

No. 14 | OCTOBER - DECEMBER 2011

CARIBBEAN MARITIME

CRUISE
& LUXURY YACHTS

MEGA-SHIPS

**IMPLICATIONS
OF SIZE**

PORTS

**THE DILEMMA FACING
LATIN AMERICA
AND THE CARIBBEAN**

**THE PORT OF BRIDGETOWN:
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Lowland International NV

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2130 KA Hoofddorp
The Netherlands

T +31 (0)88 557 01 01
F +31 (0)88 557 01 50
E info@lowland.com

St. Maarten Office

Welfare Drive 16, unit #10
Cole Bay
St. Maarten

Mobile +599 587 992
E info@lowland.com



www.lowland.com

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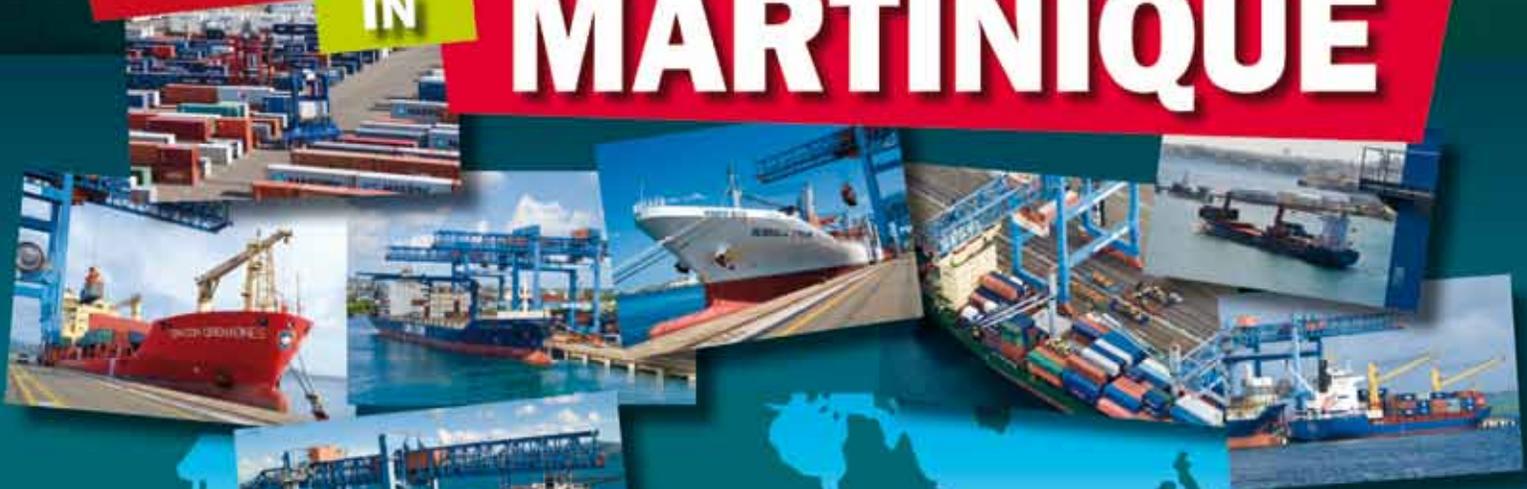
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CARIBBEAN MARITIME

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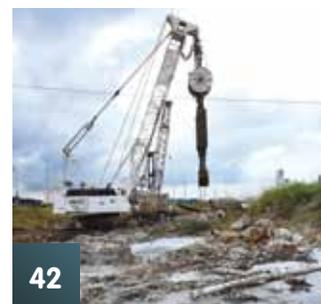
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Views and opinions expressed by writers in this publication are their own and published purely for information and discussion, in the context of freedom of speech as guaranteed by our democracies. They do not necessarily represent the views and opinions of the Caribbean Shipping Association. - *The Editor.*

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CARIBBEAN MARITIME

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The official journal of the
Caribbean Shipping Association



caribbean shipping association

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Caribbean Shipping Association

4 Fourth Avenue, Newport West,
PO Box 1050, Kingston C.S.O., Jamaica
Tel: +876 923-3491
Fax: +876 757-1592
Email: csa@cwjamaica.com
www.caribbeanshipping.org

EDITOR

Mike Jarrett
Email: csa-pr@mikejarrett.net

PUBLISHER:

land & MARINE

Land & Marine Publications Ltd
1 Kings Court, Newcomen Way
Severalls Business Park, Colchester
Essex, CO4 9RA, UK

Tel: +44 (0)1206 752902
Fax: +44 (0)1206 842958
Email: publishing@landmarine.com

www.landmarine.com

WE SHOULD NOT REPEAT THE ERRORS OF THE PAST

When sail gave way to steam, Caribbean ports were hardly ready. Old wooden wharves were still in place and gear for loading and discharging cargo was rudimentary. Loading of export bananas, for example, was accomplished largely with manual labour.

Twentieth-century steamships carried more cargo, were more expensive to operate and called more frequently. All this pointed to a need for faster, more efficient port operations. High fixed costs caused shipping lines to lose money when the ship was stationary. Ships needed to discharge cargo and be on their way as soon as possible, so ports had to be mechanised. The old ways of manual labour had quickly become outdated. Regional ports were caught flatfooted, totally unprepared for the aggressive resistance to mechanisation mounted by port workers and their trade unions.

Cruise business is a relatively new sub-sector. However, the huge cruise ships which now overwhelm small Caribbean ports with their size and large volume of passengers did not simply appear overnight. Mega cruise ships brought more than 900,000 passengers to the Caribbean in 1983. In the next 10 years the volume of passengers had more than doubled to more than 2 million. Over the next 15 years the business expanded rapidly. In 2009 more than 13 million cruise passengers arrived, according to the Florida-Caribbean Cruise Association.

The high volume of passengers now visiting the Caribbean and the dramatic increase in arrivals over 25 years are readily explained by the increased size of the ships. Cruise ships today are carrying four and five times more than their forerunners. A similar situation is faced by the cargo sub-sector. The Panama Canal had to be expanded for this reason. Most of the Caribbean's ports – cargo and cruise – were clearly not ready for this massive increase in ship size in so short a time.

The ships being built now are even bigger.

Milton Samuda asks the very pertinent question: 'Just how massive will the ships of the future be?' ('A Matter of Law', Page 47). It's one to ponder, not just for trivia's sake, but for issues of development and for the complexity of implications. Increased legal risks, the threat to the environment and catastrophic disasters of greater scale due to the large volumes of cargo now carried are issues which must be addressed as a matter of urgency, even as we tread water, waiting out the global recession.

This 14th issue of *Caribbean Maritime* again looks at the cruise industry and luxury yachts. Cargo shipping is the mainstay of the regional shipping industry; but cruise ships are very important port users. Cruise business is vital for Caribbean development, providing we are prepared and responsive, diligent enough to plan and manage sustainable growth and smart enough to safely exploit the opportunities this sub-sector provides. To be sure, we should not repeat the errors of the past; of not being ready and prepared for change and modernisation.

This edition of *Caribbean Maritime* joins with the CSA president in saluting Barbados Port Inc on its 50th anniversary of service and the Shipping Association of Barbados for its 30 years of leadership in the development of the Barbados maritime sector.



MIKE JARRETT, EDITOR

Skilled and capable staff spells success

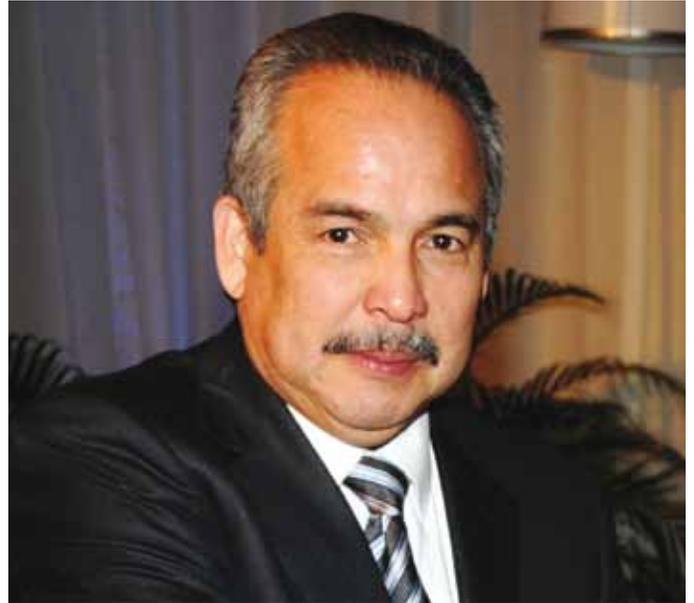
As we present this 14th Issue of *Caribbean Maritime*, there is discussion about the state of the world economy and whether we are, in fact, pulling out of the global recession. Recall how every positive indicator a year ago was being grabbed by optimists and presented as proof that we are 'pulling out' of 'the worst recession since the Great Depression'.

Today, more than a year since journalists and economists started writing that there were indications that we had seen the worst of it, the discussion has shifted. Not only are our economies still not in very good shape, but the discussion is no longer about how close is a recovery, but rather whether we have entered a new recession. Are we in a second recession or is the first one still alive and well? Are we in

ery before there were actual signs that new growth was sustainable. There is work still ahead in the continuing process of making our operations, systems and human resources more efficient in order to deal with the real recovery, whenever it arrives.

Training

I keep coming back to the business of human resource development. It is important for us to understand that, no matter how much is spent on capital equipment and infrastructure development, it is training that will guarantee that you get what you have paid for. Skilled and capable workers can be created through effective training. A skilled and capable staff spells success. So even as we seek to expand, develop and build, in anticipation of the completion of expansion of the Panama Canal, let's not lose sight of the fact that it is



programmes and activities have felt the brunt of the recession, even as our members struggle to survive. On the positive side, the Interim Management Committee, which I appointed following the resignation of our General Manager at the end of July, has been working like a well-oiled machine and, in col-

would like to congratulate the team, headed by IPP Fernando Rivera, for its work in planning this event.

I must also document congratulations to Barbados Port Inc, which is celebrating 50 years of service to the Barbados nation; and the Shipping Association of Barbados, which is celebrating 30 years of supporting development of that country's shipping industry. The CSA, itself celebrating 40 years of service to the Caribbean and Latin American region, recognises the efforts and achievements of these two Barbados organisations and salutes those whose leadership made it all possible.

It is training that will guarantee that you get what you have paid for

a 'double dip'? Many in the Caribbean did not experience a spike in production, sales or revenues in 2010, so the idea that this is a second dip of the graph may not reflect reality for everyone. For most it has been one long dip.

I had previously warned CSA members to be wary of a tendency to talk about recov-

your people that will make all the investment in expansion and retooling worthwhile.

At the CSA we have been constantly reviewing our systems and operations in dealing with the recession. The association is a not-for-profit service organisation, committed to the process of regional development. Our training

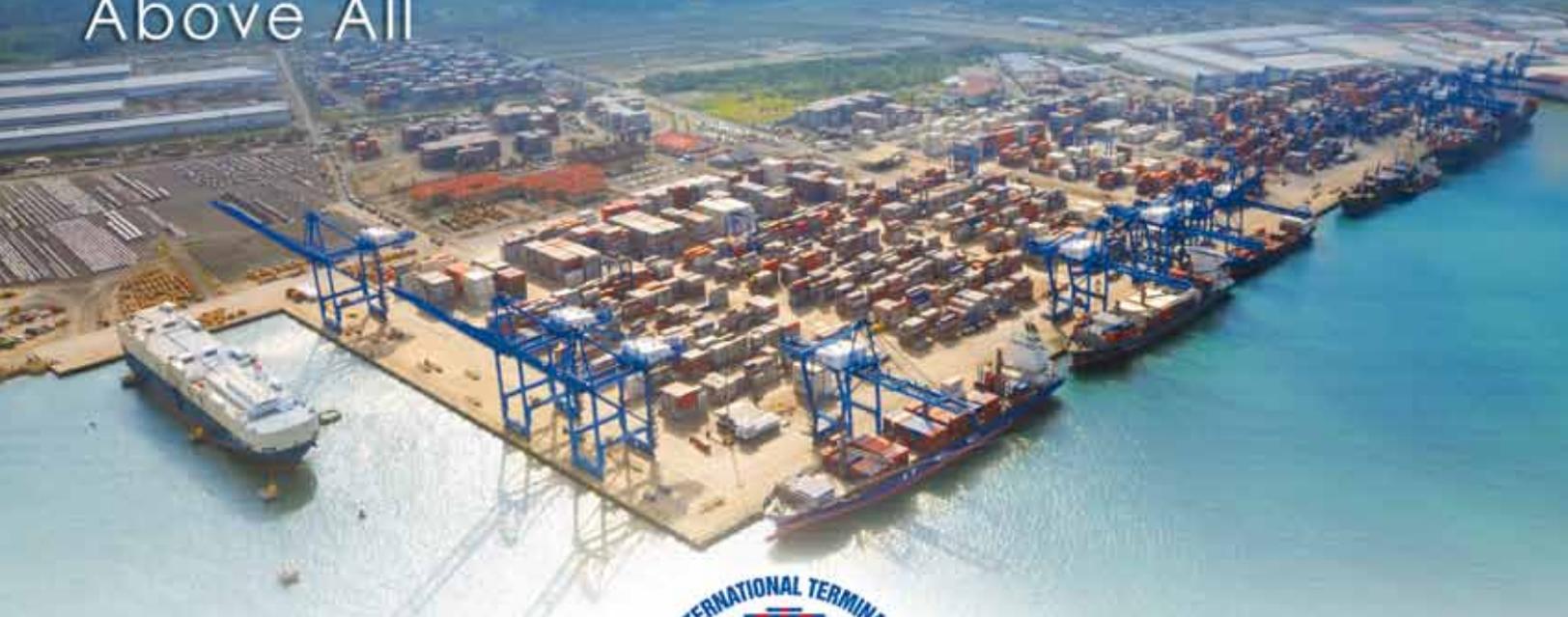
laboration with our members in Barbados – the Shipping Association of Barbados and Barbados Port Inc – has made great strides in planning the 41st Annual General Meeting in Bridgetown.

In this regard and in anticipation of a truly great conference in Barbados, October 10, 11 and 12, I

Carlos Urriola
President, Caribbean Shipping Association



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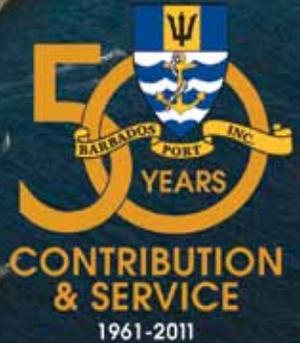
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The modern Bridgetown Port, with Kensington Oval in the background



The Port of Bridgetown: Celebrating 50 years of service

A new era in the history of Barbados began with the construction of the Deep Water Harbour, opened on May 6, 1961 by then Prime Minister of the West Indies Federation and former Premier of Barbados, Sir Grantley Adams.

Since that time, this national facility has expanded into the bustling Bridgetown Port – a driving force of the Barbados economy and a vital

economic asset of this vibrant Caribbean nation. Bridgetown currently handles each year, on average, more than 1 million tonnes of cargo, 88,000 teu of containers, 50,000 barrels of ‘personal effects’ and, in 2004, over 800,000 cruise ship passengers.

Effect of construction

During the four-year construction phase that began in 1957, Pelican Island, 600 yards off the coast, was joined to the mainland. Over 90 acres was reclaimed from the sea to create the Deep Water Harbour. Until the 1940s, Pelican Island had served as a quarantine station, processing Barbadian nationals, crew members and passengers from ships that had crossed the Atlantic.

Before the harbour was constructed, ships coming to

Barbados anchored in Carlisle Bay and their cargo and passengers were transported to the wharf by lighters manned by local workers. The new harbour therefore displaced hundreds of lightermen; but the government set aside EC\$1,750,000 to relieve the plight of those displaced and some 600 were re-employed when operations commenced at the new facility. In its first year of operation, the port handled about 175,000 tonnes of cargo.

In response to business demand about 15 acres of additional land was reclaimed in 1978. New infrastructure was put in place including additional roadways, an expanded container park, commercial Shed 4 and the Shallow Draught Facility.

For the first time since construction, the inner har-

bour was dredged in 2002 to accommodate the ‘mega’ cruise ships then being built. The dredged material was used to add nine more acres to the port’s land inventory.

