of 10,000-plus teu ships."

"As an example, the Far East-Europe trade today has 32 strings averaging 7,100 teu. In 2012 the above-mentioned order book will add 22 strings of average 12,500 teu. Just those ships will more than double the capacity. And the order book for the 6,000 to 10,000 teu range shows similar patterns."

Next to decreasing slot costs, Mr Jakobsen mentions some other factors



Ship-to-shore gantries

APM Terminals'
Robert Bosman



“In the global order book of September 2007 we see 1,433 ships on order with a total capacity of 6.5 million teu”

to consider for the Latin American/Caribbean region.

Regional considerations

“The Panama Canal is now utilised around 90 per cent of capacity. What will happen when capacity is reached in 2008? One line already deployed post panamax vessels from Far East to Mexico/Panama, changing the competitive environment. When will the other lines be forced to follow?”

“Another fact is that many ports lack ability and facilities to handle vessels deployed today. Imagine what the effects will be for the future.”

Regarding ship deployment, Mr Jakobsen mentioned an interesting possible development:

“New services from Asia to US East Coast via Suez – instead of via

the Panama Canal – will not affect Latin America. However, the distance between, for example, Singapore and Charleston via Suez is 10,600 nautical miles. The same stretch via Cape of Good Hope is 12,500 miles, or just two to three days longer doing 23 knots. If bunker price, overcapacity or other factors – such as transit costs – cause carriers to make such strings, the ships will pass right by the East Coast South America and Caribbean, potentially changing dramatically the service deployment patterns for the Caribbean area.

“If we focus on the ports in Latin America and the Caribbean, with the above in mind, there are urgent capacity issues that need to be addressed in most countries. What can be done?”

“First, we have to realise that the changes we will see in the coming five to 10 years will exceed those of the past five to 10 years – and our imagination,” said Mr Jakobsen. “Some countries, for instance Panama, just to mention one, have facilitated privatisation and port developments. Other countries have been evaluating and discussing, but no concrete development has taken place. Action is needed now, since it takes years to develop and build the facilities required.”

Another important issue was red tape, he said. “The process of obtaining permits, licences, etc can take

years. In Brazil eight to 10 years is not uncommon. In shipping terms this is more than a lifetime. This has to be improved.”

Mr Jakobsen summarised his presentation by arguing that cascading of larger vessels from main east-west trades was not triggered only by surplus capacity elsewhere but also by economies of scale, trade growth and perhaps completely new deployment patterns.

“Many ports in Latin America currently lack the water depth and infrastructure to handle large ships efficiently,” he said. “With the expected acceleration of larger vessels entering Latin America trades, we will see few winners and more losers among ports. Requirements for transshipment to the ‘will be’ secondary ports will mean new opportunities for ports with the right location, infrastructure and water depth.”

“It is to be observed that many governments are not addressing the lack of capacity and sufficient infrastructure today and the need to prepare for the [near] future. Private operators are ready, willing and able to invest. However, the governments and port authorities need to progress privatisation plans for existing facilities and support new projects to deliver necessary and efficient port capacity, which will in turn stimulate further economic development.” 





One in four of world's fleet now registered in CSA countries

By Eric Deans

Over a quarter of the world's tonnage is registered in countries represented by the Caribbean Shipping Association. Eric Deans looks at ship registration in the Region, its history, the CSA's global impact and prospects for additional maritime endeavours

In its simplest definition, ship registration is the process by which a vessel is formally identified with a particular state. The ship is thereby given a nationality.

Ship registration is guided by the following conditions.

An unregistered ship has:
- No guarantee of security. Under international law, a 'stateless ship' has no nationality and therefore has no guarantee of security when operating on the high seas.

- Cannot engage in lawful trade. Recognition of a vessel for entry into and clearance for exit from a port are based solely on her nationality. A 'stateless vessel' therefore cannot engage in lawful trade within or between ports as she would be denied entry and exit – or detained.

- No diplomatic protection. Registration entitles a vessel to diplomatic protection or consular assistance from the flag state. It gives her the right to engage in certain activities within the territorial waters of the state.

In times of war, it serves to determine the application of 'rules of war' and neutrality. Registration also serves as the basis for any claim for naval protection from the state.

Open registry: how it all started

All countries operate registers that are structured primarily for their national interests. However, the first open registry, where a country registered ships owned by foreigners, was that of Panama, currently the world's largest ship registry.

The practice of reflagging ships – that is, changing from the domestic flag to an open registry – grew in popularity between 1920 and 1933, the time of Prohibition in the United States, when American 'rum runners' carried illegal alcohol under the Panamanian flag.

In 1948, in a bid to diversify its options, the US helped Liberia create its open registry, now the second-largest open registry in the world. The Liberian registry attracted US oil companies and Greek shipowners who sought to avoid high labour costs. The success of Liberia's registry encouraged the opening of other registries, which created competition. Some notable examples are Bahamas (the world's third-



The Bahamas-registered 'Voyager of the Seas'



largest registry), Antigua & Barbuda and St Vincent & the Grenadines.

Benefits of registries

In addition to the nationality benefits, ship registries usually offer a mix of incentives to attract potential vessels to their register. Registries competing in a global market are successful only where the specific needs of shipowners are met.

In this market, the registry

that best identifies and anticipates the needs of the owner and is able to provide incentives to fill that need have the competitive edge.

A shipowner may choose to register a vessel in a foreign country because this offers opportunities for reduced operating costs or avoiding excessive tax. The attraction may otherwise be a registry country's infrastructure, such as a world-wide network of consulates.

Whatever the reason, it

must be recognised that, under conventions of international law, the country of registration determines the source of law to be applied in admiralty cases, regardless of which court has personal jurisdiction over the parties.

CSA's sphere of influence

According to the UNCTAD Review of Maritime Transport in 2004, about 45 per cent of the world's tonnage of merchant ships was registered in countries with open registries – that is, 404 million dwt of a total of 895 million dwt. Some reasons for this are avoidance of heavy taxes; availability of crews of their choice from lower-wage countries; and an overall reduction in operational costs.

Countries in the geographical region represented by the CSA accounted for over 240 million dwt. In other words, 27 per cent of the world's ton-

nage is registered within the CSA's sphere of influence.

Member countries of the CSA can further leverage their substantial involvement in global shipping. From a registration perspective, this involvement centres on safety and legal matters related to the vessels. Tremendous scope exists in the provision of



other services such as ship finance, marine insurance, ship management and ship ownership.

The example has been set by countries such as Singapore, Malta, Cyprus and Bermuda – small countries with a significant impact on the world's maritime industry. The CSA could study these examples to see how development may be encouraged and facilitated through knowledge and adaptation. 



Eric E. Deans is Registrar General of the Maritime Authority of Jamaica

Major Open Registers

Flag	Number of Vessels	Gross Registered Tons
Panama	6,173	104,295,002
Singapore	1,737	21,554,230
Liberia	1,726	59,466,907
Belize	1,593	2,465,019
Cyprus	1,581	23,478,126
Malta	1,550	26,980,296
Honduras	1,525	1,217,031
St Vincent	1,435	7,846,440
Bahamas	1,316	28,657,166
Norway (NIS)	744	19,694,358
Antigua & Barbuda	638	3,465,336
Denmark (DIS)	475	5,333,928
Hong Kong, China	432	6,752,344



CSA in joint venture with Puerto Rican university

On 8 October 2007 the Caribbean Shipping Association signed a Memorandum of Collaboration with the Pontifical University of Puerto Rico.