Administrative changes

The port has seen a number of administrative changes over the past 50 years. Originally administered as Port Contractors Ltd, the Barbados Port Authority was established in 1979 as a statutory board. At the end of 2004 the organisation was incorporated as Barbados Port Inc, registered under the Companies Act of Barbados.

During this 50-year period, only two general managers have been at the helm. Peter Parker, the third president of the Caribbean Shipping Association, led the change



Aerial view of Pelican Island off Barbados circa 1957



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from Port Contractors Ltd to the Barbados Port Authority. In 1994 Everton Walters was appointed and he presided over the conversion in 2004 to Barbados Port Inc.

Infrastructure upgrades

Following a study in the 1990s which indicated that the city of Bridgetown was coming to a crossroads, the port, in order to meet the needs of the 21st century, embarked on a Reform and Expansion Project to upgrade its human resources pool, improve its technology and security, renovate its infrastructure and expand its core businesses of cargo handling and the cruise sector.

Most visible has been the work on Trevor's Way, the area leading to the main entrance of the port. This has been upgraded and landscaped and a new revetment constructed. The container yard has been repaved, water mains replaced, new fendering installed, the Cross Berth repaired, Berth 4 extended and the new Berth 5 completed.

Institutional measures

Because of the high cost of the project, the port has been forced to take a hard look at complementary institutional measures, necessary to ensure a regime of cost and operational efficiency.

Similarly, to ensure that there is both trust and confidence in its industrial relations, the company continued to emphasise and value its relationship with the Barbados Workers' Union. This corporate attitude created a pathway for the introduction of much-needed port reform and effi-

ciency initiatives, with minimal dislocation or work stoppage.

Aiming to be 'Best in Class'

The 'Best in Class' designation refers to being the best among regional ports with similar land size and operations. Bridgetown has won the CSA Port of the Year Award six times, between 1992 and 2003; several awards as an outstanding cruise destination and multipurpose port; and the Novaport Cup from the Port Management Association of the Caribbean for Most Improved Port Performance for two consecutive years (2009 and 2010) and the port continues to strive to improve on its performance.

porting were recognised by Dreamworld Magazine in 2007, which recognised Barbados as the Best Turnaround Destination. This award took into consideration the airlift and airport capacity, transport link, ground handling, hotel stock, tourism appeal and seamless transfers to and from the seaport.

In addition to the port's obligations under the International Ship and Port Facility Security (ISPS) Code, the experience with Cricket World Cup 2007 resulted in the integration of the port's systems into regional and national plans, to ensure a top quality security regime in the port. These measures were combined with extensive training of security personnel.

The purchase of the new



Construction in progress on the Deep Water Harbour in the late 1950s with Pelican Island in the background

health and safety policy is under way so as to provide specially tailored programmes for all port employees and an intensive training programme is being implemented. In addition, an on-site medical

Barbados Port Inc. has embarked on a proactive approach

There has been an emphasis on communication through enhanced ICT to ensure that maritime trade in Barbados is efficient and competitive. The eManifest was introduced in 2008 making it easier for shipping agents to submit information and disposition lists by way of the internet before the cargo arrives. Operations at the cargo sheds were computerised and the movement and storage of breakbulk cargo was monitored electronically. The KleinPort CS comprehensive port management system was introduced in 2011 and will help to improve overall operations and customer service.

Efforts by the port to develop cruise ship home-

5,200 hp tug *Barbados II* and a new pilot launch *Carlisle Bay* has enhanced the servicing of vessels berthing at Barbados. And the gantry crane has been refurbished to ensure smooth cargo throughput.

The way forward

The port administration plans to create additional facilities and services in the cargo sector. These will include extending Berth 5, installation of a panamax gantry crane, replacement of the equipment fleet, construction of a central container examination facility for Customs, and paving of an additional five acres in the container park.

A risk management assessment of the port's

facility, staffed by two industrial nurses, handles workers' health matters. Port staff must undergo an annual medical check-up.

There are also plans to ensure consultation with stakeholders through a revived Port Facilitation Committee. And a comprehensive customer service programme is being implemented to ensure quality service to all the port's customers.

Barbados Port Inc has embarked on a proactive approach to managing the challenges as the port looks to the future. The efficiency gains and improved service to stakeholders and port users should serve the island nation of Barbados well into the future. 

BARBADOS COMMITTED TO BUILDING CRUISE PORT

... upgrading of cargo facilities, services also planned

The government of Barbados has announced plans to build a cruise facility in Bridgetown.

In October last year *Caribbean Maritime* indicated there were reports of plans in Barbados to build a port facility dedicated to the cruise industry. The country's Minister of International Transport, George Hutson, has now officially confirmed this.

In his speech at the 50th anniversary staff awards of Barbados Port Inc on 10 September, Mr Hutson said: "The government has embarked on plans to reform the cruise facilities in Barbados. If

we are going to remain relevant, if we are going to capitalise on the opportunities available from cruise tourism, we must renew our plant from the basic infrastructure currently existing to one which will accommodate and service the increasingly large cruise ships, addressing the aesthetic image of the facilities, the shopping and entertainment structure for cruise passengers.

"The new cruise project will include dedicated cruise berths, reclamation of land for new commercial retail development, new home-port facilities, ground transportation support, space and facilities."

By Mike Jarrett

Port and Ministry of Tourism authorities had already announced plans for a US\$100 million dedicated cruise pier that could accommodate simultaneously two mega ships. This pier is expected to berth its first cruise ship in the latter part of 2012. Apart from this information, previously reported and perhaps now outdated, details about the project have been closely guarded, as the Barbados government carries out due diligence.

The Minister did tell his audience, which included Barbados Port Inc's chairman,

BARBADOS IS A PRIMARY CRUISE SHIP DESTINATION



David Harding, that, to complement the work in the cruise industry, the port would create additional facilities and services in the cargo sector. These will include extending Berth 5, installation of a crane, replacement of equipment fleet, construction of a central container examination facility and paving of an additional five acres.

As chairman of Barbados Port Inc, David Harding must know something about the details of the project, but he is not saying. He did confirm, however, that the facility would be built and that it would be attractive.

"Barbados Port is committed to the full separation of cruise and cargo by way of creating a dedicated and attractive cruise facility," Mr Harding said, adding that when the new development is operational, berthing delays suffered by cargo ships during the cruise season will become a thing of the past. "At the same time it is also developing a Port Master Plan that

would enhance the more efficient handling of cargo, among other things."

Utterances from the Minister as well as the port chairman, although guarded, spell exciting times for the port of Bridgetown, which has been essentially two ports on one footprint: a cruise port by day and a cargo terminal by night. Yet, despite the split personality and inevitable compromises, the port of Bridgetown has been a leading port in the region, winning the CSA Port of the Year Award in 1995, 1997, 1998, 2004 and 2005.

CRUISE LINES

Ships from some 30 cruise lines call at Barbados including Carnival, Celebrity, Cunard, Princess, Royal Caribbean, Star Clippers, Sun Cruises, Windjammer and Wind Star. The list also includes Club Cruises, Costa Cruise Line, Festival Cruises, Holland America Line and Orient Lines. Carnival, Celebrity Cruises



and Royal Caribbean International lines use Barbados as home port. Indeed, Minister Hutson wants to make Bridgetown the leading cruise destination in the southern Caribbean.

"The potential benefits of this project reinforce the policy position towards the development of Barbados as a cruise tourism hub and to reposition the country as the leading cruise destination within the southern Caribbean." 



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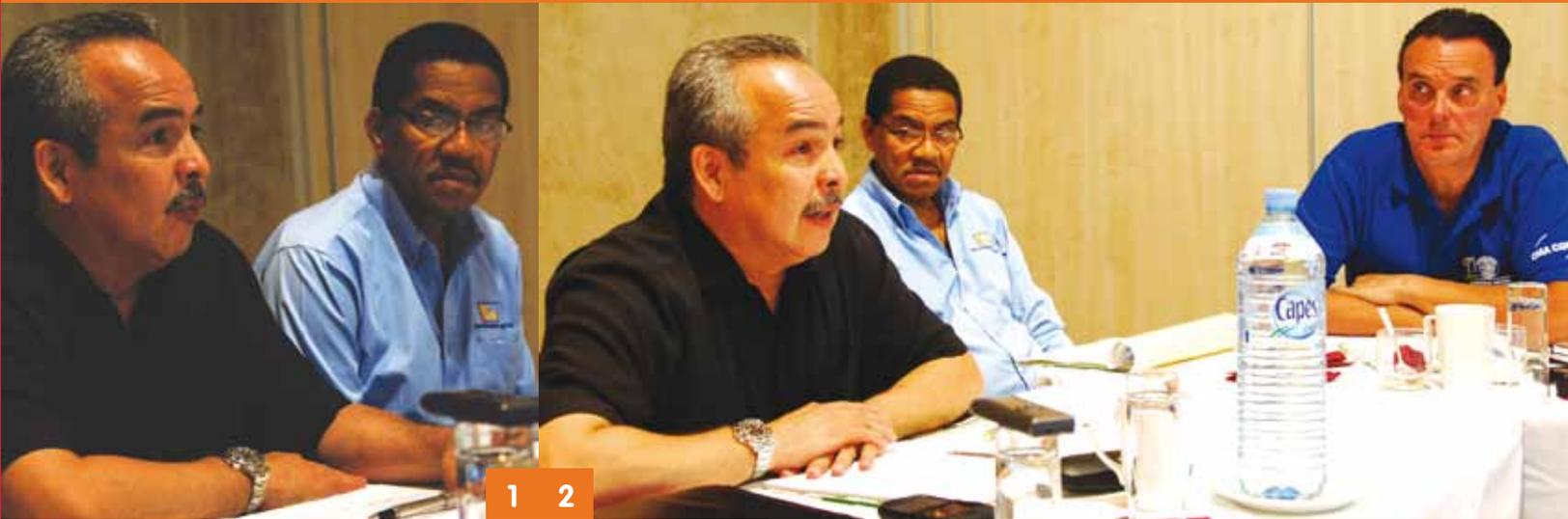
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GENERAL COUNCIL IN GUADELOUPE

(1) CSA President, Carlos Urriola (left) and Vice President Grantley Stephenson; (2) David Ross (right), Group C member; (3) Cyril Seyjagat (left), Group C chair; and, Michael Bernard, Group A chair; (4) Rhett Chee Ping, Group A representative; (5) Glyne St. Hill (left), Group A representative; and, former General Manager, Clive Forbes; (6) Michael Bernard; (7) David Ross and Cyril Seyjagat; (8) Roger Hinds (left) Group A representative and Grantley Stephenson; (9) Fernando Rivera (left) Immediate Past President; Glyne St. Hill and Roger Hinds; (10) David Ross; (11) Carlos Urriola; (12) Fernando Rivera (13) Grantley Stephenson (14) CSA GENERAL COUNCIL 2010-2011: (left to right) Fernando Rivera, Glyne St. Hill, Roger Hinds, Grantley Stephenson, Carlos Urriola, David Ross, Cyril Seyjagat, Michael Bernard, Linda Profijt (Group B representative) and Rhett Chee Ping. Absent from photograph: David Jean-Marie, Group B chair; and, John Abisch, Group D chair.



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(Continued on page 13)

- Mike Jarrett photos



Great service at the Freeport Harbour Company



Freeport Harbour Company (FHC) caters for both cruise and cargo vessels. While cruise passengers are impressed by the beautiful turquoise waters and idyllic welcome of the Bahamas, cargo vessels are handled by an efficient and professional workforce with first-class facilities.

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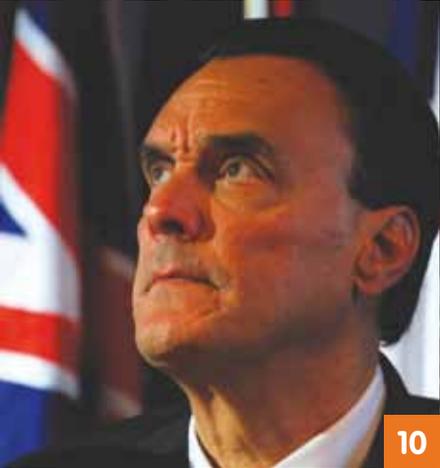
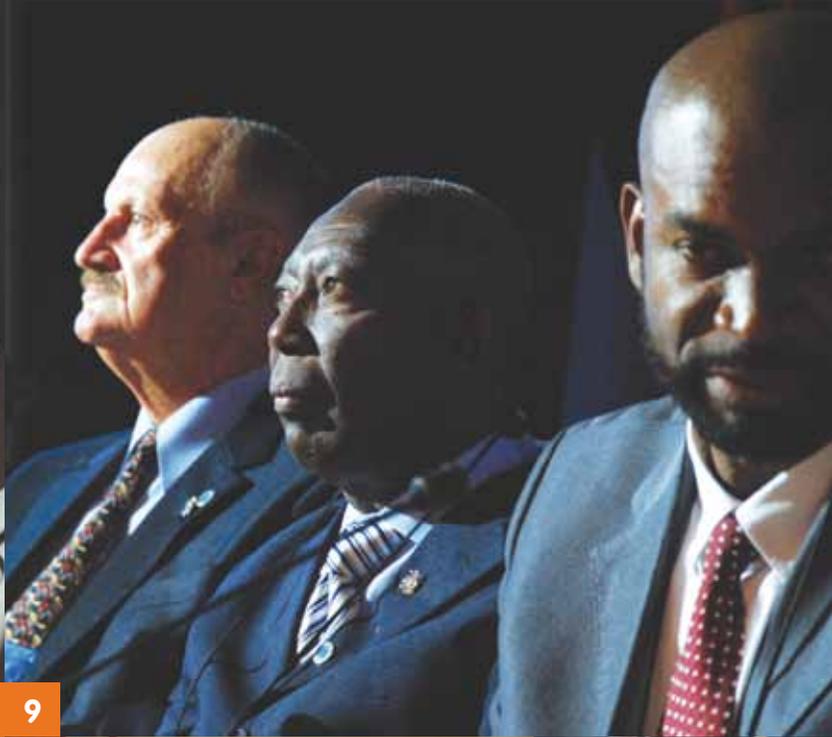


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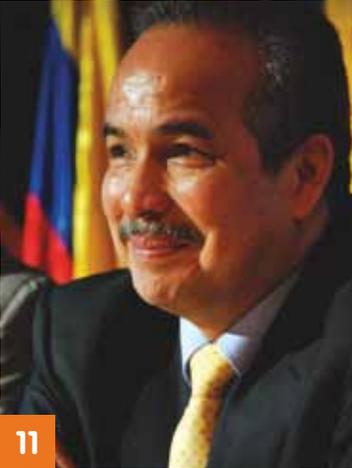
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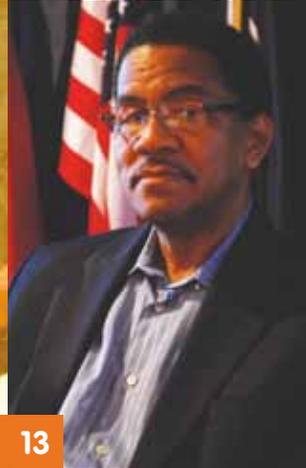
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- Mike Jarrett photos



CSA IN CONFERENCE

The photos in this album were taken during the 10th annual Caribbean Shipping Executives Conference held in Guadeloupe, May 16-18, 2011

(1) Juan Carlos Croston of Manzanillo International Terminal; **(2)** Grantley Stephenson, CSA Vice President and CEO of Kingston Wharves Ltd; **(3)** Ricky Skerritt, Minister of Tourism and International Transport of St. Kitts and Nevis and Chairman of the Caribbean Tourism Organisation (CTO) (left) and CSA President Carlos Urriola; **(4)** Sabine Dorrifourt-Bajazet (2nd right) and part of the Guadeloupe conference team; **(5)** Real-time language translation was provided throughout; **(6)** Journalist Julian Rogers (left) takes an audio sound byte for broadcast; **(7)** Scott Veira, Trustee, Shipping Association of Barbados; **(8)** Gerard Petrelluzzi (left) former CSA General Council member and compatriot Louis Collomb, Vice President of UMEP Guadeloupe; **(9)** Glyne St. Hill (centre) CSA General Council member and IPP of the Shipping Association of Barbados serves as moderator of the session on Transshipment outlook for the Caribbean – Terminal Operators Perspective, addressed by Juan Carlos Croston (left) of MIT and Hector Tamburini of DP World Caucedo, Dominican Republic; **(10)** President of the Shipping Association of Barbados, L. Marc Sampson gives a preview to plans for the 41st Annual General Meeting; **(11)** Frank Wellnitz (left), Director of Caribbean Feeder Services addresses issues of cargo movement in the region.