This ceremony, at the university campus in Puerto Rico, brought to fruition plans announced by the CSA President Fernando Rivera in May 2007 to expand the CSA's training activities and to initiate discussions with the Puerto Rican university to provide Caribbean nationals with higher education in shipping.

The full text of the memorandum is as follows:

Memorandum of Collaboration between the Pontifical Catholic University of Puerto Rico and the Caribbean Shipping Association

The Pontifical Catholic University of Puerto Rico – The University – represented by its President, Prof Marcelina Vélez de Santiago, and the Caribbean Shipping Association – The Association – represented by its President, Mr Fernando Rivera, establish this Memorandum of Collaboration

(MOC). Both parties agree upon the following terms and conditions:

1. To establish an alliance with the College of Business Administration of The University to foster education in maritime areas and components.

2. To establish academic and continuing education courses for members and associates of The Association in areas such as, but not limited to:

- a. Port safety
- b. Port security
- c. Port management
- d. Logistics and transport
- e. Free trade zones
- f. International law
- g. Maritime law
- h. Maritime and port procedures
- i. Coast guard requirements
- j. Other topics agreed upon.

3. The courses – academic or continuing education – will be co-ordinated between The Association and The University.

4. These courses may be offered in the traditional manner or by electronic means.

5. Among the programmes in which members of The Association may be enrolled are:

- a. Bachelor of Business Administration with a major

in international business and logistics

- b. Professional Certificate
- c. Master of Business Administration with a specialisation.

6. The Association will be responsible for:

- a. Appointing a programme co-ordinator who will respond to both parties, under the supervision of the Dean of Business

- b. Promoting the MOC among its members and affiliates

- c. Promoting the courses and programmes offered to The Association by the University

- d. Identifying and supplying the facilities for the courses to be offered in the San Juan metropolitan area as well as in Caribbean islands

- e. Having at least 15 members registered in each course. [To be amended]

- f. Each member of The Association will be responsible for transport, room, board, registration and all expenses related to the course(s).

7. The University will be responsible for:

- a. Appointing a programme co-ordinator who will respond to both parties, under the supervision of the Dean of Business.

- b. Organising the academic and continuing education courses in accordance



Marcelina Vélez de Santiago, President of the Pontifical Catholic University of Puerto Rico and CSA President, Fernando Rivera - a ceremonial handshake, symbolising the start of collaboration between the university and the CSA on 8 October 2007

CMI expands to Eastern Caribbean

with The Association.

c. Processing the students' admission applications as well as readmission and student aid, if applicable.

d. Contracting faculty, payroll, facilities and all materials related to the courses.

e. Notifying the students of grades and academic standing.

f. Granting the participation certificate, professional certificate or academic degree accordingly.

g. The commencement ceremony will be held in Ponce on the same date as The University's graduation ceremony.

h. All the regular administrative activities performed by The University.

This MOC will be effective for two years immediately after it has been signed by both parties, and can be extended automatically and indefinitely for two-year periods.

This MOC can be cancelled by any of two parties with a written communication 30 labour days prior to the termination date.

On this eighth day of October of the year 2007 in Ponce, Puerto Rico. 

Marcelina Vélez de Santiago,
PCUPR President

Fernando Rivera,
CSA President

The Caribbean, which once enjoyed doing business at its own comfortable pace, is now compelled to fast-track its operations in response to the unavoidable forces of globalisation.

The top two Caribbean ports are managed by global terminal operators – Kingston Container Terminal by APM Terminals and Freeport Bahamas by Hutchison Port Holdings – and many Caribbean countries have experienced a decline in the number of local shipping agencies. A high degree of consolidation and the opening up of direct line-owned offices are replacing small local shipping agencies. These are just confirmation that the industry is changing.

In 2008, as greater consolidation continues in the shipping industry, small lines will be taken over by global lines through mergers and take-overs. This will have a ripple effect on the Caribbean in that traditional liner agencies will be without lines, thereby forcing them to reinvent themselves or exit the market. Many traditional liner agencies have been converted into non-vessel operating common carriers (NVOCCs). Companies have taken on more value added services. The reality is that forces are now being dictated by the customer and not by the lines.

It is estimated that 60 per cent of the container-

ised cargo moving east and west are under the control of NVOCCs. Many shipping lines are providing the basic ocean transport services, while the intermediary groups are taking on more of the logistics and supply chain functions.

In addition to global changes, the rise in oil prices is affecting the operational cost of shipping lines. The impact of higher insurance cost and fluctuating steel prices affect the building of ships. All of these will have a negative impact on the charter rates of ships, which will continue to rise. Security issues will continue to be a major concern.

Overall, 2008 will be another record year for the shipping industry. There will, however, be some changes in the country-to-country mix as the shift from the United States to Asia will be more evident in the figures of 2008.

Impact

How does this impact the Caribbean Maritime Institute (CMI)?

CMI seeks to redefine itself as an organism rather than an organisation through the adoption of the Blue Ocean strategy, as we become more market responsive. The year ahead will see expansion to the Eastern Caribbean through CMI's own distance education system (CMI Onclass). This is in addition to the five bachelors degrees in



By Fritz Pinnock,
Executive Director,
Caribbean Maritime
Institute

International Shipping; Port Management; Logistics and Supply Chain Management; Cruise Shipping and Tourism Management; and Industrial Systems Operation and Maintenance offered in Jamaica.

CMI also anticipates the launch of a Master's degree in collaboration with an ivy league European university.

In the year ahead, the CMI plans a 100 per cent increase in enrolment as it expands its core seafaring courses in an attempt to meet the projected shortage of over 10,000 officers globally. A new range of short and customised courses will be delivered regionally in collaboration with strategic partners. Expansion and introduction of new courses under the memoranda of understanding signed with the University of Technology, De Ruyters Training Centre, Dutch Caribbean Training Centre, among others, are also planned. 



Ominous signs, positive indicators, optimism

By Gary Gimson



Has the Caribbean's shipping industry had it too good for too long? And might 2008 be the year when everything suddenly goes wrong for ports, destinations, shipping agents, carriers and others in the maritime sector?

Well, it seems the jury is still out. Global economic indicators do not look great and there are certainly some dark clouds gathering on the Caribbean horizon – especially from the United States. But industry insiders seem remarkably bullish about prospects for 2008. Broadly, they believe the Caribbean is well placed to withstand a possible extra-regional business downturn by its largest trading partner.

Yet three key economic indicators will give cause for concern in the year ahead:

- Consistently high oil and commodity prices (at least in dollar terms)
- Weakness of the US dollar
- Slowing US economy.

Each on its own may not be a big issue. But, taken together, they could start alarm bells ringing in the minds of Caribbean shipping executives.

US consumers, for so long the engine of the global economy, are starting to feel the impact of gasoline at \$3 a gallon, a sharp fall in house prices and the general contagion of the sub-prime mortgage fiasco. Discretionary spending on items such as a cruise vacation or a gas-guzzling new recreational vehicle will be high on the list of economy measures when times are tough. And when the US economy sneezes, the Caribbean is likely to catch a cold.

For a start, any fall in spending power may reduce the number of cruise passengers from the US, particularly for carriers at the mass-market end of the business. Estimates provided to 'Caribbean Maritime' by G.P. Wild, the respected cruise consultants, suggest that – assuming a hypothetical 100 per cent occupancy rate – the number of passengers visiting the region was expected to fall from 6.53 million in 2006 to 6.26 million in 2007.

Filling ships

So, if cruise operators fail to fill ships, then numbers could be down significantly. Perhaps the clearest sign will be if the operators start offering discounts.

On the positive side, freight rates into and out of the Caribbean are still at an all-time high. And, for some, a falling US dollar means cheaper imports, so their buying power is greater

Caribbean cruise ports should take note of this forecast by G.P. Wild – although any fall in passenger numbers from the USA could easily be offset by more free-spending Europeans with fast-appreciating euros in their pockets.

On the positive side, freight rates into and out of the Caribbean are still at an all-time high. And, for some, a falling US dollar means cheaper imports, so their buying power is greater. This is especially true of the Caribbean, which imports much more from the US than it sells. However, this in turn masks the contribution made by invisibles such as tourism, on which the region depends so heavily.

Moreover, non-US carriers only have to ratchet up the dollar surcharge to shippers to cover any exposure they may have to a weakening dollar, so they need not to be too concerned on this score.

Freight rates into the Caribbean have remained strong as demand continues to outstrip supply. Referring to both

volume and rates, John Pauwels, line manager for the Europe-Caribbean service at Amsterdam-based carrier Spliethoff, said: "As we see it, high levels will remain for the time being."

Freight rates out of the Caribbean also show no sign of easing. One London-based broker told 'Caribbean Maritime' that the market from the US Gulf had been "very hot, with vessels obtaining rates at a peak of US\$ 100,000 a day for time-charter trips to Europe [more than double the rate of a year ago] although these have since fallen back a bit."

However, he was confident that, given market dynamics, there was a good chance these would return to

higher levels. Only in 2009 will new tonnage arrive in sufficient numbers to absorb capacity in the dry bulk market. Spliethoff, for example, is due to take delivery of 20 newbuildings in that year.

Earnings

Container rates also seem firm, so liner agents should see little diminution in earnings here, although these are paid in increasingly unloved US dollars. Giovanni Benedetti, seasoned marketing manager at Sociedad Portuaria Regional de Cartagena (SPRC), Colombia's award-winning container terminal, remains optimistic. "We still believe that in 2008 we will not see any impact on the [US] credit crunch in this area," he said.

So, despite somewhat gloomy economic forecasts from both New York and London, it looks as if the Caribbean is set for, at best, a reasonable sort of year – if not one quite on par with some of the spectacular ones experienced in the recent past. 



Writing this in November, with tropical storm Noel giving the Bahamas a battering, it is easy to think of the next hurricane season for 2008. It is the late storms that remind us of the fragility of our existence.

By now, January, the cruise lines should be well into their season. The cargo lines, as always, will be gung-ho on meeting their schedules. But what impact do the late and early storms have on shipping and port operations in the Caribbean?

We had 14 named storms in 2007. We can expect at least the same in 2008. We all know about the catastrophic impact these storms have on our lives and livelihoods – but what about their effect on the environment?

The physics and mechanics of a severe storm cause strong winds and low air pressure. This in turn means violent, confused seas with huge waves and swell, and elevated sea levels called storm surges.

Not only low-lying and environmentally delicate coastlines suffer as a result of these phenomena, but also built-up

and developed shorelines. Massive erosion occurs. The forces of nature can be predicted, but are costly and difficult to defend against.

We are reminded of the effects of Hurricane Lenny in 1999 and its unusual west-to-east track. This, too, was a mid-November storm that caused an unprecedented wave and storm surge on the western coasts of many islands, most of which suffered structural damage to their usually calm and sheltered ports and harbours. Some suffered coastal erosion, with loss of beaches, loss of roads and damage to property.

Offshore, the effects can be just as dramatic. The seabed topography can change, with sediment and sands moving from one place to another, exposing once-hidden reefs. The sea is also a receptacle for debris washed down by rivers and flood waters. I once found a refrigerator in a shipping channel and saw a car literally floating downstream.

What can be done to ensure the safety of navigation in these critical areas?

I delivered a presentation at the CSA's last Annual General Meeting and Conference in Santo Domingo in October in which I touched on some of these issues. As we look forward to the year ahead, it is worth reiterating some of the salient points.

Art and science

Hydrographic surveying in ports and harbours is both an art and a science. To the uninitiated it is the wet side of land surveying. A survey is planned and executed. The data is processed and a drawing or chart is delivered.

Simple? Not always.

It is a science because only a few specialist companies have the capability. It is an art because a degree of flexibility is essential to adapt in a constantly changing environment.

All too often we have seen headlines about vessels in distress. We have seen pictures of sinking ships or of vessels that have run aground. Recently the 'Exxon Valdez' case was back in the news. Remember, that was human error and the ship hit a rock. More recently, the 'Sea Diamond' suffered

Timely dredging can head off a financial storm

Owners of ships conveying passengers or hazardous cargo will be very aware of the old adage, 'If you think safety is expensive, try having an accident' – David McPherson, UK Hydrographic Office, Taunton, Somerset

By Richard Cattermole



the same fate off the Greek island of Santorini. Both are clear examples of what could happen in our lovely Caribbean Sea.

My point here is that updated information is the key to understanding and appreciating hazards to navigation. They may not all be found, but at least if the critical approaches and berthing areas are surveyed with 100 per cent seabed coverage then, as a port operator and a shipowner, you can sleep at night, knowing your access is sufficiently clear and deep.

Promotion

In a 1994 publication, the International Federation of Surveyors (FIG) said its purpose was “the promotion of greater shipping safety through improved hydrography in ports and harbours”. It goes on to say that “port surveying and charting of ports and their approaches should conform to agreed standards and be carried out by appropriately qualified personnel”. The key phrases here are “improved hydrography”, “agreed standards” and “qualified personnel”.

Ships and ports are dependent and reliant on each other. They serve each other. How both will fare in the future depends on how they cope with future

trends such as the enlarged Panama Canal, larger cruise ships and larger containerships.

I believe the small Eastern Caribbean islands will suffer because they do not have the space, capability and capacity to deal with these trends. They will continue by means of the feeder system, so size will not be such a problem as frequency. And, until the next big storm comes through, they should endure the test of time. However, any impact on access to the ports as a result of a storm event will have dire consequences for their national economies.

Look how the US Southern States coped with the after-effects of Katrina. A major Hydrographic surveying and

Hydrographic surveying in ports and harbours is both an art and a science. To the uninitiated it is the wet side of land surveying

salvage operation was key to reopening the ports and ensuring the channels were safe for navigation. The small island nations of the Caribbean do not have this readily available capability. In fact, most of the English-speaking states have no planned programme of hydrographic surveys.

The Monaco-based International Hydrographic Office (IHO) has long recognised this growing gap and the potential risks that may arise in the absence of such surveys across the region’s ports, harbours and coastlines. As a result, Commission 4 (Hydrography) of the 23rd International FIG Congress in Munich, Germany, in October 2006 considered a list of issues and action items (see below) that could help promote the economic benefits of hydrography for IHO member states in the Caribbean.

In a list of recommendations, the FIG Commission 4 Hydrography Workshop said it was important to recognise that:

- Historically, disasters are the most common reason why nations consider

investing in a hydrographic surveying capability

- An anecdotal model of benefits can be derived from an examination of case studies that may be documented in repositories around the world

- Risk assessments are useful in identifying hydrographic needs and should >





be encouraged. These risk assessments should include long-term issues such as sea level rise.