(12) SILVER CLUB HELPING TO BUILD CSA TRAINING TRUST FUND: Treasurer of the CSA's Silver Club, Emerson Alleyne (left) presents US\$2,000 to CSA President Carlos Urriola, part proceeds from the Silver Club Roast. This annual event has allowed the Silver Club to make a significant contribution to the CSA's training initiatives across the Caribbean.



- Mike Jarrett photos

Celebrating its 45th anniversary...

PLIPDECO UNVEILS DEVELOPMENT PLANS

Celebrating 45 years in September 2011, the Point Lisas Industrial Port Development Corporation Ltd (PLIPDECO) has unveiled development plans that include a capital expansion of its facilities.

The Trinidadian facility is looking to benefit from the expansion of the Panama Canal; the continued rapid growth of the Brazilian economy; the increased potential for regional trade; and the handling of larger ships. Plans include:

- Procuring additional handling equipment
- Greater corporate emphasis on health, safety and protecting the environment
- Investment in technology upgrades
- Provision of additional value-added logistics services.

Major capital expansion works of both the estate and the port are due to start

UNDEVELOPED ESTATE LANDS HAVE ALREADY BEEN EARMARKED FOR THE DEVELOPMENT OF LOGISTICS SERVICES

- A strong employee development programme to establish a results-driven culture within the next decade, says PLIPDECO. The medium to long-term plan for the port



includes the phased development of six new container berths. Phase 1, the construction of two container berths, is to start in 2014.

Undeveloped estate lands have already been earmarked for the development of logistics services.

Point Lisas handles over 45 per cent of the country's domestic container trade and 90 per cent of its breakbulk trade. Volumes of containerised cargo volumes almost tripled between 2000 and 2010.

PLIPDECO operates two lines of business:

POINT LISAS INDUSTRIAL ESTATE

Trinidad and Tobago is the world's largest exporter of methanol and ammonia and the largest exporter of liquefied natural gas (LNG) to the United States. The 860 hectare Point Lisas Industrial Estate facilitates these trades. It has 103 tenants: large pro-

ducers of ammonia, methanol, urea and steel; smaller manufacturers; and service industries. Altogether, these companies employ more than 12,000 people.

PORT POINT LISAS

Built to support the development needs of the industrial estate, Port Point Lisas has grown into a 24-hour facility handling bulk, breakbulk and containerised cargo. Its facilities and systems include:

- Five berths. One dedicated to container operations has a maximum draught of 11.5 metres
- Two post panamax ship-to-shore gantry cranes
- Six rubber-tyred gantry cranes
- 23 tractor trucks and other back-up equipment
- NAVIS terminal operating system. 





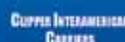
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Jacksonville upgrading to receive post panamax ships

Florida port looks forward to hosting CSA in May 2012

By Rick Eyerdam

Jaxport's executive director, Paul Anderson, has had the rare opportunity to see the maritime industry of the USA from four often-competing sides.

A former Federal Maritime Commissioner from 2003 to 2008, Anderson spent 10 years with JM Family Enterprises, a diversified automobile business that is one of Jaxport's top tenants, importing thousands of Toyota and Lexus vehicles through the port each year, then preparing them for distribution throughout the South-East.

Anderson also served as a senior director of Seabulk Marine Services, Inc, of Fort Lauderdale, Florida. And, just before his recent appointment at Jaxport (see *Caribbean Maritime*, May 2011) he was both a Senior Fellow of the Transportation and Infrastructure Committee in the US House of Representatives and president of the International Oil Shipping

Company based in Boca Raton, Florida.

A graduate of the University of Florida and the Senior Managers in Government programme at Harvard University's John F. Kennedy School of Government, Anderson's early career was in politics and included a stint as aide to former Florida Senator Paula Hawkins.

Today, Jaxport's tall, confident and articulate executive says the number one lesson he has learned from this varied experience is that to succeed and sustain growth, a seaport such as Jaxport must be run more like a business than a political subdivision.

"It is a very exciting time to be in this industry," Anderson said when asked about the new role. "It is truly different to be in the private sector again."

And what is the difference?

"We at the port have to behave like we are a business. We have to offer the very best customer service."

He said the benefits of improving customer service through improved infrastructure were clear to the Jacksonville community, but not so clear to the decision-makers among the budget leadership of Congress.

"We at Jaxport are honoured to serve a community that understands the value of our nation's ports," said Anderson. "Studies show, and our community is aware, that every dollar invested in port facilities is returned sevenfold. But all the port communities ought to be aware of the outdated, bureaucratic processes that our country has tied itself to in funding

constraining arrivals and departure times for already-tight cargo ship schedules. The situation demands either idle work hours or expensive overtime for the upriver union stevedores and crane operators awaiting the arrival of vessels.

Locals built a training wall at the Mile Point more than 100 years ago to train the powerful cross-currents to

"We at Jaxport are honoured to serve a community that understands the value of our nation's ports"

our national critical infrastructure...and it is strangling our country's ability for capacity-building and holding back job creation."

Washington veteran Anderson recently hosted Department of Transportation Secretary Ray LaHood in a bid for federal funding for key projects. At the top of the list is the \$37 million re-engineering of the tidal flow where the St Johns River encounters the maximum turbulence at the Mile Point junction with the Atlantic Intracoastal Waterway.

Vessels

There, large vessels under tow cannot safely manoeuvre for large parts of the day,

stay in the navigational channel. The US Army Corps of Engineers began monitoring the area in the early 1930s. The training wall makes the area impassable for ships with a draught greater than 33 ft trying to navigate to the Port of Jacksonville, about half of the day, when the tide is retreating. Army Corps officials say the proposed fix would make the area passable 24 hours a day.

The proposed fix involves removing 3,000 ft of a 6,000 ft training wall and relocating 2,050 ft of it to the east of the existing wall. The proposal is the result of seven years of studying at least seven alternatives, according to Army Corps documents.



The study is only one part of a process that will take years, according to Anderson. He said success in fixing the flow problem rested in part on the continued support of the Duval County delegation; its citizens, who have written thousands of letters to Congress; and the support of Congressman John Mica, who chairs the key authorisation committee.

Delegation

“Our entire community and Congressional delegation from the governor on down are focused on getting the needed funding,” he said. “But we still must get Congress to authorise the project and that can only be done through a Congressional

water bill.” The problem, he said, was that Congress had passed no water bill since 2007 and there was little chance there would be a water bill in this Congress.

Anderson said the delays on Mile Point had not frustrated the port’s efforts to use any resources available to improve services.

“When we welcome the Caribbean Shipping Association next May for their first meeting in Jacksonville, we will have a lot of positive things to show them,” said Anderson. “And we are very excited to have them here in 2012.”

Process

He went on: “We are in the process of doing the Blount Island upgrades to both

the bulkheads and the rail. And that is another of the challenges facing America’s ports. Like Blount Island, port terminals across the country have ageing infrastructure, while bulk cargoes that move across the terminals are heavier and larger than the ones for which they were originally designed.”

Also on the horizon is a new set of post panamax cranes for the Talleyrand Terminal with a capacity of 100 tons and a reach across 18 containers.

“This will increase our ability to handle with alacrity the post panamax ships that currently call through the Suez services,” said Anderson

He said negotiations were progressing with



Jacksonville-based CSX for rail services to accommodate the TraPac Terminal and the planned Hanjin Terminal at Dames Point.

“We have a very good partner in CSX and we are preparing a Tiger 3 grant application to help with the funding,” said Anderson. “To enhance velocity and throughput you have to have that on dock rail.” 

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the Cottica River. The Port of Moengo has a 21 ha compound in a strategic location towards the neighboring French Guyana. It takes half an hour to reach St Laurent du Maroni.

The Port of Moengo is strategically located on a navigable river and can accommodate oceangoing vessels.

The port has two tank farms, each consisting of three tanks. One tank farm is close to the New Dock. This tank farm has a total capacity of 40,000 barrels. There is one tank of 30,000 barrels and two of 5,000 barrels each.

Currently the 30,000 barrel tank is used for storage and distribution of oil products. There are regular shipments of oil products for distribution by Traymore N.V.

Besides the storage and extra services, the Moengo Dock is located in the eastern part of the Republic of Suriname in the Marowijne district, alongside

The other tank farm consists of one tank of 5,000 barrels capacity and two of 2,500 barrels each. These tanks are currently not in use.

With a total storage capacity of 50,000 barrels directly at the Port of Moengo, opportunities abound for those who want to do business.

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JAMAICA: FOUR CRUISE DESTINATIONS ON ONE COAST

By Ricky Browne

For years Jamaica promoted itself as the Caribbean destination with three distinctly different cruise shipping destinations – Montego Bay, Ocho Rios and Port Antonio. But everything changed this year when the sleepy 18th century Georgian town of Falmouth opened its brand-new 21st century port.

Falmouth has increased the number of ships coming to Jamaica from 180 in the first half of 2010 to 202 in the corresponding period this year. The number of passengers also increased, from 482,607 up to 30 June 2010 to 562,248 in the same period of 2011. If Jamaica keeps this up, it should improve on the 908,000 cruise passengers who arrived in 2010 and could even exceed the 1,170,000 of 2007.

Here is a glance at the four cruise ports which make Jamaica's north coast one of the busiest stretches in the Caribbean cruise business.

MONTEGO BAY

Cruise ship calls to Jamaica in the modern era may have started in Kingston, but the cruise sector became big business when Montego Bay became the destination of choice for the emerging cruise lines.

The Montego Bay cruise ship pier is located at Montego Freeport, a few miles outside the city centre. The port area is uninspiring, clearly in need of upgrading and modernisation. However, it is just a five-minute drive into the smaller of Jamaica's two cities.

Montego Bay has suffered a decline in cruise ship calls in recent years. In 2007 a total of 154 cruise ships brought 415,000 passengers to this north coast city. However, in a matter of three years this traffic had slowed significantly to 120 ships (down 22 per cent) bringing 299,000 passengers (down more than 27 per cent).

In the first six months of this year Montego Bay received 60 cruise ships and 136,000 passengers, compared with 70 ships and 161,000 passengers in the corresponding half-year of 2010. The decline continues. However, as MoBay is only 20 minutes from the new port at Falmouth, its attractions remain popular and the city's famous Jimmy Buffett's Margaritaville Bar is considered by many an experience not to be missed.

Most of the leading cruise lines call at Montego Bay, including Carnival Cruises, Royal Caribbean Cruises, Celebrity Cruises, Princess Cruises, Holland America Cruises, Costa Cruises, MSC Cruises and P&O Cruises. And despite the advances and beauty of other cruise destinations in the region, MoBay is still an important port of call on their itineraries.

FALMOUTH

One of the newest destinations in the Caribbean, the port of Falmouth has been in operation only since February of this year. Already it is the second-largest cruise destination on Jamaica's north coast, receiving 48 cruise ships and 181,500 passengers up to 30 June.

While a representation of this Georgian town has been built around the port area specifically for cruise ship arrivals, in the background the real old town of Falmouth, capital of Trelawny parish, has been reinvigorated by the development. Property prices have been increasing and restorations and upgrading of facilities are in evidence.

There is little to do in the old town itself, but new attractions are beginning to show. A heritage tour, which allows tourists to walk and experience this historical town, is one of the newest attractions. Even newer is a pirate ship called *Captain Hook*.

The US\$120 million port is a joint venture development project between

the Port Authority of Jamaica and Royal Caribbean Cruises International. The pier is the only one in Jamaica that can accommodate the new Oasis class of mega cruise vessels. At 20 storeys tall and 1,187ft in length, the *Oasis of the Seas* can carry 6,300 passengers and 2,300 crew – altogether significantly more than Falmouth's population of about 7,500.

Ships currently calling at Falmouth include *Navigator of the Seas*, *Freedom of the Seas*, *Allure of the Seas* and *Oasis of the Seas*, all from Royal Caribbean. Ships from Holland America Cruises calling at Falmouth include the *Maasdam*, *Eurodam*, *Rydam*, *Westerdam* and *Veendam*.

OCHO RIOS

Most cruise ships in Ocho Rios dock at the purpose-built pier, but others dock at the Reynolds bauxite pier next door. The Reynolds pier, while an eyesore, with adjacent buildings and facilities stained red with bauxite dust, earned some fame because of a fight scene – on the steel sea horses that serve as loading mechanisms – featuring in the 1962 film 'Dr No', which starred Sean Connery as James Bond.

Like Montego Bay, the Ocho Rios port is also in somewhat of a decline, especially since the advent of the Falmouth port. In 2007 the port received 275 ships and 750,000 passengers, compared with 201 ships and 607,000 passengers in 2010.



Ocho Rios

Ricky Browne photo

In the first six months of 2010 Ocho Rios received 107 cruise ships and 320,000 passengers, but has received only 92 calls in the corresponding period this year and 243,000 passengers. It is estimated that this year the port will receive only about 400,000 passengers (34 per cent fewer). Recently, only one ship has been arriving each week. From being the busiest of Jamaica's cruise ports, Ocho Rios is now under pressure of decline.

Over the last decade, the cruise business has brought a resurgence of attractions. In the past, Ocho Rios had one major attraction, Dunns River Falls. Today, other attractions include a dolphin park, a bus trip to Bob Marley's birthplace, a canopy tour and a 'Cool Runnings' inspired bobsled ride.

Recently, Ocho Rios has been receiving only ships from Carnival, but a long list of cruise lines have called in the recent past, including Royal Caribbean Cruises, Carnival Cruises, Princess Cruises, Norwe-

gian Cruise Line, Celebrity Cruises, Costa Cruises and Holland America Cruises.

PORT ANTONIO

Port Antonio was Jamaica's first real tourist destination and 'cruise ship' port, when banana boats started to bring passengers from the USA more than a century ago.

Port Antonio's heyday is long gone, but there has been a revitalisation of the town's port. The Port Authority of Jamaica undertook the development of what is now the Errol Flynn Marina at West Harbour, with its 32 slip facility for large yachts.

The refurbished Ken Wright cruise ship pier, which adjoins the marina, can handle only small to medium-sized boutique vessels up to 660 ft in length – limited by the size of the channel leading to the pier. This has the positive side-effect of safeguarding the town's image as an exclusive ecotourism destination catering to a totally different market segment. Among the

Falmouth



vessels that have visited or are expected to visit are the *Zenith*, *Windsurf*, *SeaDream II*, *Saga Ruby* and *Regatta*.

Port Antonio is by far the smallest of the four ports. From welcoming 13 ships and 7,099 passengers in 2008 it received only three cruise ships and 766 passengers last year. Up to 30 June this year it received just two ships and 688 passengers. The situation is so poor that Port Antonio's citizens could be forgiven for thinking that cruise shipping no longer exists and that Jamaica is fast on the way to becoming a three-port destination once again. 



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MIAMI RIVER HOSTS MEGA YACHTS

South Beach and dazzling Downtown Miami attract discerning yachtsmen to Miami River and its upscale marinas and boatyards

At least once every four years, yachts must find a boatyard with sufficient lifting capacity and quality workmanship to tweak the running gear, repaint the hull, add the latest in electronics and occasionally, as was the case with the *Golden Odyssey*, add a few metres in length to accommodate some new interior design concept that pleases the owner.

Only a few locations on the Atlantic coast offer the mix of 'mega size' haul-out

and top quality workmanship. And even fewer offer both within walking distance of the hottest destination in America today: Downtown Miami and nearby South Beach.

SPONSOR

For years, His Royal Highness Prince Khaled bin Sultan of Saudi Arabia, founder and chief sponsor of the Khaled bin Sultan Living Oceans Foundation, has carried on a tradition of calling at only the world's finest destinations with his unique 'Golden Fleet'

of yachts. Besides his 265 ft Blohm + Voss *Golden Odyssey*, he has acquired a 'toy caddy', the *Golden Shadow*, which carries among its complement a nine-passenger Cessna turboprop Caravan aircraft, folded down below. Since February 2011 the vessels of the Golden Fleet have adorned the entrance to the Miami River at their berth at the Epic Marina.