• The notion of a 'willingness to pay' is a key factor in establishing hydrographic survey budgets. Indeed, willingness to charge complicates the picture, particularly in jurisdictions where competition is high when ports are trying to be competitive

• Hydrographic surveyors must participate in port conferences, presenting technical papers and taking part in round-table discussions with other port and merchant marine professionals

• Recognise the key role of marine pilots as allies

• Hydrographic surveyors need to actively support the IHO and raise awareness of its international work

• Hydrographic surveyors should provide examples of the costs of remedial actions when hydrographic data collection is absent

• Identify specific problems at individual state level and relate them to a specific course of action

• There is a key role for the FIG in offering assistance of all kinds

• Where possible, articles should be published on the economic benefits of hydrographic surveying.

Clearly, there is recognition of the need for hydrographic surveys because

charts are essential to safe navigation of ships, efficient operation of ports and protection of life and property at sea. They also help to ensure the protection of the marine environment and dependant industries, like tourism and fishing, from the pollution that often results from a navigational accident. It has been estimated that 95 per cent of ship groundings around the world are caused by navigation errors due, in part, to a failure to fully appreciate the dangers to navigation that do exist.

How some ports view the importance of up-to-date information depends on how much it costs to survey. What usually happens is that ports will survey only after an incident or if they have to do so for some proposed development.

Twice a year

Two privately owned port facilities in Trinidad survey twice a year because they recognise the importance of up-to-date information. They must keep their ports open year-round and plan for dredging programmes. That is good port management.

Paying to dredge a little deeper than necessary may well keep your port open longer and give you the added benefit of being able to cope with an extreme event.

Admittedly, the costs of over-dredge are painful, but not when compared with a blocked channel.

Understanding how tidal datums affect depths for, say, dredged volumes and charted depths is critical when it comes to contractor



Richard Cattermole is a Fellow and Chartered Hydrographic Surveyor with the Royal Institution of Chartered Surveyors (RICS) and a Fellow and Chartered Marine Scientist with the Institute of Marine Engineering, Science and Technology (IMarEST). He holds a master's degree in maritime law and policy from the London School of Economics and is a senior partner at CANE Associates in Port of Spain, Trinidad & Tobago

payments. In some Caribbean ports the tide is of no consequence. In others, tidal heights can be critical for under-keel clearance and shipowners' insurance. The effects of a hurricane can cripple a port, block a channel and wash away sea defences. Regular surveys will identify critical areas of siltation and erosion. They will help with the planning and running of an efficient port and add value to your operation.

Consider it part of your on-going operational costs for 2008. 

Have a safe year!

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Quality leadership – the key to a successful liner business

By Jennifer Nugent-Hill

Success is when revenue generation activities and cost overruns kiss goodbye.

What makes a cargo company successful? It is more than just another refrigerated container on the vessel. It is the opportunity to take that container and turn it into revenue generating activity for all the stakeholders. After all, the primary goal of any profit-making business is that of generating revenue.

However, there are other elements to the definition of a successful liner business. They are passion, innovation and corporate leadership.

- Passion is when a leader and an organisation reflect real commitment to people, a world-class service and demonstrate an unrelenting flame for ensuring a profitable and sustainable

shipping company.

- Innovation is reflected in cargo lines when the leadership wholeheartedly encourages best practices and the corporate culture where constant learning and the hunger to satisfy new demands from customers is the norm rather than the exception.

- Corporate leadership in the liner business is where strong business ethics and core values go hand in hand and TRUST is a bond never to be broken. The 'win at all costs' approach is never a viable option at companies where the culture of quality leadership is the standard.

The quick and easy answer to the question of what makes successful companies is often stated as simply 'good leadership and revenue'. In the October 2007 issue of 'Fortune'

magazine I read an observation that "the world's best companies realise that no matter what business they're in, their real business is building leaders." In short, the author asserts that leadership and revenue are inextricably linked. Philosophically, the underpinnings of leadership and revenue might be visualised as a rope that tethers a company to its success – a rope that is woven with strands of effective and successful leadership.

Liner business

This discussion of the key to a successful liner business – through leadership development – is framed in the example of Tropical Shipping as a company with a culture of leadership development. Further, it is a discussion of the true

meaning of leadership in a successful organisation, its intermediate detail and what an organisation must do to develop leadership in ways that contribute to its overall success.

Tropical Shipping began 44 years ago as a relationship that developed between a man shipping building materials to the Bahamas and later to the Caribbean and its people. The company grew to what we are today: operators of 19 vessels carrying thousands of containers. The priority then is the same today: PEOPLE.

How did the company grow when hope is not a strategy? There is certainly a fair amount of business planning and all the typical forecasting in which any company must engage, but there has to be more. More, >



as in the people behind the growth and success, the inspiration of people and relationships, the integrity of persons, innovation and – the most important ‘more’ – the company’s role as an enduring organisation in the business community.

“If you have passion for what you do, the company you keep, the life you live, it will be reflected in whatever you create”

Tropical Shipping is committed to its customers, its team and the communities it serve. This commitment is embodied in its Tropical Shared Values, which build the foundation of all relationships and almost everything we do.

Investments

One of the most obvious investments in leadership development is observed through our partnership with agents in 21 of our destination ports. Island nationals are an integral part of our team and leadership structure. This is one of the biggest deterrents against leadership attrition.

I often share this quote that I found somewhere a long time ago:

“If you have passion for what you do, the company you keep, the life you live, it will be reflected in whatever you create. Passion is like that. It springs out, jumps, unpredictable and unplanned into everything we touch. If it doesn’t, others know. Passion can’t be faked and it can’t be manufactured, which is why it is so priceless.”

Synthetic

It is worth reiterating that the human element of passion cannot be replaced by any synthetic provisions. So it is a ‘must’ that leaders cultivate this element among their people and team. In the end it is per-

formance and personal ownership, combined with the passion to succeed, that ushers in profit. Profit, in turn, is the result of all the elements – passion, people and performance – being in alignment.

Any shipping line taking self-inventory for partnership and leadership values should ask itself and honestly assess:

- How would you value your company’s community leadership?
- What are your company’s core values?
- How is the Caribbean shipping industry viewed in the market?
- What can we collaborate on to help strengthen, improve and sustain the communities in which we

do business?

Tropical Shipping has subscribed to – and committed its resources to – various opportunities that have helped develop strong leadership both inside and outside the company.

In the tourism sector, Tropical Shipping has initiated the Freestay Caribbean Cruise Conversion programme. This is a direct reinvestment in host countries to encourage cruise passengers to return to destinations for extended, land-based vacations. There are 12 member countries in the programme. More information about each of the members’ programmes and offerings can be found at www.freestay-caribbean.com.

Initiative

As a humanitarian initiative, Tropical Shipping has organised disaster management workshops that helped to elevate the policy focus. There is a First Responders First feature that provides for the families of emergency services personnel in the event of a disaster.

Trade facilitation reform partnerships have been supported by Tropical Shipping in meaningful ways that include the development of software, change management and public education campaign designs as in the pilot project in Dominica.

Finally, in a successful shipping line, company policies and guidelines are where we should find the leadership concept applied in the most rudimentary ways:

- Sincerely recognising people as the company’s greatest asset and maintain-

ing them better than office equipment

• Creating a corporate culture for learning. Reinvesting in people through services, or products, and a desire for profit sharing

• Establishing community partnerships. Realising that part of our job is also on Main Street and in the local market places.

Leadership is more than who say we are – it is what we do. The definition of leadership would benefit from an expanded definition to include community economic sustainability and support of equal and fair public policies.

So my closing question to you is, what does leadership look like in your organisation? Is it just a buzzword, a cliché, or is it a true commitment and concept that sets your organisation apart from others in the local community? ☐



Jennifer Nugent-Hill is Tropical Shipping’s Assistant Vice President Government/Public Affairs. Her thoughts here were presented in a paper to the 37th Annual General Meeting of the Caribbean Shipping Association in the Dominican Republic on 16 October 2007



Cartagena set to break records in 2008

The Colombian port of Cartagena is anticipating a record year in container handling for 2008 and is actually expecting to break the 900,000 teu barrier.

Ten years ago, this port was handling just 230,000 teu.

The port's SPRC Terminal completed a grand slam towards the end of 2007 by winning the Caribbean Shipping Association's award for Best Container Terminal in the Caribbean for the third consecutive year.

The year ahead

Five new rubber tyred gantry cranes (RTGs), capable of stacking six high (6x6), arrived on the SPRC terminal late last year and will be operational

in January 2008 as the port continues to develop what local people have dubbed 'the Caribbean's dream terminal' on its Contecar facilities.

The first development phase is due to start in early 2008 with an extension of 212 metres of quay line in addition to three gantry cranes and 11 RTGs (6x6) expected to arrive from China by mid 2008. This is all part of a US\$ 400 million long-term plan that will enable the terminal to handle 12,500 teu (new panamax) ships by 2012 with a productivity rate of 250 to 300 container moves per hour.

Cartagena is a major logistics distribution centre and tourist destination in the Caribbean. It is also a major transshipment hub, linking 432 ports in 114 countries. The Port of Cartagena has >



increased its productivity, quadrupled its throughput and optimised its workload without hiring additional employees in the past year.

Since it opened in December 1993, the port has recorded success after success. Its achievements are now reflected in awards and accolades. In 2001 SPRC

was named 'The Miracle of Cartagena' by 'Containerization International' magazine for using its automated systems to help advance the port's operations. And, in 2005, 2006 and 2007 SPRC took the CSA's title of Best Container Terminal in the Caribbean.

SPRC attributes its success to the quality of its staff, its tenacity and its dedication to duty.

With growth, the terminal has been making an effort to deliver improved services and increased productivity to vessels. According to SPRC, the port has been able to react and implement more strategic measurements using Navis Sparcs

software, for example. The use of real-time information and optimisation tools such as Expert Decking and Prime Route has been one of its keys to success.

Faster and more efficient

SPRC is now able to fully automate and optimise vessel handling, yard allocation and equipment dispatch

throughput from 231,549 teu in 1997 to 468,864 teu in 2004 – an increase of 105 per cent. For 2008 the port is expecting to handle more than 900,000 teu.

Cartagena's Contecar Container Terminal is expected to be one of the most modern and efficient ports in world maritime industry by the year 2014. This is the culture that is

The port increased throughput from 231,549 teu in 1997 to 468,864 teu in 2004 – an increase of 105 per cent. For 2008 the port is expecting to handle more than 900,000 teu

with minimal worker direction or interaction, which means faster, more efficient load and discharge. The terminal has also doubled its container handling capability now that it has information age technology to help manage larger vessels carrying more containers.

The port increased

being developed among staff. Cartagena has leveraged technology to position itself as a premier container terminal and service provider.

Cartagena has achieved a lot in a relatively short time and, given its plans, policy directions and a dedicated staff, has a lot more to achieve in the coming years. 

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Grantley Stephenson receives national award in Jamaica

Grantley Stephenson, the chairman and chief executive of Kingston Wharves Ltd, has been awarded a national honour for his contribution to the development of Jamaica's shipping industry.

At a ceremonial event in October to honour Jamaica's outstanding citizens, he was presented with the Order of Distinction (Commander Class) by the Most Honourable Professor Sir Kenneth Hall, the Governor General of Jamaica.

Mr Stephenson, who sits on the General Council of the Caribbean Shipping Association, has made much of his 30 years in the industry, having worked in the areas of shipowning, vessel operations, ship management and ship agency representation in Mexico, the UK and Jamaica.

He was educated at the College of Arts, Science and Technology (now the University of Technology of Jamaica) and the University of the West Indies as well as the University

of Plymouth in the UK. He was president of the Shipping Association of Jamaica from 1998 to 2003. During his first year as president he was appointed Honorary Consul General in Jamaica of the Kingdom of Norway. Today, he serves as Dean of Jamaica's Consular Corps.

A member of the team which set up the Jamaica Maritime Institute in 1977, Mr Stephenson served as a director for 15 years. He also served as alternate director for Jamaica on the board of the multinational shipping line Namucar until the dissolution of that com-



Grantley Stephenson (right) receives national honour

pany in the early 1980s.

Mr Stephenson is a director of the Jamaica Fruit Group of Companies, of the Maritime Authority of Jamaica and of Jamaica's Port Security Corps. He is also chairman of Port Computer Services Ltd and Security Administrators Ltd. 

We Work The Port Of Kingston

For over 65 years the team at The Shipping Association of Jamaica has provided a highly skilled, cost effective workforce in the Port of Kingston. At the same time, we strive to ensure the socio-economic development of our member companies, our employees, the Jamaican port, the shipping industry and the nation at large.

We've also expanded our functions to include the provision of a wide range of information technology and communication services through Port Computer Ltd. More recently, a Canine Division has been set up as a service to members and exporters to detect illicit drugs and contraband. These new developments are evidence of our commitment to the modernisation of the Port of Kingston.



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Barbados revisits plans for dedicated cruise ship pier

Barbados is again looking at plans for a dedicated pier for cruise ships in the Port of Bridgetown. The idea, which has been mooted for some time, was shelved last year after a decline in cruise passenger arrivals. But Senator Rudy Grant, Parliamentary Secretary in the Ministry of Tourism, says the idea is under discussion once more. Cruise passenger arrivals in Barbados last year were expected to be 720,000 – up 12 per cent on 2006. A dedicated cruise pier would ease congestion at the port and provide an opportunity to develop retail activities, the government official said.

Redevelopment of Falmouth port gets go ahead

Work on redeveloping the Port of Falmouth, on Jamaica's north coast, east of Montego Bay, is expected to start in February 2008.

The Minister of Transport and Works, Mike Henry, said work at Falmouth should be finished in time for a visit by the 'Freedom of the Seas' in 2009. He said most of the contracts and studies had been completed. "Work will start in February and it has

Promotion at SeaFreight Line

SeaFreight Line has announced the promotion of David Ross to the position of executive vice president from 1 December 2007.

In his new capacity, Mr Ross will have overall responsibility for managing SeaFreight Line's container services between Florida, the Caribbean, north coast South America and Panama as well as for directing agency staff in Miami.

Mr Ross joined SeaFreight Agencies as vice president marketing in January 1995 when the company was four years old, operating

two vessels in the Caribbean trade. Today SeaFreight Line operates nine vessels to 18 ports.

SeaFreight's Roland Malins-Smith said Mr Ross had been a driving force in the growth of its activity and revenues. A native of Trinidad, David Ross previously held senior marketing positions at P&O Nedlloyd and Kirk Line in Florida before joining SeaFreight Agencies. He is a director of SeaFreight Line Ltd, SeaFreight Agencies (USA) Inc and SeaTerminal Holdings LLC.

New Miami tunnel set to ease congestion

The City of Miami is planning a tunnel under Biscayne Bay to provide cruise passengers and cargo interests with a direct link between the port and the interstate highway system, thus easing congestion in the downtown area.