UNIQUE

The *Golden Odyssey* alone is the 59th-largest yacht in the

By Rick Eyerdam

world. With its ever-present *Golden Shadow* tender and its sport fisherman shadow, *Golden Osprey*, the Miami River can claim to be host to the largest and most unique single yacht ensemble in the world.

AWARD

And that's not all. Yacht builder David Marlow, who won an International Superyacht Society 'green boatyard' award for his



Golden Fleet on the Miami river

shipyard in China, has purchased the world-famous Merrill Stevens boatyard on the Miami River where Malcolm Forbes's *Highlander* and Jacques Cousteau's *Calypso* often called for service. Marlow says he expects to bring the same spirit of quality and environmental stewardship to Marlow Merrill Stevens.

UPGRADE

The north yard of Marlow Merrill Stevens has a 500-ton Syncrolift and a 500-ton railway. Marlow has told friends that he plans to upgrade this facility to 750 tons. The south yard has a 100-tonne Travelift that will be replaced by a 220-ton lift. With the upgrades, says Marlow, the yard will be able to haul 115 ft boats on the south side and 170 to 180 ft boats on the north side.

"The continued success of Jones Boatyard, Norsemen under Rick Herron, and Merrill Stevens under John Spencer

and his crew through this difficult economic time has demonstrated that competence and quality can overcome outdated negative impressions," says Phil Everingham. A former Merrill Stevens executive, he has been retained by the non-profit Miami River Marine Group to work with yacht- ing and boatyard interests to improve the level of services and co-ordinate booking and crew accommodation at the Miami River facilities. In addition to decades of service on maritime-related boards and organisations, Everingham served as senior vice president, general manager and principal at Merrill-Stevens Dry Dock Co until his interest was sold in 2005. He can be reached at: www.marineadvisorygroup.com



Rick Eyerdam, a former editor of Southern Boating and Florida Shipper Magazine, is executive director of the nonprofit Miami River Marine Group.



THE GOLDEN FLEET AT A GLANCE

GOLDEN ODYSSEY

Year built: 1990

Length overall: 263 ft / 80.2 metres

Beam: 41.1 ft / 12.5 metres

Draught: 13.3 ft / 4.05 metres

Cruising / max speed: 16 knots / 18 knots

No of guests: 12

No of cabins: 11

Double cabins: 3

Twin cabins: 6

Single berths: 2

Builder: Blohm + Voss

Designer: Alberto Pinto

Guest accommodation: Luxury mega yacht charter; 2 x double master staterooms each with dressing rooms and bathrooms en-suite; 1 x double guest cabin with bathroom en-suite; 4 x twin guest cabins with bathroom en-suite; 2 x twin staff cabins with shower room en-suite; 2 x single staff cabins with shower room en-suite.

Onboard entertainment: 2 x TV satellite dishes; wide range of satellite channels available from multiple decoders; Kaleidescape video and audio on-demand system; all HD televisions, DVD, 42 inch and 50 inch plasma screens with full Dolby Surround Sound stereo equipment throughout the yacht

No of crew: 25

Fuel consumption: 390 litres/hour

Air conditioning: Full

Communications equipment: 4 x satcoms (2 with internet access, if required); 2 x GSM base stations. Fitted with broadband internet access (1 Mbit download speeds)

Tender and toys: Cessna 208 Caravan seaplane with 2 x 675 hp engines

GOLDEN EYE

- 2 x 17 ft Novurania with 2 x 50 hp engines
- 30 ft Hydrocat with 2 x 170 hp engines

GOLDEN SHADOW

- 38 ft Fabio Buzzi RIB with 2 x 300 hp engines
- 23 ft Patrick catamaran with 2 x 90 hp engines
- Yamaha Jet Boat with 2 x 90 hp engines
- 5 x 1,300 cc Yamaha Waverunners
- Kawasaki 750 cc jet ski
- Full diving equipment for 20 pax
- Double lock diving recompression chamber



FREEPORT HARBOUR SET FOR A SOARING FUTURE

Freeport Harbour has exceeded the original developer's expectations but has not yet fulfilled the present owner's vision and master plan. Many developers would be happy to have achieved the level of success attributed to the planners, managers and owners of Freeport Harbour. However, the Hutchison team and their partners are unusually ambitious and have the audacity to believe they can improve upon

that which is in place.

As presently configured, Freeport Harbour is the envy of many. It is constantly changing to meet the demands of its clients, while adhering to Hutchison's core values and the cultural and environmental demands of the port authority and The Bahamas Government.

Freeport Harbour Company (FHC) has primary oversight of the port's daily operation and implementation of the strategic plan. FHC is privately owned

and operated through a joint venture between The Grand Bahama Development Company and Hutchison Port Holdings (HPH), a subsidiary of the multinational conglomerate Hutchison Whampoa Ltd (HWL), one of the world's leading port investors, developers and operators.

DEEPEST

Freeport Harbour is one of the deepest and largest in the Caribbean. Over the past few years, vast amounts of lime-

stone have been removed, creating tremendous depth. In fact, at 52 ft (16.0 metres), Freeport Harbour claims the distinction of being not only the deepest harbour in the Caribbean, but also one of the deepest in the hemisphere. There is also a huge expanse of sheltered waters, making it one of the largest man-made harbours in the world. The port has over 2,000 ft of berthing space for wet docking of vessels, with two 900 ft wet docking berths. Vessels with a maxi-





mum draught of 30 ft can be accommodated alongside.

Businesses located at the port are varied but complementary in several respects. The entity with the strongest brand in the harbour is Freeport Container Port (FCP). Located 65 miles from Florida, it is strategically placed to serve as a major world container transshipment hub between the Eastern Gulf Coast of the USA, the Gulf of Mexico, the Caribbean, South America and trade lanes to Europe, the Mediterranean, the Far East and Australia.

ADVANCED PORT COMPUTER SYSTEMS

FCP was officially opened in July 1997 and has a total of 140.9 acres (57 hectares) of stacking area; 3,400 ft (1,036 metres) of berths with 50 ft 6 in (15.5 metres) depth alongside; and 52 ft (16.0 metres) depth in the channel and turning basin. FCP has in its inventory nine post panamax quayside gantry cranes, a Gottwald mobile harbour crane, three empty container handlers and two top lifters. It has 72 straddle carriers and one Megaport straddle carrier, with radiation detection unit, controlled by the Navis operating system. FCP has a total capacity of about 1.5 million teu and offers shipping lines a 24-hour service with advanced port computer systems, operational expertise and professional management, coupled with state-of-the-art security and full surveillance.

Freeport Harbour is continuing to expand steadily, according to Gary Gilbert, chief executive of HPH, who describes it as one of the proud jewels of

Hutchison Whampoa.

Recently, FCP welcomed the mega vessel *MSC Bruxelles*, which has a fully laden capacity of 9,178 teu. With an overall length of 1,104 ft (336.7 metres) and a maximum draught of 49.2 ft (15.03 metres) below the waterline, the ship is powered by four diesel engines and can reach a speed of 25 knots. Its carrying capacity is a breathtaking 18 containers wide across the deck with stacking up to seven containers high.

Another popular fixture in the harbour is the Freeport Harbour Cruise Facility, used for cruising and day ferry visits. Freeport Harbour can accommodate up to three cruise ships simultaneously. The cruise terminal has recently been refurbished at a cost of about \$20 million to ensure the integrity of its berths. Cruise ships of up to 1,000 ft in length overall can be accommodated. The island of Grand Bahama expects to welcome about 1 million cruise passengers over the next year.

IMPRESSIVE VESSEL

Towage and pilotage services are available 24 hours a day. Last year FHC purchased the pilot boat *Nina Anne*, built by Gladding-Hearn Shipbuilding in Massachusetts. The 'Nina Anne' is a Jacksonville-class pilot boat, designed to carry up to six pilots. This impressive, fully air conditioned vessel has a 52.5 ft aluminium deep-V hull with a beam of 16 ft 11 in and a draught of 4 ft 8 in. It has two C18 Caterpillar engines of 676 hp and one 12 kW Northern Light generator. The fuel tank carries 700 gallons, while fresh water capacity is 25 gallons. The pilot boat is equipped with automatic

identification system (AIS) and global positioning system (GPS) technology as well as two Icom VHF radios, Furuno radar and plotter.

There are ro-ro facilities for containers and LTL cargo. The port can accommodate five ro-ro vessels at the same time. Other key operations include car transhipment, wet docking and a world-class ship care and repair facility, the Grand Bahama Shipyard. The depth of the harbour has enabled the shipyard to service the largest cruise ships in the world.

REPUTATION

Freeport has also developed a favourable reputation for its mega yacht repair facility, Bradford Marine.

Freeport Harbour is a combination of tourism development and industrial ventures. In both sectors, the harbour is comparable to cruise ports and container ports elsewhere. The industrial dimension is well developed and the brand of each business unit is strong internationally. In the short to medium term, the goal is to strengthen these brands and add additional businesses.

The company Bahama Rock, an exporter of aggre-



gate, has been in the port's industrial corridor for many years, but without direct access to the harbour. Steps

resources available if needed, whether for storage of containers on the quay or inland. The company is creating an

pany places great emphasis on productivity. High productivity levels are necessary for the success of such ports.

AS THE WORLD ECONOMY REBOUNDS, FREEPORT HARBOUR EXPECTS TO SOAR

are now being taken to provide this company with direct access to the water.

FCP has substantial land

improvement-driven environment. One lesson this relatively young company learned from studying older companies was that the harbour had to be deep enough to accommodate the largest ships. The older ports, with depths of less than 45 ft, would have to be retrofitted to accommodate such huge vessels.

LEADERSHIP

The FCP leadership understands that the earning per container is relatively low since transhipment activity does not add value to the cargo. Therefore, the com-

Thus far, based on throughput numbers, FCP says it has been holding its own. Private ownership reduces the kind of bureaucracy often associated with government-owned ports. Profitability drives decision-making and great effort is made to achieve efficiency in all aspects of the operation. Hutchison's global presence enables best practices and resources to be brought in from all around the world.

As the world economy rebounds, Freeport Harbour expects to soar. The stage is being set for it to do just that. **QNT**



MARTINIQUE'S 'HUB CARAÏBE' PROJECT:

A NEW FUTURE FOR THE PORT

For the second time in its 150-year history, the Panama Canal is about to upset shipping paths and uses by changing intercontinental distances. From the opening of the third lock, through the gigantic 12,500 teu container vessels, Asia will be trading directly with the Atlantic side of the Americas and going straight to the western block of Europe – France in particular.

The Caribbean as a whole – and Martinique specifically – will therefore find themselves in the midst of a major maritime overturn that will redefine routes and flow over the next 50 years. Taking over the traditional Americas and Europe sea links, the tremendously vital new flows from the North Pacific will irrigate the Gulf of Mexico and the Caribbean

MARTINIQUE MUST BE READY FOR THIS HISTORICAL CHALLENGE AND BE PART AND PARCEL OF THIS NEW INDUSTRY

Sea, seeking for transshipment platforms.

Martinique must be ready for this historical challenge and be part and parcel of this new industry. For several years the Fort de France Port Authority, with its unmatched draught in the region, has been quietly but decisively preparing this turning point. Its southernmost location makes the Fort de France installation a great match for the transshipment traffic to Latin America:

- In the first phase, by the extension of the present container terminal (a

regional 'sub hub' with a transshipment capacity of about 250,000 teu)

- In the second phase by increasing capacities to target about 1 million teu.

Launched in late 2003, the current container terminal at Pointe des Grives, handling 160,000 teu per year, must be immediately retrofitted to accommodate the first phase: the eastern and northern extension of its reclaimed platforms, on the one hand, and prolonging its existing quays, on the other.

Technical surveys and socio-economic studies have been undertaken and all relating constraints have been identified.

The facility is naturally sheltered from sea surges and wind and will be completed for a reasonable cost of €60 million.

No damage will be done to the environment, the flora, the fauna or the (water) currents. And no palliative or curative expenditure will be required.

However, the second phase, the 'Hub Caraïbe', while we are building the first intermediary one, needs to be projected:

- 45 ha of reclaimed platforms fitted with 1,400 metres of quay, including 1,150 metres with 18.0 metres depth and 250 metres of spare quay with 12.0 metres depth

By Manuel Baudouin

- 28 ha fitted with 550 metres of quay with 14.0 metres depth plus 200 metres of quay with 11.0 metres depth.

As a matter of fact, the 'fosse de Dillon' currently offers a natural depth of 17.0 metres that can accommodate deep draught vessels with no dredging of the site. The project will therefore fit perfectly with only minor ecological changes for a balanced financial cost.

This two-phase project has garnered full support throughout Martinique. The time has now come for the shipping community to actively engage in promoting it.

CONCESSION

The Chamber of Commerce and Industry in Martinique (CCIM) has had the port concession since 1953 and is in charge of managing the entire facility and forecasting its future. This is why it is wholly committed to this project. As the governmental body representing businesses, and guarantor of the port operations, the CCIM is rightfully generating momentum around this ambitious endeavour in port circles, but also in Martinique as a whole, thereby demonstrating its vitality and ambition and its recognition of its position as a flagship of Europe ever seeking greater world coverage. 

Manuel Baudouin is President of the Chamber of Commerce and Industry in Martinique (CCIM)

THE DILEMMA FACING LATIN AMERICA AND THE CARIBBEAN

The post World War II trade relations among regions have been marked by two important phenomena. The first is globalisation, which brought tremendous change to the global economy and the world geography. This change has led to increased agglomeration and larger concentrations in urban spaces and, subsequently, far better and more complex transport networks resulting in cost reductions and just-in-time production methods. This transformation has resulted in world trade growing at an average annual rate of 6.5 per cent, with trade relative to output tripled.

The second is regional integration, which has brought with it a significant development in the global trading system. This regional integration, which has been driven by globalisation as well as the democratisation of political power and the search for stability in the global economy, has brought about changes in governance and technological innovation.

According to Brühlhart*, globalisation of the supply chain and intra-industry

trade – fuelled by increased trading of intermediate and final goods, which accounted for 27 per cent of all trade in 2006 – reached unprecedented levels, with growing opportunities for developing countries to take on ever more active roles in the global economy. At the same time, scale economies in transport, advances in infrastructure and transport

services, containerisation, further streamlined processes and the production of manufactured goods have all led to economic agglomeration, which have changed the landscape of the world economy. Trade patterns have also shifted, with increasing flows between neighbouring countries and trading blocs with similar factor endowments.

However, commentators have argued that one explanation of why Latin America and Caribbean countries have lagged in their integration into the world trading system is their inability to cope with a globalisation process that is inherently transport-intensive

and where supply chains are now being organised on a global scale. Technological innovations driven by transport technology developments have changed the economic landscape of the world, allowing countries to exploit economies of scale in both the transport and production of manufactured goods. However, the region continues to invest less than

others in infrastructure and the logistics performance that would allow it to benefit fully from these developments.

EFFORTS

These two phenomena are, in large part, a result of successive efforts by governments to establish a global trading system. Many commentators have agreed on one point: that both Latin America and the Caribbean have been actively involved in transformational processes that have deepened considerably since the 1990s with the unilateral opening of economies and more regional trade agreements.

By Fritz Pinnock and Ibrahim Ajagunna

Latin America has a long tradition of regional co-operation and integration through the rise of Import-Substituting Industrialisation (ISI) development strategies and the creation of the Latin American Free Trade Association (Lafta) and the Central American Common Market

(CACM). The ISI strategies have focused on promoting indigenous small-scale businesses through high levels of external protection, state participation and investment regulation with the intention of achieving export-led growth and lower dependence on highly industrialised countries. This approach was premised on growth potential for the small businesses and to create production efficiencies that will allow them to compete in the global market.

However, owing to a complicated political and economic climate, the first attempt at regional integra-

TECHNOLOGICAL INNOVATIONS DRIVEN BY TRANSPORT TECHNOLOGY DEVELOPMENTS HAVE CHANGED THE ECONOMIC LANDSCAPE OF THE WORLD



tion by Latin America was unsuccessful. This was due in part to factors such as:

- National protectionism, marked by tension between the state and the private sector;
- Trade negotiations did not provide sufficient incentives to create a rule-based system, which will allow the benefits from increased exchange to be distributed evenly among member countries;
- The development of national and regional infrastructure, low levels of investment and maintenance and poor transport services hindered the potential gains from increased regional co-operation among the Latin American countries.

While this has been the case with Latin America nations, the Caribbean had a remarkably different history of economic integration, owing to the late independence of many of the colonies. The first attempt at regional integration was with the Caribbean Free Trade Association (Carifta), established in 1968 with the aim to liberalising trade between member nations. In 1973 the association was replaced by the Caribbean Community (Caricom) as a result of an imbalance in benefits accruing to member nations.

Following the debt

crisis of the 1990s and the structural reforms promoting trade and financial liberalisation, Latin America and the Caribbean entered a period of revived regional co-operation in an attempt to reduce traditional barriers to trade, while at the same time promoting open and competitive economies. This also encouraged a development strategy that brought about increased co-operation and trade by securing reform through institutional arrangements.

INITIATIVES

Many commentators have pointed out that, while sub-regional initiatives did not limit agreements to trade, they have incorporated structural considerations to reform the institutional environment and to build longer-term strategic policies that enable member countries to compete in the global trading arena. This strategic policy includes agreements in standards, transport, Customs co-operation, services, investment, dispute settlement, labour and competition. Through these measures, member countries have sought to enforce internal regulatory measures as well as to capture the benefits of increased opportunities for export diversification, foreign direct investment (FDI), greater specialisation, product differentiation and intra-industry trade result-

ing from increased market access and a clear regulatory framework.

REDUCTION

The last few decades have seen a remarkable reduction in barriers to trade and significant improvements in maritime transportation, containerisation and information and communications technology (ICT). These have led to a significant reduction in the time and cost of global transactions and exchange. Importantly, regional integration has not only strengthened the bargaining power of many Latin American and Caribbean countries; it has also created opportunities for intra-regional trade and economic growth. Despite all of these, the Latin American and Caribbean region continues to lag behind many of the industrialised countries in an effort to secure benefits from increased trade liberalisation and regional integration, while at the same time being unable to maintain its share of world merchandise exports.

Nonetheless, many countries continue to rethink and reassess the value of regional trading blocs while creating stronger incentives to deepen regional integration. Derived benefits by many countries from regional integration have been expanded to include freight logistics, specialised infrastructure and trade facilitation. A 2003 IDB study points out that a 10

per cent decrease in freight costs and tariffs would boost bilateral imports of Latin America and the Caribbean by 46 per cent, with intra-regional exports growing by an average of 60 per cent.

According to experts, tariffs in the Latin America region have declined from over 40 per cent in the mid 1980s to about 10 per cent in 2008, while 57 regional integration initiatives have been signed. This figure has been lower in the Caribbean, as the region's average still hovers around 30 per cent. Nevertheless, the share of intra-regional trade within the region's major trading blocs has declined as a result of limitations in the integration process. According to experts, these have been caused by limited progress in trade facilitation measures, but difficulties have also arisen from deficiencies in funding opportunities and political deadlocks in advancing a more integrated trade and policy agenda.

POLICY

This has led many commentators to argue that developing countries are finding themselves hard-pressed to adjust their trade policy agenda to take into account trade costs not covered in past rounds of trade negotiations.

Despite efforts to increase regional co-operation in trade, Latin America and the Caribbean continued



to show weak performance when compared not just with industrialised countries of the West but also with other developing regions. Logistics performance indicators consistently show Latin American and Caribbean countries underperforming, relative to other emerging markets, not to mention the member countries of the Organisation for Economic Co-operation and Development (OECD).

LOGISTICS

The two elements of the maritime component, ships and ports, constitute the movement of goods from one point to another, or from one country to another. The sum total of unique transport arrangements is referred to as the supply chain, the management of which is referred to as logistics. The goal of logistics is the movement of goods across borders rapidly, reliably and cheaply. This, in turn, facilitates trade and development.

The goal of Caribbean maritime transport development should go well beyond the sea and encompass trade facilitation, Customs mod-

cultivation of local logistics competence in forwarding, trucking and freight consolidation. The Caribbean-Central American Action (CCAA) drew attention to an important World Bank measure called the Logistics Performance Index or LPI ‘Connecting to Compete – Trade Logistics in the Global Economy’ (World Bank, 2007).

The LPI was constructed by surveying global freight forwarders and express carrier companies. It measured the impact of delays and costs associated with moving goods over the ports of 150 countries. This measure includes: Customs clearance; quality of infrastructure (ports, rail, and ICT); ease and affordability of arranging shipments; ability to track and trace; cost of local transport, port and terminal handling; warehousing; predictability of on-time arrival; criminal activities; solicitation of informal payments; and degree of improvement or deterioration. While this survey included only three Community members, the following is a picture of their

performance relative to the rest of the world (maximum score, five; highest ranked country, Singapore at 4.19):

While the goal should be to make progress on each of the elements that contribute to logistics performance, as they are self-supporting, it is probably true that Customs modernisation is a necessary condition. In this connection, the Caribbean region has made progress in implementing UNCTAD’s Automated System for Customs Data (Asycuda) (www.asycuda.org). Asycuda was developed in 1980s. The aim was to harmonise Customs codes, international standards and simplified procedures. The expected outputs are a uniform application of the Customs laws and regulations; a better command of the collection of duties and taxes; and the availability of timely and accurate statistics. Asycuda provides technical support for installation and training with suitable funding.

TRANSPARENCY

Whatever the system, there must be transparency of governing rules and regulations; efficiency of the document and clearance process; and predictability in the application of the rules and regulations by the authorities (World Bank, Global Facilitation Partnership for Transportation and Trade – Trade logistics: Practical Measures).

Increased efficiency in freight logistics and the advancement of trade facilitation infrastructure will effectively enable new regional players to enter the global economy, thus promoting competition, improving distribution and reducing the logistics costs of companies. It will allow firms to take advantage of market

access opportunities created through regional and multilateral trade agreements. Without a renewed focus on trade transaction costs, however, both the Latin American and Caribbean regions will continue to be left out of self-reinforcing production and trade networks, while economies of scale in production and related transport performance will continue to make it more difficult to compete at global level. Because the Latin American and Caribbean regions lack the basic infrastructure to compete globally, both regions will need to focus specifically on the following in order to achieve the benefits of integration:

- Provision of basic infrastructure, particularly road networks and the development of trucking services in each island state and within the Latin American intra-land
- Improvements in services and regulations that facilitate public-private partnerships, as in port and rail infrastructure
- Improved services delivered by each region to facilitate Customs management, border crossings, information and communication technologies and security
- Support for logistics and value chain management development in small and medium-size enterprises, operators and intermediaries
- Creation of an institute for high-quality logistics

Country	Rank	Score
Jamaica	118	2.25
Haiti	123	2.21
Guyana	141	2.05

ernisation, the promotion of electronic processing of trade documents, improved access to trade and transport information for the purpose of tracking and tracing, processing and approval, and the

performance relative to the rest of the world (maximum score, five; highest ranked country, Singapore at 4.19):



- Integration of regional infrastructure development criteria, giving priority to projects of greater regional impact
- Development of financial mechanisms to increase investment in key areas
- Commitment to an agenda for productive integration and freight logistic services to support national and sub-national entities in the public and private sectors.

These initiatives will help the region cope better with a changing international environment and allow it to exploit the positive links between trade, integration and economic growth.

An array of logistics performance indicators shows the region lagging behind most industrialised countries and several developing regions. The 2009 Enabling Trade Index (ETI) shows Latin America and the Caribbean achieving an overall score of 3.76 out of six, the global average being 4.27. Similarly, the Logistics Performance Index overall ranking positions Latin America and Caribbean countries behind those of the Middle East and North Africa as well as the industrialised countries of Asia, with its lowest scores being in Customs performance (2.37 out of five) and infrastructure (2.38).

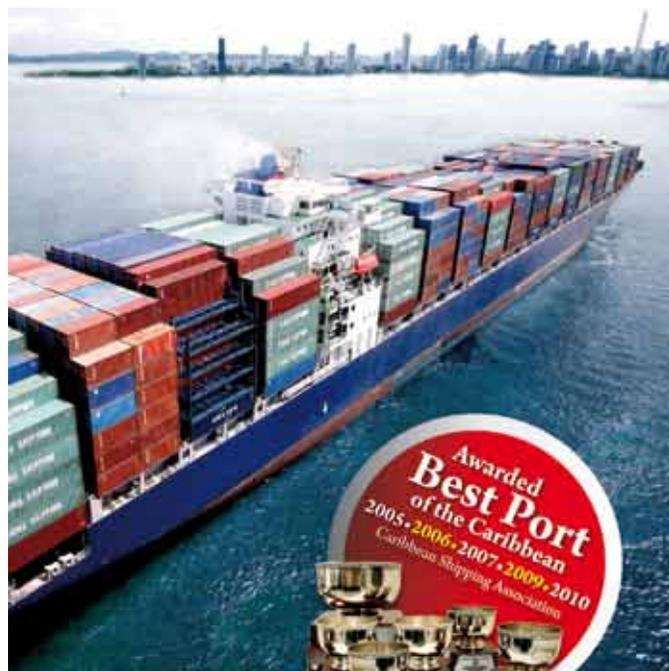
According to Guasch and Kogan (2006), poor logistics performance has also led to higher transport costs for the Latin American and Caribbean regions, relative to their counterparts. Currently, logis-

tics costs in Latin America and Caribbean range between 18 and 34 per cent of product value, while the OECD benchmark is nine per cent.

RETHINK

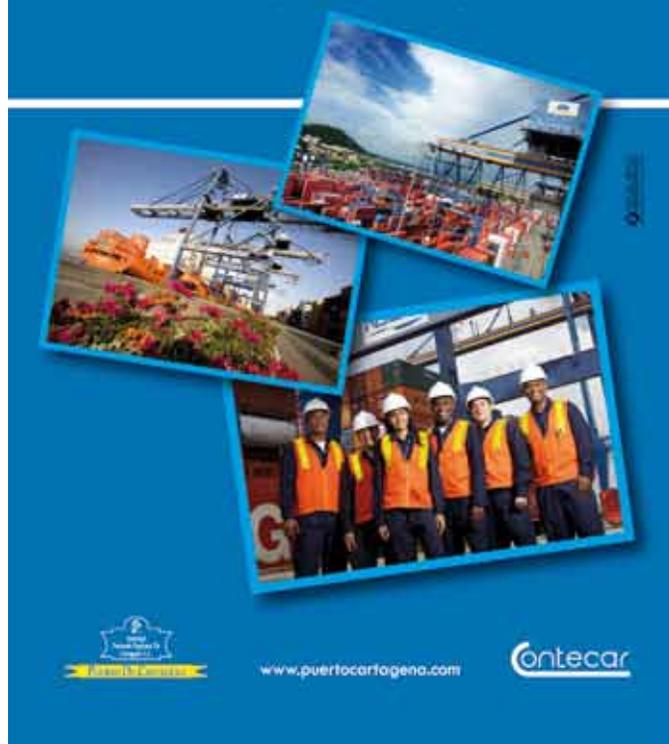
As a result of underinvestment in infrastructure and poor performance in freight logistics, Latin America and the Caribbean are now pressed to rethink their trade facilitation agenda to incorporate physical integration projects, transport services and specialised logistics infrastructure in an effort to reduce non-traditional trade costs. Djankov et al. (2006) for example show that each additional day that a product is delayed prior to being shipped reduces trade by more than one per cent – equivalent to a country distancing itself from its trading partners by about 70 km. This suggests that without a renewed focus on trade facilitation measures – including physical infrastructure, overall land use and planning for logistics corridors and multimodal transport services, and regulatory frameworks to simplify international trade procedures – the region will continue to be left out of self-reinforcing production and trade networks while transport and logistics costs will make it more difficult to compete at global level.

**Brühlhart, Marius, 2008, 'An Account of Global Intra-Industry Trade 1962–2006', working paper, University of Nottingham, UK*



PORT OF CARTAGENA LOGISTICS PLATFORM OF THE CARIBBEAN

- Currently under expansion for a throughput of four million annual TEU's and capacity to receive Panamax II vessels.
- Excellent connectivity with more than 30 shipping lines connecting with 589 ports in 136 countries at only 50 miles from the Panama Canal.
- Optimum productivity and efficiency at competitive costs.
- Online traceability, with highest security standards.



CRUISE SHIPPING IN CUBA

By Ricky Browne

Walk out of the Greco-Roman cruise ship terminal in Havana and you are right in the middle of Old Havana, in front of the Plaza San Francisco, with its cut-stone churches, horse-drawn carriages on cobbled streets and cafés in ancient squares. But the pre-revolution cars on the streets and clean laundry hanging from dirty balconies let you know that this is a living city, not a sanitised relic.

Many of the city's most famous sites are within walking distance. The Malecon, where Havana's people gather to socialise against a background of waves occasionally crashing over the sea wall; Obispo, a busy shopping street that showcases the history of Havana's ornate architecture; the cathedral, described as a symphony in stone; several of Ernest Hemingway's favourite haunts, including El Floridita, the cradle of



the daiquiri cocktail; the art deco Bacardi Building; and El Capitolio, a near replica of the Capitol building in Washington, DC, but in a startlingly tropical setting, right down to the palm trees swaying in the breeze.

As the largest island in the Caribbean, with stunning colonial architecture, a beautiful landscape and impressive white sand beaches, topped off with a heritage that includes salsa, rumba and rum bars, you might wonder why Cuba is not the number one cruise ship destination south of Miami.

No doubt it would be, were it not for two small issues: American citizens are

allowed to visit Cuba, but American law prohibits them from spending money there; and the US embargo prohibits cruise ships that visit Cuba to enter the USA for six months afterwards. As a result, only a few cruise ships will visit Cuba. But at least there were some European-based ships that visited.

This came to a near halt in 2005 when Fidel Castro said he no longer wanted cruise ships in Cuba. He thought the cost of day-visit tourists tramping through Havana outweighed the benefit. He criticised the business for being "floating hotels, floating restaurants, floating theatres, floating diversions" that "visit coun-

Cuba is wooing back European and Canadian cruise lines

tries to leave their trash, their empty cans and papers for a few miserable cents". He then cancelled an Italian firm's contract to run Cuba's cruise terminals. The final nail came a year later, when a Spanish ship, the *Pullmantur*, bypassed the island after being bought by an American firm that was subject to the US embargo.

In 2005 Cuba received about 100,000 cruise passengers. However, following Fidel Castro's comments in 2006, cruising to Cuba essentially disappeared. A total of 10,000 cruise passengers visited in 2010.

The port in Havana, Terminal Sierra Maestra, with berthing space for up to six cruise ships at a time, is now slowly coming back to life. Cuba is wooing back European and Canadian cruise lines, welcoming, in January 2011, its first large ship in almost six years.

Ships currently visiting Havana and other Cuban ports include the *Thomson Dream*, *Adriana*, *Explorer* and *Cuba Cristal*.

Thomson Dream

The *Thomson Dream* is a 42,092-ton British cruise ship. Measuring 243 metres (798 ft) in length, it can carry 1,500 passengers

and 600 crew. From January to March the ship's Caribbean tour includes a two-day stopover in Havana. For the first visit, passengers were warmly greeted with salsa bands, dancing girls and people waving from the balconies. There is much anticipation that this marks the beginning of a new era for cruise ships in Cuba

Adriana

The *Adriana* is a boutique cruise ship, but it has demonstrated the great potential of Cuba as a cruise destination, departing Havana and including four other stops in Cuba – the Isle of Youth, Trinidad de Cuba, Santiago de Cuba and Cayo Saetia (a cay

north of Holguín) – as well as Ocho Rios and Montego Bay in Jamaica.

The *Adriana* is operated by Tropicana Cruises. With a gross tonnage of 4,591 grt and a length of 103.7 metres (340 ft), it can carry 300 passengers with 135 crew.

Explorer

A US-based ship, the 24,318-ton *Explorer*, applied to visit Havana in December on its world cruise. If approved, it will be the first US ship to enter Cuban waters for almost 50 years.

Cuba Cristal

Cuba Cruise will be launching Cuban cruises in December 2011 with its 480-stateroom ship *Louis Cristal*, operating as the *Cuba Cristal*. The ship departs Havana and calls at six other Cuban ports: Bahia de Nipe, Cayo Guillermo, Santiago de Cuba, Cayo Caguamas, Cienfuegos, Trinidad and Punta Frances, the largest of the islands off Cuba and featuring six Unesco World Heritage Sites and four national parks and preserves.