Expected to cost over \$1 billion, the 1.1 mile, twin-tunnel project will be financed by the state and local governments. The State of Florida has committed \$462 million to the project while Miami-Dade County has earmarked just over \$400 million.

Preparation pays off for Jamaica at IMO

The International Maritime Organization (IMO) has elected Jamaica to its Council in Category C for the 2008-2009 biennium.

Category C represents states with a 'special interest' in maritime transport or navigation. Jamaica has been a member of the IMO since 1976 and currently chairs the Standards of Training and Watchkeeping (STW) sub-committee.

Jamaica's election to the Council comes after months of preparation by the Maritime Authority of Jamaica, the Ministry of Foreign Affairs and Foreign Trade and the Ministry of Transport and Works.

The IMO is a United Nations specialist agency responsible for developing common international standards of maritime safety, security and marine environment protection.

Jamaica was elected to the Council on 23 November at the 25th session of the IMO Assembly, held in London.

Contract awarded for Panama Canal expansion

The Panama Canal Authority has awarded Consorcio Cilsa Minera María the contract to excavate a channel linking the new locks on the Pacific side with the existing Gaillard Cut. The contract winner is a joint venture between companies based in Panama and Mexico. The project involves removing 7.5 million cubic metres from a 2.4 km stretch just north of where the new Pacific locks will be built. (For more details see Page 16).

to start in February because we have to complete it in time for the arrival of that 19-storey ship, which is due to come in 2009. So we have to be ready to be one of the ports of call."

Mr Henry confirmed that an expansion of the Port of Kingston, now under way, would require the closing of Tinson Pen aerodrome and construction of a new aerodrome at Caymanas, just west of Kingston.



Carrier wins patent for 53 ft container loading process

By John Collins

A new method of container stacking, patented by Trailer Bridge Inc, is set to enhance competitiveness in the Puerto Rico trade.

The United States Patent & Trademark Office has granted the company's application in relation to its Triplestack Box Carrier vessels.

The patent, originally applied for in 1998, covers the unique loading and unloading method used by Trailer Bridge – the first carrier in the world to move exclusively 53 ft containers.

Trailer Bridge introduced the 53 ft containers on its ocean service between the US mainland and Puerto Rico a decade ago. Recently it became the first company to use the 53 ft containers in an regularly scheduled international service when it expanded its service into the Dominican Republic.

"This patent protects a unique, cost-effective aspect of our operation and we are pleased to have finally secured it," said John D. McCown, chairman and CEO of Trailer Bridge Inc. "We anticipate this patented process will play a key role in our future long-term growth."

Integrated

The system referred to by Mr McCown is based on a tug barge and integrated ground transport system using only 53 ft containers, the largest in the trade. He said the model was the most effective for shippers and also the most consistent.

"Emissions from the shipping trade are increasingly becoming a mainstream issue," said Mr McCown. "Tugboats burn cleaner distillate fuels as opposed to the bunker fuel used in

self-propelled ships. A recent study ties vessel particulate matter emissions to more than 60,000 deaths annually, with the figure expected to grow 40 per cent by 2012. It is probably the biggest environmental health issue that most people know nothing about. It is one that can be addressed immediately by a switch to distillate fuel that all vessels can readily accomplish."

Mr McCown demonstrated the latest 53 ft containers recently in San Juan. They have 10 ft more of inside cubic space and five more inches of inside door-opening space, making it easier to move pallets in and out. They also have recessed hinge bolts on each door which cannot be removed as well as an additional lock on the base of the opening of the container, all in the interests of enhanced security.

Trailer Bridge is the small-

est of four carriers in the Puerto Rico trade, with 14 per cent of the market on the island. Mr McCown said the company's market share for the first nine months of 2007 was up compared with the same period the previous year.

"When the economy is off for shippers, our customers focus on cost and embrace a system like ours," he said.

According to Trailer Bridge's 10-Q report to the Securities & Exchange Commission for the first nine months of 2007 ending 30 September, it had a net loss of \$183,276 compared with a loss of \$8.8 million for the same period the year before.

Trailer Bridge reported a reduction in net revenue due to rising fuel costs and the new service opened to the Dominican Republic as well as the cost of adding a vessel to its fleet. 

Three-day shipping executives conference heads to St Maarten

The annual Caribbean Shipping Executives Conference will be held in May 2008 in St Maarten, considered one of the fastest growing cruise destinations in the Caribbean.

On 19 May, at the Sonesta Maho Beach Resort, the President of the Caribbean Shipping Association (CSA) Fernando Rivera, will call to order the seventh sitting

of this CSA conference. The conference has grown in size and content since it was first held in Georgetown, Guyana, in May 2002, with 110 persons attending the two-day event.

The Shipping Executives Conference is now run over three days. As usual, the first two days will deal with a wealth of topics relating to cargo shipping and manage-

ment. A third day was added to allow the CSA a platform to assist the development of one vital aspect of regional shipping, the cruise industry.

Important dimension

Organised by the CSA Secretariat in collaboration with the CSA's Cruise Committee, this third day of presentations and deliberation has

added an important dimension to the conference and has created a formal situation where operatives in the cruise industry can receive and discuss issues of development and sustainability.

Jan Sierhuis, who chairs the Cruise Committee, said the CSEC cruise seminar on 21 May would "focus on future trends and the Caribbean agenda for co-operation in ensuring that our product remains competitive".

It will be followed by a two-day cruise training workshop focusing on matters relevant to Caribbean cruise destinations. The seminar and training workshop are open to members and non-members of the CSA. 

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Make hazmat compliance your New Year resolution

By Harry Lux

Don't run the risk of severe penalties

When you think of the year ahead and how to grow your operations, where does shipping, storing, using or selling any type of hazardous materials fit into your plans?

Depending on your current compliance levels, some companies and ports may need to reprioritise their project list to include hazardous material shipping requirements or they could lose their ability to buy and ship these commodities.

Recently, the United States alone has released two additional rules on hazardous materials:

“Don't be part of the problem. Be part of the solution instead”

1. The Chemical Security Anti-Terrorism Standards require facilities that have the listed chemicals at or above the threshold limits to complete and submit a top-screen assessment to the Department of Homeland Security. This assessment must identify the chemicals and the security measures that are being taken during the manufac-

turing, storing, packaging and shipping processes.

This will affect many of us because of the trickle-down process. For example, if you are part of the supply chain, you will eventually be required to verify your steps for securing hazmat shipments in order to go on dealing with reputable suppliers.

2. The Federal Motor Carrier Safety Administration (FMCSA) Notice of Enforcement Policy states that a hazardous materials safety permit may not be issued

to a motor carrier that has a crash rate, driver, vehicle or hazardous material out-of-service rate in the top 30 per cent of the national average pursuant to 49 CFR 385.407.

Within the United States, a company transporting what are considered to be high consequence dangerous goods must be

registered, inspected and approved to obtain this permit. Losing this ability will, in turn, reduce the number of carriers which, of course, can affect your shipping arrangements. Knowing your carriers' capabilities up front helps to ensure that your shipment will not be delayed by a permit issue.

If you have not started your security enhancements yet, start with C-TPAT (Customs Trade Partnership Against Terrorism)

Not only will it serve as a good facility audit for your operation but, if approved, it will enhance your clearing process with US Customs and most of the major suppliers. It is a great win-win process to help secure hazmat shipments.