The *Cuba Cristal*, which can carry 1,200 passengers, will be operating mainly in the Canadian market. ❧

SUMMER REMAINS A CHALLENGE FOR CRUISE TOURISM IN THE CARIBBEAN

By Nathan Dundas*

St Kitts and Nevis Minister of Tourism Ricky Skerritt must be complimented for the way in which he addressed the issue of the slumping summer cruise season in the Caribbean.

In his new position as chairman of the Caribbean Tourism Organization (CTO), Skerritt has called for a meeting with the Florida-Caribbean Cruise Association (FCCA). This meeting will discuss what has become an enigma for the majority of Caribbean dependent tourism countries. Skerritt has taken a bold stand in calling for such a meeting and, in this regard, the tourism ministers of the CTO will be meeting the FCCA with the aim of reaping tangible results for the benefit of Caribbean cruise destinations.

We should examine closely what is taking place in Caribbean countries that depend on tourism in the summer months. Starting with the Organisation of Eastern Caribbean States (OECS): only three ships call Antigua for the entire summer, from June to October; about

seven ships call St Kitts, bearing in mind that Carnival Cruise Line makes four of those calls with one ship; St Lucia receives about as many ships as St Kitts (from the same Carnival ship). Barbados receives seven or eight vessels, the same as St Lucia and St Kitts. Grenada, Dominica, St Vincent and the Grenadines, Martinique and Guadeloupe receive no calls.

This is significant because, not so long ago, many of these destinations enjoyed sufficient cruise calls in the summer. Antigua and Barbuda can be used as a good example. In the early 1990s, when the Caribbean was viewed as the only

and, as the economic reality of the world was changing and we were forced in some ways to divert our revenue incomes from productions and manufacturing to tourism, we did not manage to upgrade and hold onto our niche at the time and expand it.

I recall the former Prime Minister of Antigua and Barbuda, Lester Bird, telling me that sustainability was the key for the cruise business, and this has proved to be true. We should have gone into long-term arrangements with the cruise lines as we partnered with them to build the cruise business in the Caribbean.

ONLY THREE SHIPS CALL ANTIGUA FOR THE ENTIRE SUMMER, FROM JUNE TO OCTOBER

year-round cruise destination, it received 12 to 15 calls. So we thrived on that. The beach was the place to be, and 'sand, sea and sun' made an unbeatable tag line for advertisements. We became comfortable with the view that it would stay that way

And by 'we' I mean the entire Caribbean. Many people assumed that the cruise business was just a passing phase – but, as we can see, it is here to stay.

Meanwhile, Europe was taking a good look at our products, copying

them and even looking to better them. Just recently, at the last Seatrade Cruise Convention in Miami, in March this year, the Europeans boastfully stated that they were now the 'Caribbean' of the world as they were offering year-round cruises to the cruise community worldwide.

The trend indicates it is not just Europe; the Asiatic countries, too, are now capitalising on the benefits of the cruise industry and growing their product to the extent where now the major cruise lines, including the American cruise lines that once centred their ships in the Caribbean, are now relocating some of these same cruise ships to Australia, New Zealand and other places.

It is clear that, based on the current trend, this expansion and diversion of the cruise lines will go further to Latin and South America. Places such as Brazil are already becoming great markets for the cruise industry. Even some of the European cruise lines which focused on the Eastern and Southern Caribbean in the not-too-distant past are now diverting some of these same ships to South America and Latin America rather than the once-envied Caribbean islands.

MOST OF THE CARIBBEAN ISLANDS ARE DOING FAIRLY WELL IN THE WINTER MONTHS

There has been a commendable effort by Barbados to bolster the homeport concept of having operators start their cruises locally, with passengers being flown directly from Europe, but even that is being challenged in the winter season by the recent news that Fred. Olsen will discontinue this operation next year. And, of course, during the summer, if there are no ships calling, it will also have a serious effect on homeport activity.

Many governments have invested heavily in cruise tourism, mainly in port infrastructure and terminals. The same can be said of the private sector, which has investments in many of the destinations – for example, the purchase of catamarans, attraction sites, duty-free shops and investment by taxi opera-

tors. The cruise lines themselves have invested hugely in their products, including billions of dollars spent on building cruise ships like the colossal *Norwegian Epic* and *Allure of the Sea*.

Cruise lines are in the business of making money and they cannot be blamed for their choice of destinations. Primarily, they go to the destinations where their passengers choose to go and also where their market sources indicate they can make more money. This is similar to the decision that many Caribbean countries took in diverting to tourism as their main money earner.

The ministers of the CTO should therefore focus their talks on the business aspect of the cruise sector. The key would be to find a win-win situation for both the cruise industry and the Caribbean Island States. We cannot go into the discussion with the view that the cruise lines are obligated to us. That argument will not go down well with the cruise lines as they have no moral obligation to the Caribbean islands. If that was the case, then they would be out of business themselves. It is no easy feat for a cruise line to fill a 3,000

passenger vessel, never mind a 5,000 passenger vessel, on a weekly basis and maintain a profit margin.

Most of the Caribbean islands are doing fairly well in the winter months from November to April. The problem is May to October, as shown by the numbers above. The cruise ships are not sitting idly by, waiting to get passengers to come to the Caribbean; rather, they are being positioned in the areas of high revenue for the cruise lines.

St Maarten and Jamaica, unlike most of the other islands mentioned previously, have been able to maintain a number of calls during the summer. I attribute this mainly to two things: location and joint investment with the cruise lines. We can also mention good relations that cannot be measured in



economic dollars. The cruise lines and the destinations are to be viewed as business partners. Within those two attributes, I believe there can be successful negotiations with the cruise lines for the rest of the Caribbean islands.

LOCATION

We have to look to getting the cruise lines to reposition one or two of their vessels to be able to serve the Eastern Caribbean in the summer months. What would it take?

Puerto Rico has to become the main player once again for the Caribbean islands to be able to benefit. If San Juan homeport becomes active again during the summer season, then the rest of the Caribbean, especially the Eastern Caribbean, will become accessible with a seven-day itinerary by the cruise lines. This will make more sense for the cruise lines, economically and financially, in view of the present fuel situation. It will, indeed, be less costly for the cruise lines to reach the other islands, burn less fuel and still be able to capture many of the destinations owing to their close proximity.

JOINT INVESTMENT

The joint investment in the two islands mentioned above translates into commitment from the cruise lines to guarantee a certain number of calls to those destinations. This covers both the winter and summer seasons.

There are certain questions we need to ask ourselves. Can we look at joint marketing with the cruise lines? Can we

create special opportunities to make our destinations inviting enough that families would want to visit the Caribbean from Europe and North America during the summer? The attractions created during those months would be unique to our destinations and there would be great interest and demand for the Caribbean.

The opportunity for joint investment with the cruise lines should be looked at, not only in terms of port infrastructure but also of attraction sites and creating other tour activities that would boost cruise line revenues as well as local partner investments. Again, I would mention the aspect of joint marketing to get the destinations to become the premier area of interest for cruisers.

I strongly believe that, before engaging in talks with the cruise lines, each minister of the Caribbean should first seek to meet their principal local cruise stakeholders and garner from them their

ideas and suggestions, so as to guide the discussions for the benefit of the people of the Caribbean. In this regard, I must also commend the Hon. John Maginley, of Antigua and Barbuda, for taking the initiative to engage the Antigua and Barbuda Cruise Tourism Association as partners.

I must remind everyone that many businesses are going to be closed down during the summer. It is virtually impossible to maintain a successful cruise operation for just six months; it has to be sustainable all year round for service providers to produce the best to the satisfaction of visitors. Unemployment will rise during those months and the social fabric of the societies will be affected. If we think this summer was bad for us, the next summer season promises at this stage to be worse.

Royal Caribbean Cruise Lines has announced the relocation of its only vessel in the OECS, the *Serenade of the*

Seas, from the Caribbean to Europe. This means that the number of calls to Antigua, St Lucia, Barbados, St Kitts, St Maarten and other destinations will be further reduced in the summer of 2012. This underscores the seriousness and timeliness of the meeting that the ministers are going to undertake with the cruise line partners. The people of the Caribbean ought to take this matter seriously, as the many who depend on this business of cruise tourism will be affected in one way or another by this significant meeting.

Meanwhile, we can individually help to upgrade our service level in the tourism industry by treating every visitor as a potential stay-over visitor who will come again. 

**Nathan Dundas is chairman of the Antigua and Barbuda Cruise Tourism Association and chairman of the Cruise Committee of the Caribbean Shipping Association*

Our members:

SHIP AGENTS:

- AG Marine Transport Agency Services Ltd.
- Booth Steamship Co (Barbados) Ltd.
- Commercial Services Ltd.
- Da Costa Mannings Inc.
- Eric Hassell & Son Ltd.
- Fast Transit Shipping Ltd.
- Goddards Shipping & Tours Ltd.
- Marine Trading Ltd.
- Ocean Air Transport Services Ltd.
- Platinum Port Agency Inc.
- Renewals Inc.
- Robulk Agencies Inc
- Sea Freight Agencies (B'dos) Ltd.
- Windward Agencies Ltd.

STEVEDORING CONTRACTORS:

- Booth Steamship Co (Barbados) Ltd.
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- Eric Hassell & Son Ltd.
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ERICA LUKE

- indomitable shipping executive

By Charles Harding

Few, at first glance, would associate her with the leadership of a 42-year-old shipping agency that is a major player in a fiercely competitive industry dominated by men accustomed to brokering and closing deals in an environment not intended for the faint-hearted.

Mrs Erica Luke, a familiar face for many years at Caribbean Shipping Association conferences, heads a family business, Eric Hassell and Son Ltd, founded by her grandfather in 1969 – a position she attained more by chance, circumstance and tragedy than birthright.

She is also the sole female stevedore member of the powerful Shipping Asso-

In 1991, aged 23 and fresh from Concordia University, Montreal, with a Bachelor of Commerce degree, Erica Luke (then Erica Chaderton) was thrown head-first into the shipping business at a time when the company, as she puts it, was in the doldrums resulting from a decline in breakbulk shipping. "Containerisation had started in the late 1980s. We didn't have a container line," she recalled.

Opportunity

Her grandfather had been offered the opportunity to be agent for Carifreight Line Ltd, a US\$2.7 million company created to replace the West Indies Shipping Corporation by regional conglomerates, including Grace Kennedy and Co. Ltd. of Jamaica, Barbados Cosmetics Products and McEneaney Alstons (McAl)

"That is how I joined the company – purely by luck," says Erica Luke, who had returned home in June 1991 looking for a job in Bridgetown's commercial centre. "That would have been ideal," she said. "I did not have my mind set on the family business. I never thought about the family business. I never ever thought that my grandfather would want me. He was one who felt he never needed to have all the family here. It was him and a son. That was good enough."

Although she had been formally schooled in commerce in Canada, her skills and knowledge in the shipping world were acquired, figuratively, at her grandfather's knee, in the very office she now occupies.

The first couple of months



this industry. Yet I had to go out there and talk to importers and exporters and tell them to use our line. I spent a lot of time either speaking with him [Eric Hassell] here in the office or out on the road talking to customers. It was an exciting time."

She learned quite a few lessons from her master mariner-cum-ship agent grandfather, especially those related to payment of bills and caring for staff. "That is one of the things we do and do on time and religiously," she said. "It has become the culture of the company. We pay our bills on time and treat our people well."

The young shipping executive was pitched further up the corporate ladder when her grandfather died sud-

Her skills and knowledge in the shipping world were acquired, figuratively, at her grandfather's knee

ciation of Barbados (SAB), founded in 1981, primarily to unite member agents on matters related to the handling of ships and cargo and to ensure a positive relationship between shipping agents, related port agencies and the union.

Ltd of Trinidad and Tobago. Marketing was a prerequisite for the company representing the new shipping line. Hassell called on his granddaughter, who had majored in marketing at Concordia, to take up the job and market Carifreight's services.

in the family business, she agrees, were exciting. Her grandfather was pleased his company was getting container lines. "I was out there marketing and trying to soak up as much as I could from him, in terms of knowledge, because I knew nothing about

denly in 1994. Her uncle Geoffrey, a natural successor to her grandfather, migrated to Canada with his family. Another uncle, Frank Hassell, had to be persuaded to leave his job as an engineer with a manufacturing concern and join his niece at Eric Hassell and Son Ltd. With the help of loyal staff, the two carried the company through good and bad times for the next 15 years until Frank Hassell retired in 2007, handing the tiller to his niece.

She recalled the time in 1993 when the company, like most businesses, was experiencing challenges and Carifreight's future seemed doubtful. Fortunately, Eric Hassell and Son Ltd secured the agency for Europe West Indies Line out of Europe and the UK.

"But the icing on the cake, so to speak, came in 2002. I had actually taken a break [her second child was still a toddler and she was pregnant with her third] when I got a call from a shipping colleague about a line wanting to meet with us."

Talks

She called her uncle at the Bridgetown office, relayed to him the information she had received and without hesitation the two of them flew to Florida for talks with Seaboard Marine.

"It has been going very well and our relationship has grown from strength to strength," she said of Seaboard Marine.

Life, however, has been no bed of roses for the 43-year-old boss of the shipping agency. She has prospered on challenges and thrived against

the odds, turning stumbles into strides and overcoming difficulties of all sorts. With high school qualifications (GCE A-levels) in French, Spanish and German, young Erica seemed destined to study languages at university. Her grandfather, who had been a strong influence, persuaded her to read for a degree in commerce instead. Then tragedy struck. A couple of months before she was due to fly to Montreal in 1987, she was hospitalised following a life-threatening head-on motor vehicle collision. She lost most of a kneecap, underwent abdominal surgery for a ruptured liver and spent two months at the Queen Elizabeth Hospital in Bridgetown, Barbados. She described that experience as "one of the most difficult times of my life. I still live with pain today but I don't talk about it. I try not to dwell on that," Mrs Luke revealed without a hint of anger or regret.

Challenges

She lost her grandfather just two months before her wedding to Douglas Patrick Luke, a partner with a local firm of architects. The wedding was postponed from July to December 1994 while the family mourned the passing of Eric Hassell. But one of her greatest challenges to date was finding support to continue the family business after his death.

"I was here with one of his sons, Geoffrey, who decided to emigrate to Canada following the death of his father. I thought this business must continue. I was only 20-something. I was able to convince my Uncle Frank [Hassell] to

take up the mantle. He spent 15 years here and retired in 2007. That's when I was elected by the board to head the company."

Erica Luke does not allow herself to become involved in gender issues or talk of women toppling all-male bastions and marching up the corporate ladder in the equal opportunity society of Barbados. She puts it simply: "I don't focus on gender issues. I really don't pay attention to it. I am just like any other human being in a job ... doing a job to the best of my ability."

She believes in team work and is adamant that the success of her company is due to its team effort. "It is definitely not a one-person show. We have done what we have done because of our people. We have people who have been with us from the time the business started 42 years ago. We are a family business that cares for our people. We take care of our people and this is something that started from my grandfather. My uncle continued it.

It is the way we do business."

She acknowledges the challenges in the shipping industry, pointing specifically to the SAB. "They are all men. I am the only female leader of a full-fledged shipping agency and stevedore contractor. While I would be happy to serve as a committee member or a senior member of the association, it hasn't arisen and that is fine. I am just an ordinary member, but I do make my voice heard when I need to. I try not to make myself special because I am a woman, because at the end of the day it is an industry and I have to take my licks."

Family

The Hassells, without contradiction, are the only shipping family remaining in Barbados, going back to the early 20th century (1906) when Erica Luke's great-grandfather, Captain Frank Hassell, sailed a schooner to Barbados from Saba, Dutch West Indies. He was accompanied by his eight-year-old son, Eric. At age 11, Eric was signed on to



Sharing a light moment with then CSA President Corah-Ann Robertson-Sylvester (left)

the 65 ft schooner *Edward VII*, then under his father's command, as a deck-boy, swabbing decks and splicing ropes. He was made captain of the same *Edward VII* after a 10-year apprenticeship and later captained other vessels, including the *Comrade*, *Manuata* and *Lucille Smith* before taking command of the ill-fated *Zipper* in 1959.

Turning point

He lost the *Zipper*, which took in water and sank on a voyage between Georgetown and Bridgetown in 1963, a development that signalled the turning point in Hassell's seafaring career, eventually leading to the establishment of Eric Hassell and Son Ltd,

which is now owned by the Hassell clan with a fully functioning board of directors.