In addition, there is the new International Maritime Dangerous Goods Code, Amendment 33-06, effective 1 January 2008. These rules regulate the international transport of hazardous materials by water. With new regulations comes change, so you must make sure your team is aware of these changes in order to

ensure your compliance. A partial list of changes are: additions to the Dangerous Goods List, revisions to basic shipping descriptions, new shipping description sequence, recommendations for safety and security training, new packaging instructions, new Division 5.2 labels and Classification change for Class 3 (flash point is reduced to 60C c.c.).

Looking at the few changes listed above, you should get the idea that the world of shipping hazardous materials has changed, is still changing and will continue to do so as long as it can be made safer. Yes, you may see and think of hazardous materials only from the perspective of their intended use – for example, paints, pool supplies, fertilisers, propane, bleach, etc. However, the transport and shipping industry regulates them as flammable liquids, oxidisers, poisons, flammable gas, corrosives, etc because of the hazards associated with them and the risk involved in handling them. For this reason, specific rules must be followed in order to >



transport these commodities safely and securely. The whole supply chain, from manufacturer to end-user, must ensure that hazardous materials are transported as safely as possible or face being fined for non-compliance.

The consequences

The best way to ensure compliance is to train your staff. Let them understand the requirements of these regulations. This is important. After all, education is the seed for success.

The consequences of non-compliance – whether or not you are trying to work within the guidelines

– include severe penalties such as monetary fines or blocked cargo. US Hazardous Material Civil and Criminal Penalty Guidelines have increased from \$32,500 to \$50,000 for knowing violation and to \$100,000 if the violation results in serious illness or severe injury to any person, death or substantial destruction of property.

Imprisonment has been increased to 10 years in any case in which the violation involves the release of a hazardous material and results in death or bodily injury to a person.

You may be shipping from or into a foreign

“The world of shipping hazardous materials has changed, is still changing and will continue to do so as long as it can be made safer”

country where the US has no jurisdiction over you and therefore cannot collect the fines. But remember, other countries have requirements as well and can assess their fines accordingly. Even if you beat paying a fine, these countries can block you from importing or exporting through their country because of the threat you pose by not following the hazardous material regulations.

So don't be part of the problem. Be part of the solution instead. Set your hazardous material compliance target date for 2008 and help make the world a safer place. ☺

Harry Lux is a US-based consultant on hazardous materials, safety and security with an intimate knowledge of the shipping industry



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The SPRC (Port of Cartagena) in Colombia won the CSA Port of the Year award (Best Container Terminal in the Caribbean) for the third consecutive time in 2007. Giovanni Benedetti (centre) receives the trophy from CSA President Fernando Rivera. On the left is David Ross, chair of the CSA's Port Award Committee.



Kingston Wharves won the Port of the Year Award (Best Multipurpose Terminal) for the second consecutive year. Garth Kitson (right) receives the trophy from CSA President Fernando Rivera.



Ceremonial cutting of the ribbon marks the official opening of the Shipping Insight business exposition, held in Santo Domingo, Dominican Republic, in October as part of the CSA's 37th Annual General Meeting, Conference and Exhibition.

The CSA Immediate Past President, Corah Ann Robertson-Sylvester (right), joins President Fernando River (second right), Gustavo Tavares, President of the Shipping Association of the Dominican Republic, and Carlos Urriola (left), Vice President of the CSA, in the ceremony.



The head table at start of the 37th Annual General Meeting in Santo Domingo on 15 October.



CSA President Fernando Rivera (left) makes introductory remarks at the start of the 37th Annual General Meeting.



Scenes from Shipping Insight 2008, the CSA's annual business exposition.



Delegates at the 37th Annual General Meeting, which was held at the Renaissance Jaragua Hotel in Santo Domingo from 15th to 17th October.



Dominican Republic's Minister for Export and Investment, Eddy Martínez, welcomed the CSA to his country and delivered the keynote address at the ceremonial opening of the 37th AGM.



CSA General Manager Stephen Bell (right) receives a cheque representing proceeds from sponsorship of the CSA's sixth annual Caribbean Shipping Executives' Conference – held in Mayaguez, Puerto Rico, in May – from Fernando Rivera. Mr Rivera led the Puerto Rican team that organized what turned out to be an interesting and well delivered CSA conference.

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Jaime Santiago, Dean of Administration, Pontifical Catholic University of Puerto Rico, addresses the CSA. (See story on Page 24.)

CDR Carlos Torres, of the US Coast Guard, discussed the importance of security at seaport facilities in the Caribbean.



Group C – Shipowners and vessel operators group meet in a closed-door session.



The President of the Shipping Association of the Dominican Republic, Gustavo Tavares (left), receives the CSA's Plaque of Appreciation from President Fernando Rivera for hosting the 37th AGM in that country.



Haina International Terminal was one of several Gold Sponsors of the CSA conference in the Dominican Republic. A representative from the company received the CSA's Plaque of Appreciation from President Fernando Rivera (left). On the right is the President of the Shipping Association of the Dominican Republic, Gustavo Tavares.



Representatives from Despachos Portuarios Hispaniola receive the CSA Gold Sponsor plaque.



CSA Cruise Committee Chairman Jan Sierhuis (left) presents a CSA token of appreciation to Julie-Ann Burrowes, Cruise Consultant (Barbados), who spoke on the topic 'Emergence of Central/ South America in the Cruise Market'.

Dionne Gordon, Executive Assistant at the Shipping Association of Jamaica and member of the CSA's Conference Secretariat, had a birthday during the conference in Santo Domingo and was by surprised with an impromptu celebration of the event during the 37th Annual Gala Banquet. Leading the singing of 'Happy Birthday' are Michael Bernard (right), President of the Shipping Association of Jamaica, and CSA President Fernando Rivera lead the singing.





Skilled labour – the key to viability and sustained profit

By Burnett B. Coke

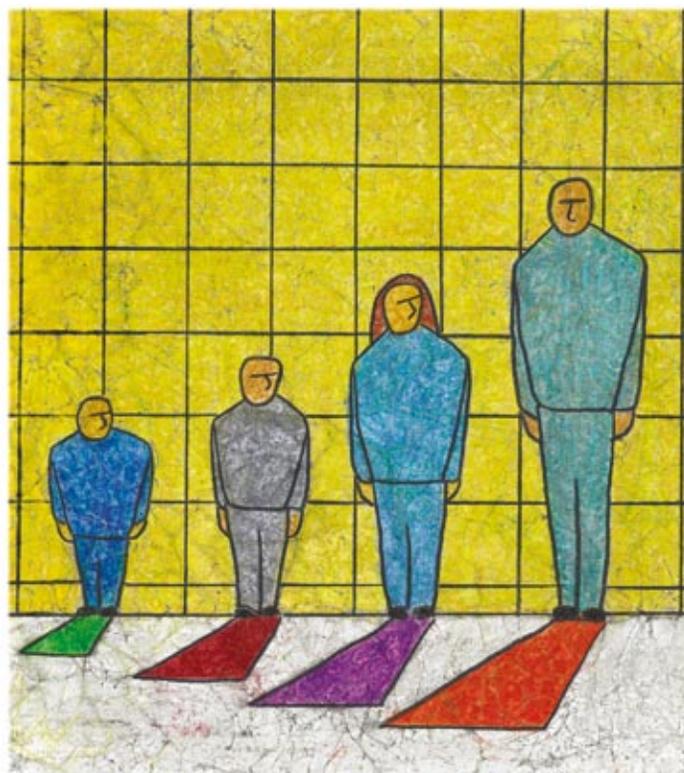
With all the discussions on globalisation and its impact, maritime interests can state without fear of contradiction that they were the first of the global industries. Were it not for maritime interests, the earth would have continued to be perceived as flat and lines of trade would never have been created.