"I have never sailed a ship but my uncles spent many years on board ships," said Erica Luke, confirming the Hassells' connection with seafaring. Eric Hassell and Son Ltd had the distinction of being a founding member of the SAB. It introduced the first open-hatch bulk carriers of grain, corn and rice to Barbados in 1973 and in 1992 embraced containerised shipping, providing quality representation to a European and United States-based shipping line. Its leader is now interested in securing another European line to represent in Barbados and to build a stronger company.



Erica Luke emphasises her desire to "develop my people, because I believe strongly in training. My immediate plans are to keep going, finding new business and new lines. I enjoy visiting our customers with our sales persons to thank our customers and build new business."

Subsidiary

In May this year she established a subsidiary company, EHS Freightliner Ltd, a private bonded warehouse at Brighton, St Michael, on the outskirts of Bridgetown, just west of the port, and is looking at further diversifying the company's range of services without moving too far from shipping. But her main concern is to ensure that Eric Hassell and Son Ltd continues her grandfather's legacy.

"It is my dream to see the company live on to continue his legacy," she said. "I don't expect to be here till 79, like my grandfather, but I am bent on continuing the business. I see it continuing whether it is with another family member or somebody from within the organisation.

I want to see his legacy live on."

The mother of three finds opportunities from the rigours of the shipping trade to share time with her family and spends at least every weekend swimming with her three children: Liam, a 14-year-old high school student with tennis ambitions; 11-year-old Mackenzie, who joins her older brother at Queen's College in September; and eight-year-old Savannah, a student at St Gabriel's, an Anglican Church primary school in Bridgetown. "My children are my pride and joy – my top priority," says the working mother.

Motherhood

How does she manage her full-time job with the challenges of motherhood?

"I practise yoga. Yoga relaxes me. It allows me to meditate, relax and keeps me on an even keel. Ask my husband. When I am getting stressed out, he would say: 'You need to get to yoga'. I have to keep in shape. I have to keep fit. We all do. Yoga is fantastic – an amazing exercise." 

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GRAPEVINE*

PANAMA CANAL AUTHORITY RENEWS TIES...

...WITH HOUSTON

The Panama Canal Authority (ACP) and the Port of Houston Authority have renewed their strategic alliance until 2016. The two entities signed an MOU on June 22 in Panama City. The aim is to increase and expand trade along the 'all-water route' between Asia and the US Gulf Coast through the Panama Canal and the Port of Houston. As a result of the canal expansion, the volume of containerised cargo going to Houston could grow by 15 per cent in the next few years. Projections are for a 150 per cent increase to total 4.5 million teu by 2030. The two entities plan to increase trade and traffic through the canal by data sharing and dual marketing efforts.

...WITH TAMPA

The ACP and the Tampa Port Authority agreed to extend their trade development co-operation. The agreement will focus on data and information sharing in order to forecast trade flows; market studies aimed at product development or business ventures; and technological interchanges that will spark development initiatives in the shipping and maritime community. The first MOU was signed in 2005 and was renewed in 2008. This latest agreement is for an additional five years.

...WITH SAVANNAH

The ACP and the Georgia Ports Authority (GPA), which owns and operates the Port of Savannah, renewed their eight-year relationship on 27 July with the signing of an MOU. The five-year pact encourages and facilitates joint economic action. Areas of co-operation between the Canal Authority and the GPA include information sharing, joint marketing efforts, exchange of data, capital improvement plans, training and technology. The partnership also supports the promotion of the 'all-water route' from Asia to the US East Coast via the Panama Canal. The GPA plans to deepen the Savannah River from 42 ft to as much as 48 ft under the Savannah Harbour Expansion Project (SHEP).

...WITH NEW ORLEANS

The ACP and the Port of New Orleans renewed their strategic alliance on 8 August with the signing of an MOU. Initiated in 2003, the partnership was developed to encourage investment, increase trade and promote the 'all-water route'. With over 6,000 vessels moving by way of the Mississippi River each year, the Port of New Orleans is considered one of the world's busiest waterways. It is the only deepwater port in the United States served by six 'Class One' railroads, giving port users direct and economical rail services to all parts of the USA.

CMA CGM TO INVEST IN KINGSTON

CMA CGM is reportedly planning to invest US\$100 million in Kingston Container Terminal (KCT) in exchange for a 35-year lease. According to reports, CMA CGM will use Jamaica as a major hub.

A memorandum of understanding (MOU) for the operation, equipment and expansion of the Gordon Cay Container Terminal in the Jamaican port for a minimum period of 35 years was signed on 4 August 2011 by Rodolphe Saadé, executive officer of CMA CGM, and Noel Hylton, chairman of the Port Authority of Jamaica (PAJ), in the presence of Jamaica's Minister of Transport, Michael Henry.

The MOU marks the start of a major investment programme before the terminal is fully commissioned in 2015. The project to develop the terminal will be based on the existing facilities. According to CGM, the Panama Canal Expansion Project will require a major reorganisation of shipping, particularly in the Caribbean and North American region, as the 'new panamax' vessels, with a maximum capacity of 12,500 teu (compared with the current limit of 4,000 teu), will be able to transit the canal. Transport distribution will only be possible from a hub that can

accommodate these giants, which is currently not the case for most ports in the Caribbean and on the United States East Coast.

The PAJ will undertake a dredging programme to increase the depth of the sea lanes at the Port of Kingston, keeping pace with the requirements of the new generation of larger ships. KCT has three main terminals in the Port of Kingston: the North, West and South. The PAJ has emphasised that this agreement with CMA CGM is separate from the planned privatisation of the KCT.

PricewaterhouseCoopers (PwC) was awarded two consultancy contracts for the privatisation, worth a total US\$3.8 million. The larger contract is for US\$3.33 million. The first contract signed in May 2009 was for US\$525,000. The terms of the MOU signed with the Port of Kingston include (a) taking over operations in the current facilities and (b) phased expansion of the terminal. Once in service, the Gordon Cay Terminal will have a 1,300 metre quay and the potential to develop an additional 1,700 metres in a second phase; and a 17.0 metre draught capability to accommodate the 'new panamax' vessels.



MAJOR EXPANSION OF CUBA'S MARIEL PORT

The Cuban port of Mariel is undergoing a major expansion. The International Economic Association and the Brazilian company, Odebrecht. Brazil are reportedly financing the entire project. A total of \$400 million in financing had been disbursed up to July 2011 and \$200 million of a promised \$800 million had been approved.

Mariel, 28 miles west of Havana, is the largest port on the north coast of Cuba, second only to Havana. The first stage of the port development, expected to be completed in 2014, involves the construction of 700 metres of docks. On completion, it will be able to accommodate ships with draughts of nearly 40 ft. A supporting system of road and rail infrastructure is also being built. When completed, the terminal will have an annual capacity of about 850,000 teu (compared with Havana's 350,000 teu).

Initially, the Mariel terminal will have 700 metres (765 yards) of berthing. Eventually, all industrial port facilities at the Port of Havana will be moved to Mariel so as to free Havana harbour to handle cruise ships and recreational boating activity. The industrial land area near the Port of Havana will then be redeveloped for tourist and eco-friendly uses.

Mariel has been declared a Special Economic Development Zone in Cuba. In addition to future port operations, it will be the location for logistics facilities for offshore oil exploration and will have a container terminal, cargo storage facilities, a marine technical school and an area for new sources of employment including light manufacturing. The port of Mariel is run by the Cuban military's Zona de Desarrollo Integral de Mariel, which is owned by Almacenes Universal S.A. The Singapore port operator PSA International has reportedly signed an agreement to manage the Mariel container terminal. PSA operates major terminals in over a dozen countries. The agreement is to manage the port and does not involve any investment in construction. PSA has strategic partnerships with the world's largest container lines, including CMA, Cosco, K Line, MSC, NYK and PIL.

CRUISE TERMINAL FOR MAIMÓN BAY, SANTO DOMINGO

The Dominican Republic's Tourism Minister, Francisco Javier Garcia, announced plans in August 2011 for the construction of a modern cruise ship terminal in Maimón in collaboration with Carnival Corporation. The terminal is to be built at a cost of US\$65 million and is expected to generate about US\$30 million in its first year in operation. The Minister said the terminal would be able to berth two ships simultaneously and to handle at least 4,000 passengers. Construction is expected to start on 1 October and the project is due for completion in two years. The new terminal will occupy 50,000 square metres at Maimón Bay.

**GRAPEVINE documents reports which have appeared publicly, in the news and circulated on the internet, so as to provide a historical context for the articles appearing elsewhere in this publication. The Caribbean Shipping Association, Caribbean Maritime and Land & Marine Publications Ltd do not endorse these reports, neither do we take responsibility for their accuracy.*

DP WORLD IN SURINAME

The marine terminal operator DP World announced in July that it had acquired controlling interests in two ports in Suriname. The Dubai-based port operator said it had bought into Integra Port Services and Suriname Port Services (SPS). DP World said it will have a management services agreement for both terminals. Up to the time of going to press, the purchase price had not yet been disclosed, but it is understood the deals were to be completed by the end of September.

Caribbean Maritime contacted CSA member Remy Vyzelman of Integra Port Services in July. Although he confirmed the news reports, he said he could give no more information at that moment. The recent rehabilitation of the Nieuwe Haven Port has strengthened its claim of being one of the port facilities in the Caribbean. In 2010 Integra successfully negotiated a 15-year concession to operate a container and breakbulk terminal at Nieuwe Haven. The terminal has a container throughput capacity of more than 100,000 teu and the potential to double this because of projected growth in the Suriname economy and a better road to Cayenne, French Guiana. An agreement between Suriname and France to use Port Paramaribo as the main hub for French Guiana, made possible by the new road, is expected to increase revenues for Suriname. Suriname Port Services, the other facility in which DP World has invested, operates a private breakbulk facility about 20 miles from Paramaribo.

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CANAL BUILDERS PIONEER NEW 'FLEXIBLE' WATER BARRIER

Cement and bentonite mix used for first time



With the official opening date of the expanded Canal set at August 2014, the Panama Canal Authority (ACP) reports that the world's largest construction project is 28 per cent complete and ahead of schedule.

Part of this project involves a new type of building material. An impervious cement and bentonite barrier, now under construction, will allow excavation work for the new Atlantic access channel to the Canal to proceed without the risk of seepage from Gatun Lake into the work area. This mix of materials is being used for the first time. Bentonite, a fine clay formed by the decomposition of volcanic ash, has properties to absorb large quantities of water and to expand to several times its normal volume.

THE BARRIER IS 458 METRES LONG AND REQUIRES 4,875 CUBIC METRES OF CEMENT AND BENTONITE

The Spanish subcontractor Rodio-Swiss-boring began building the barrier in the second half of last year. The job has proved a challenge for everyone involved, not only because of the technical specifications of the contract (for the fourth dry excavation phase for the Pacific Access Channel, conducted by the ICA-FCC-MECO consortium) but also because of the uniqueness of the task.

The barrier is 458 metres long and requires 4,875 cubic metres of cement and bentonite, produced in two batching plants imported from Spain. The ben-

tonite, imported from Mexico, is hydrated over a period of 24 hours and is then mixed with cement in the batching plants. Subcontractor engineer Gonzalo Sanchez says the bentonite works as 'transportation for the cement' since its physical characteristics, once mixed with this material, produce a mix that can be poured without the risk of cement settling. The final product is a flexible screen, like Jell-O, that moves, does not crack and, most importantly, is impervious to water.

Pedro Lopez, project manager for the Panama Canal Authority (ACP), says the aim of the canal quality assurance programme is to guarantee that the parameters established for this mix comply with the contract requirements, from the beginning of the bentonite hydration process to the mixing of additives and cement. The

idea is to produce a mix of cement and bentonite that guarantees the stability of the wall as the excavation goes deeper.

"Take into consideration that the mechanics of the process is to excavate and replace the excavated material with the mix," says Lopez. "If the mix lacks the required characteristics, there is a potential for the walls to be unstable."

The excavation, in an area north-east of Pedro Miguel Locks, will be as deep as 18 metres, down to rock. Quality assurance guidelines, as established in the contract

technical requirements, stipulate that the mix complies with the required strength and permeability 28 days after production.

The ACP is working closely with the contractor to ensure that the quality demands required for the construction of the cement and bentonite screen are met. This is a critical phase in the excavation of the new channel, which will link the third set of locks with the Culebra Cut.

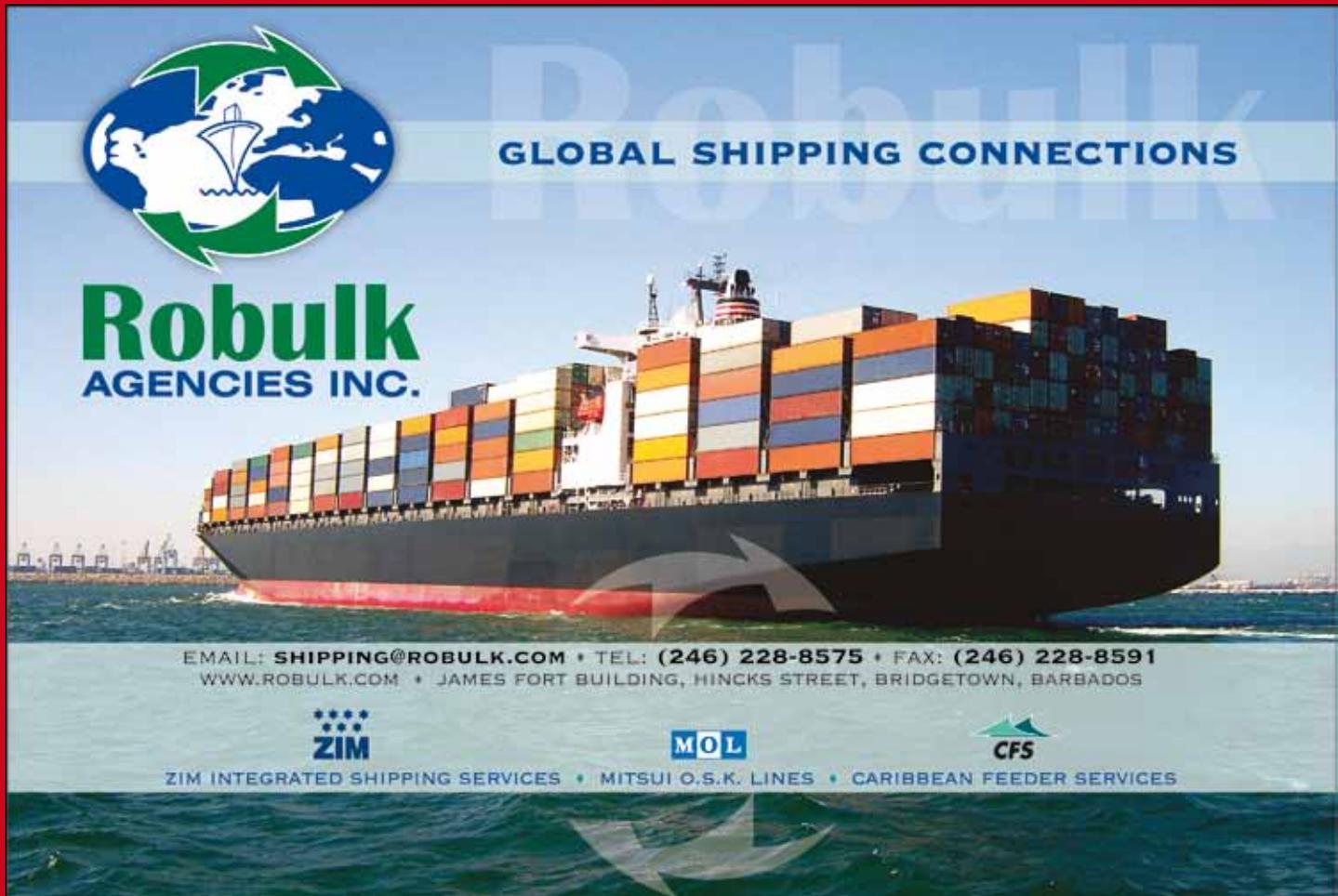
APPROVED

On 22 October 2006, the people of Panama overwhelmingly approved the expansion of the Canal. One of the world's largest construction projects, it involves the building of a third lane of traffic along the waterway and, in this regard, the construction of a new set of locks. The expansion, which has influenced port and terminal expansion projects across the Caribbean and Latin American region, will allow the transit of wider and larger ships and will double the Canal's

capacity to over 600 million Panama Canal tons (PC/UMS) per year.