Notwithstanding this historical fact, maritime players ironically have the dubious distinction of also being among the last to embrace the need to evolve with more recent global trends.

Skilled labour

One such vital area is that of recruiting, engaging, developing and retaining skilled labour at all levels. Succinctly stated, skilled labour is the key to viability and sustained profit. Many companies will see pockets of excellence and profit, but to truly maintain efficiencies through challenging times, maritime principals must begin to tangibly engage their workforce. And no time is as good as the present.

Assuming you have already made your business resolutions for 2008, I would strongly recommend that you attach the following:



1. Improve recruitment to ensure a better match between each individual's talents and the requirements of the job, whether it is stevedoring, operating a gantry crane or administrative work. Recruit for attitude and then train for skill. Avoid like-mindedness and instead actively seek out individuals who are mavericks and are willing to challenge the status quo by being innovative. Business icon Jake Welch stated that in manufacturing, businesses try to stamp out variance, but with people variance is everything.

2. Recruit and identify potential leaders in your organisation and develop their capabilities. Strong delegates potentially make strong supervisors. Strong supervi-

“Maritime players ironically have the dubious distinction of also being among the last to embrace the need to evolve with more recent global trends”

sors grow into strong managers. Strong managers make effective CEOs. This therefore allows for structured succession planning. Remember, if you cannot be replaced, you cannot be promoted.

3. Train and develop multiskilled workforces to better manage the increasing pressures of volatile markets, reducing margins, mega ports and demanding consignees. This will serve to better harness stevedore and general employee potential and consequently profit. Should your company still stumble, your former employees would have been prepared for alternative opportunities – a gift worth more than fleeting redundancy or retrenchment payments.

4. Engage and empower your staff, allowing them to see their and the company's future as interwoven. This will require your businesses to communicate openly and frequently the vision and strategic directions throughout the workforce, with structured avenues for employee feedback. Studies

from the Gallup organisation confirm that employees with an above-average attitude to their work will generate 38 per cent higher customer satisfaction scores, 22 per cent higher productivity and

27 per cent higher profits for their companies. This will ensure that many maritime players stay afloat.

5. Implement non-monetary recognition schemes to complement the current compensation strategies. Through its research between 1977 and 2002 across many industries, including the maritime sector, the Family and Work Institute reinforced the message that wages and benefits only have a three per cent impact on job satisfaction, whereas 'job quality' and 'workplace support' have a combined 70 per cent impact.

6. Retain competent staff. Retention is a business need that is often ignored by maritime companies, but the impact is twofold: cost and loss of productivity. Authorities estimate that the productivity cost of replacing employees can be as high as 250 per cent of the salary of the job. In spite of the staggering cost of turnover, the majority of maritime businesses do not have a formal retention programme. It is bad business when good employees depart, but you are courting disaster and sounding the death knell when you do not try to improve it.

There are many approaches and formulae for profitability, but one common theme runs throughout: that of competent, motivated and engaged workers at all levels; barring which, success will be fleeting and mere shadows.

Make the commitment now. 

Sunken treasure: the next frontier

Treading wisely where no-one may have trodden for hundreds of years

By Stacey-Ann Soltau-Robinson, LL.B., B.Sc.*

Throughout the centuries, ships have been the primary medium for transporting vast wealth to and from the Caribbean.

In the 17th century, for instance, more than 200 vessels visited Port Royal, Jamaica each year (1). Several ships failed to arrive at their intended destinations, having fallen victim to the sea's innumerable dangers and finding their final resting place quite ironically

and 18th centuries, some 300 ships may have sunk in the Pedro Banks area, a busy shipping passage near Jamaica (2). One such vessel was the 'Genevesoa', believed, to be carrying gold and silver from Peru, which sank in about 1740 (3).

Struggles

As the Caribbean Region struggles to strengthen its position in the global economy, a collective search

'real' dollars and cents from the traditionally glamorised activity of hunting for sunken treasure. In 2004, for instance, the Atlanta-based Admiralty Corporation, operating under a licence from the Jamaican authorities, began its quest for sunken treasure in the Pedro Banks area.

These activities trigger both an excitement that is analogous to a child first laying eyes on the presents

"This challenge has led to the recognised possibility of earning 'real' dollars and cents from the traditionally glamorised activity of hunting for sunken treasure"

in the protected, quiet and seemingly unyielding depths of the ocean.

Archaeologists estimate that, between the 16th

is under way to find and exploit new investment opportunities. This challenge has led to the recognised possibility of earning

under a Christmas tree on that traditionally happy morning, and a legitimate fear that they present significant risks to the Region. >



In the latter instance, however, these risks have been largely recognised as those enunciated by environmentalists and historians and, in the opinion of the writer, have been sufficiently highlighted.

Exploitation

There is, however, another fear that, because of the legal arrangements that governments may enter into with private entities wishing to participate in the exploitation of these resources, the economic benefits to the Region may thereby be lost. For instance, it is reported that Admiralty Corporation was granted a licence to

agreements prescribing that a 'split' of the bounty would depend on the value of the actual find net the entity's costs associated with that find. The result would be that the percentage gained by the entity relative to Jamaica would depend on such a value, with the entity receiving a smaller percentage the significantly larger the find, with the 'balance' being struck in the negotiation process.

There are other legal arrangements that Regional governments could make with private entities. They could simply obtain permission to use the required technology from the intel-

lectual property owner and retain the services of experts in this area who would conduct the expedition as a contractor who would be paid for doing so. Admittedly, the risks associated with being obliged to cover the heavy costs associated with this latter option – even if no discovery or a less valuable discovery is made – cannot be ignored. This issue, however, would have to be determined as a financial consideration based on the analysis of this investment opportunity in much the same way as Regional governments are required to do as a part of governance.

Proceed

If the 'numbers' suggest that having a licensing arrangement is the best way to proceed financially, then so be it. But governments should consider, if they have not done so, other legal arrangements with the aid of detailed financial projections of the anticipated revenue and costs.

It is beyond the scope of this article to give an exhaustive indication of all the possible legal arrangements that governments could use in the exploitation of sunken treasure in Regional waters. However, this is an exciting time for the Region as it charts its future economic course in an international environment in which actualising innovative ideas, with a view to maximising the income they generate, will determine its socio-economic reality. ☐

(1) Bell, Klao, 'Sunken ships promise riches', Jamaica Gleaner, April 1, 2001

(2) Mills, Claude, 'Treasure hunters find lost cannons', Jamaica Gleaner, June 2, 2004

(3) Bell, Klao, 'Sunken ships promise riches', Jamaica Gleaner, April 1, 2001, Gray, Dorrick, Deputy Technical Director of Archaeology, Jamaica National Heritage Trust

(4) Mills, Claude, 'Treasure hunters find lost cannons', Jamaica Gleaner, June 2, 2004.

**Stacey-Ann Soltau-Robinson is an attorney-at-law in the Jamaican law firm of Samuda & Johnson*

“Because of the legal arrangements that governments may enter into with private entities wishing to participate in the exploitation of these resources, the economic benefits to the Region may thereby be lost”

conduct the requisite activities, with an agreement that Jamaica would receive half the 'precious bounty' and all non-precious artefacts to be displayed at a maritime museum (4). From a contractual perspective, one would expect to see a built-in mechanism in these

lectual property owner and retain the services of experts in this area who would conduct the expedition as a contractor who would be paid for doing so. Admittedly, the risks associated with being obliged to cover the heavy costs associated with this latter option – even

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