As part of the project, the Canal entrances at the Atlantic and Pacific channels and the navigational channel at Gatun Lake are being widened and deepened. One lock complex is being built on the Pacific side, south-west of the Miraflores Locks; the other is east of the Gatun Locks.

1. *The impervious cement and bentonite wall barrier measures 458 linear metres.*
2. *The excavation is going as deep as 18 metres, down to bedrock, in an area north-east of Pedro Miguel Locks.*
3. *The cement and bentonite barrier will allow excavations for the new access channel to proceed without the risk of seepage from Gatun Lake into the work areas.*

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A love-hate symbiotic relationship

The first in this series of columns, BridgeView, which appeared in the last issue of *Caribbean Maritime* (CM13), praised you for managing through the testy decade of the 2000s. Yes, the kudos is well deserved.

Now, CM14 continues with such praise, but adds that sobering word 'however'. The 'however' is in the form of the mythical Hydra with its regenerating heads. Recently, in conversations with several seasoned Caribbean business people, it was unsettling to find that a single subject could rear its head in so many places and in so many ways. It is, with few exceptions, a contentious

'islands' is both a symbiotic and a love-hate relationship.

Growth

How can you not love passenger spend, port tax revenue and the potential for return stayover (preferably at a non-inclusive hotel) with local spend? And how can you not love an industry that shows a decade of continued growth, whose economic impact on the USA was a 7.8 per cent increase over 2009?*

Accepting but a trickle-down effect, the Caribbean, too, enjoyed an economic benefit.

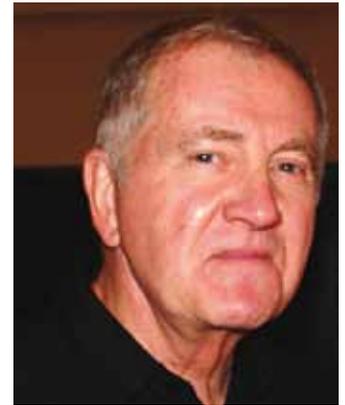
Conversely, Mike Jarrett, in his 2006 article 'Caribbean needs to study implications of bigger cruise ships' (www.caribbeanshipping.org/ commentary), was spot-on

cruise calls while receiving only five per cent of the industry revenue?

An impassioned relationship, an uneasy marriage to be sure, exists; yet the tourism and travel industry (read 'cruise') in the Caribbean really matters. No-one is exempt, in particular not those on the bridge, behind managerial desks or in the executive suite.

However, in this economy, in which passengers now buy three T-shirts rather than seven, this is reality. If all are hungry and are scared into co-operation, could this not soften the contentious relationships?

Why such a prickly history? I suspect we have known the answer for quite



By Joseph Cervenak

Fjords? Caricom and other organisations may speak well for the Caribbean in certain circles and present a polished global face. However, what is needed is a long-term, island-nation-focused strategic plan: a plan that is both creative and innovative; one that draws on the destination's DNA-defined product offerings and so establishes core competencies.

Destiny

The first step is the examination of self, the Delphic aphorism to 'Know thyself'. In turn, and posited over 100 years ago by Ralph Waldo Trine in his classic work, 'In Tune With The Infinite', there is the counsel that: 'Within yourself lies the cause of whatever enters your life'. Can a country or countries create their own destiny and shape their own lives?

Of course, this is a challenging task requiring serious effort. It will be most

An impassioned relationship, an uneasy marriage to be sure, exists; yet the tourism and travel industry in the Caribbean really matters

relationship, decades long, pervasive and extremely complex.

Cruise imbeds itself into the DNA of the Caribbean – a magnificent heritage of sun, sand, surf, biodiversity and diverse cultures as well as a key position in the global maritime trade lanes. Yes, in turn, each of these genomes rears its head, but these are for another time. Politely stated, this interconnection between the cruise industry and the

in his observation that: "The implications for the region are tremendous and should be studied. There are many issues not just economic but environmental and social."

Fritz Pinnock and Ibrahim Ajagunna in their article 'Cruise Tourism Benefits the Caribbean – Illusion or Reality?' (*Caribbean Maritime* issue No 11) raised a testy question: What is the true cost of accommodating 50 per cent of the world

some time. So why not act with definitive purpose? Is it that we have simply deferred or abdicated to Caricom/CSME and other acronymic organisations to construct our future? Is it that, while we pursue our personal and singular island-nation wants and needs, we continuously compete with our neighbour destinations with a silo mentality, rather than our true competitors, the Mediterranean and the

challenging to precisely define national aspirations, culture, geography and topography, revenue needs, costs, expenses and profit goals. In essence, the need is to weigh possibilities and aspirations so as to define a unique island nation; and further, to recognise that a single country cannot be, nor should want to try to be, all things to all people. Instead, as the lyric of an old song commands, we should "eliminate the negative, accentuate the positive". Each country must become a single destination in the world of travel and tourism.

What follows is to answer two foundational questions: who do we want to be and what do we want to do? Answered in exact terms, they create a directed mission statement, the heart of a long-term strategic plan.

Creating a single long-term, country-specific strategic plan is the charge and obligation for each destination. The effort, neither complex nor complicated, is simply hard and focused work – work constructed using primary, secondary and anecdotal research. It is managing the process of a critical business. As a guide, use Steve Covey's 'Seven Habits of Highly Effective People'. Habits one to three are (1) Be proactive, (2) Start with the end in mind and (3) Organises the process by putting first things first. Somewhat paraphrased, it is: getting started, defining where you want to go,

and dealing with your house before playing in the neighbourhood.

From Covey's guide comes a path to articulate the long-term strategic position and to identify the strengths, weaknesses, opportunities and threats (SWOT) and accept specific quantifiable goals using key performance indicators (KPI).

It is a fact that we all know how to do all of this. Knowing this is to begin the process of charting and inventing one's future.

"The Caribbean Plate, more than 7,000 islands, islets, reefs, and cays. Thirty territories including sovereign states, overseas departments and dependencies ..." My apologies for a Wiki reference. However, it adds scale and a dimension of magnitude to the statistic that over 50 per cent of the world's cruise business takes place in the Caribbean. As asked before, who benefits?

Symbiotic

Somehow, somewhere, did the view of the beach get lost in the grains of the sand? The many-headed Hydra exists only because of the singleness of interest. Cruise is as important as the islands. It is, in fact, a not-to-be-undervalued symbiotic entity. Its foundation cannot be built on a win-or-lose, zero sum competitive posture. It must be the opposite – a relationship opting for win-win outcomes – collaborative in intent and co-operative in practice. Is this reality? Can

it be done? Will an uptick in the economy negate such practices? This is a legitimate question. However, win-win is winning and is likely to be less expensive and more rewarding than the alternative. I offer that the examples of Barbados and Guadeloupe foretell continued success.

Coming full circle and roughly extracting from my earlier referenced conversations, a simple bidding comes forth: 'talk to one another and act as one'. It is time for Hercules to slay the Hydra.

Special thanks to Frank Wellnitz, director, Caribbean Feeder Services; Dimitri Cloose, director of marketing, Curacao Ports; Mike McFadden, principal, M A C Maritime Inc; Bob West, principal strategist, WorleyParsons; and the many 'islanders' who shared their insights and information. 

** The Contribution of the North American Cruise Industry to the US Economy in 2010', prepared by Business Research & Economic Advisors (BREA) for CLIA.*

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THE ANCHOR SHIP CHANDLERY

THE FUTURE OF MIDDLE MANAGERS *in an emerging organisation*

The industrial revolution created middle managers, connecting top management to the lower-level workers. On the other hand, the second major revolution, the technological revolution, has been eliminating the middle manager.

According to Professor Lynda Gratton from the London Business School, "technology has become the great general manager and the classic job of the middle manager will soon disappear". Her research shows that younger workers value a highly skilled 'master' who is capable of mentoring instead of someone who simply 'keeps track of what they do'.

Gratton says the middle manager serves as jack of all trades by leveraging multiple sources of information, thereby creating value by acting as a hub in a sea of complexity. The challenge is that companies do not hire managers who are experts

of their technical skills, experience, proven track record and, to a large extent, seniority. This made sense for many companies working within local and regional environments with a strong focus on their core competencies and a traditional workforce.

Valued

In many situations, managers would be valued for being technical experts and would be required to identify problems within their teams, validate reports from team members and make final decisions. This sometimes creates fears for the newly appointed manager. The question that many would ask is: "I am afraid of getting into this new position as I do not know all the details involved and then how do I know if something is going wrong?"

Middle managers are responsible for directing employees in key performance areas and their success is required for obtaining

having a clear understanding of one's role as a bridge between top-level managers and subordinates. The understanding of this role requires cultural, generational and emotional intelligence on the part of the middle manager.

The challenge for managers, however, is how to move from identifying and solving organisational problems to trusting and enabling their teams to accomplish this. Experts have argued that a successful manager will have to develop the ability to build and motivate a diverse team group and help them by developing and communicating a compelling vision and guiding and coaching them rather than micro-managing them. This requirement, according to experts, means that managers would need to spend more of their time on these tasks rather than on the operational aspect of the organisation.

A recent study in the USA suggests there is a shrinking



By Fritz Pinnock

future with most functions now being further automated.

While this may be the case for larger multinational companies, in small and mid-sized firms the ranks of middle managers are actually growing. In the USA, for example, 2.6 million new managerial and professional jobs were created in the 1983-85 period, accounting for 24 per cent of middle managers.

Stuck in the middle?

What makes middle managers important in small and medium-sized organisations is their position within the company. Middle managers are close to the action, with knowledge of operations and processes as well as first-hand relationships with customers and front-line employees. Middle managers network throughout the organisation and they know where problems exist, where opportunities lie and what are the important issues. Middle managers are ultimately the leaders who will either make change happen or throw roadblocks in its way when they are

A recent study in the USA suggests there is a shrinking opportunity for middle level managers in many organisations

at managing and instead reward individual contributors by promoting them into management positions.

Over recent decades, many managers have been moved up the ladder because

important business results. However, they often are neglected within companies, getting neither the respect nor the attention they deserve. Being successful as a manager, however, means

opportunity for middle level managers in many organisations. According to the survey, office automation has been the reason for the shrinking of middle management; and those who remain doubt their

neglected. Neglecting this group could be detrimental to the success of a company because middle management is both the proving ground and the development ground for future executives.

As with any change initiative, it is important to obtain the buy-in from middle managers for any developmental objective. Sharing business transition goals with them and gaining their input on what leaders in the company need to do differently in the future provide important information and valuable insights. This can also help identify success factors for a leadership competency model that can serve as the basis for achieving business goals.

It is imperative, therefore, that senior executives reinforce developmental action plans for middle managers with follow-up discussions and coaching. They should give particular attention to on-the-job experiences that might be helpful in developing individual skills and competencies. These projects need not be large. Smaller but more meaningful projects can provide valuable training experience while also contributing to a company's business results. By targeting middle managers for development, senior executives send a clear message about their importance to the organisation. At the same time, middle managers impact company performance every day, creating the next generation of executive leaders and aligning all parts of the company for achieving business success.

Commentators have also argued that middle managers

can be a challenging group of employees to develop and retain. According to a 2007 Accenture survey of middle managers around the world, 20 per cent reported dissatisfaction with their current organisation and that same percentage reported that they were looking for another job. One of the leading reasons cited was lack of prospects for advancement.

According to Thomas Colligan, vice dean of Wharton Executive Education, many companies are seeing a significant turnover in middle management ranks. And with significant turnover, they do not have the ability to execute strategy. Likewise, top management can spend all their time creating strategy; but without someone there to implement it, you are at the end of the day where you were at the beginning.

Strategy

According to Colligan, in addition to strategy implementation issues, the cost of turnover is extremely high for companies. Colligan noted that one large partnership facing a 20 per cent turnover rate did a calculation in which it concluded that for each one per cent it could reduce turnover, it would increase partner earnings by \$80,000. Colligan concluded that middle managers are very important to attract, develop and retain. Some companies are becoming painfully aware of this.

In conclusion, middle managers are essential in every organisation, in part, because they link senior management and the rest of the company. 

MEGA-SHIPS: IMPLICATIONS OF SIZE

Ladies and Gentlemen, welcome to the era of mega-sized ships!

A canal yardstick

The huge expansion of the Panama Canal is scheduled for completion in 2014. Just before we started this iteration of our conversation through the medium of this column, the contractor, Grupo Unidos por el Canal S.A. (GUPCSA), commenced the process of permanently concreting the sites of the two new sets of locks which will transform the geography, utility and economy of the Canal. The particular process of concreting is intended to ensure service over a century so that vessels greater in size than the present panamax vessels may safely transit the Canal. The projected capacity that will be accommodated is 366 metres in length, 49 metres in beam and 15.2 metres in draught. Is this the outline of the future? Just how massive will the ships of the future be?

The fact of size

Using the expansion of the Panama Canal as a backdrop and gauge, let us now consider the dramatic and rapid change in the size of ships. We now have container vessels of over 390 metres in length designed to accommodate 11,000 teu and therefore requiring greater portside capability, support and services. There have also been similar developments for other types of carriers. Oil



By Milton Samuda

tankers were already impressive at just under 100 metres, but we now have supertankers of over triple that size, with carrying capacities which provide intense risk to the environment. Bulk carriers have not been left out, already providing challenges to both the Suez and Panama Canals. However, perhaps the most dramatic example of the explosion in the size of water vehicles is the cruise ship. The world has now grown accustomed to floating villages of over 300 metres in length and 50 metres wide carrying in excess of 3,000 passengers. The largest of the large, the *Allure of the Seas*, weighs in at 225,282 grt and measures 360 metres long and 64 metres wide with a draught of 9.1 metres. It can accommodate up to 6,296 guests, in 2,706 staterooms, and 2,384 crew. So, given this phenomenon, what are the implications in law?

The law of size

The most obvious implication of size is the increased legal risk in several areas.

Any casualty, whether in port or at sea, is likely to involve more people and a greater amount of cargo and assets. The risk to the environment is also greater because of the threat of more emission pollution, more waste

of potential liabilities also increases due to the larger number of crew and the larger amount of cargo and number of passengers and the greater values involved with respect to each, in real terms, compounded by

The world has now grown accustomed to floating villages of over 300 metres in length and 50 metres wide

generation and catastrophic disasters of greater scale due to the volume of cargo carried. Those two implications are easily demonstrated by comparing two facts. On 24 March 1989 the *Exxon Valdez* spilled 11 million of its 55 million gallons of oil into Alaska's Prince William Sound, creating an environmental catastrophe of Biblical proportions. Today's supertankers carry in excess of 70 million gallons. The risk in terms

of inflation. From the cost of insurance to the possible award of damages to third parties (for example, where cruise passengers suffer food poisoning), the sheer size of vessels has a direct impact on the existing legal framework. In this scenario, it becomes clear that both international law and municipal law must respond to these issues and their implications by further addressing diverse matters such as relevant and appli-

cable minimum standards in relation to safety and the environment; rationale and standards of behaviour to guide conduct and limit risk; an assessment of legal wrong to determine the applicability of criminal and/or civil laws and the resultant burdens and standards of proof; bases and limits of liability relative to loss, behaviour, economy and jurisdiction; bases and extents of damages relative to those same considerations; indicators of duty, responsibility and liability so as to identify potential culpable parties; investigative officers, tribunals and mechanisms; jurisdiction and appropriate legal forums and tribunals and the basis for sanctions. To be sure, the framework already exists at the international law level in various treaties and conventions covering subjects ranging from emissions to jurisdiction, but the details must be revisited periodically to ensure that the law keeps

pace with developments on the high seas.

Conclusion

The era of mega-sized ships does not necessarily call for mega-sized, intrusive and oppressive regulation that will blunt entrepreneurship, development and human interaction. However, it is agreed internationally that true development must be sustainable. And, to be sustainable, it must be as harmonious as possible with the environment and human development. Human interaction must be guided so as to be facilitated in safety. So, for example, the leisure industry, which includes tourism, cannot survive internationally if we continue to allow the indiscriminate dumping of waste at sea. The maritime industry has often set the world an example of international responsibility and co-operation. We can do so again. 

• *Milton Samuda is managing partner of the Jamaican-based law firm Samuda & Johnson.*

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