Lloyd's List

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Take your time in ordering LNG-ready vessels

MAN vice-president suggests owners can wait for lower costs and better technology by not preparing vessels for an LNG-fuelled future

Grone: To build an LNG-fuelled vessel, retrofitting MAN's ME-GI engine would be the cheapest part.

MOST owners would serve themselves better by spending little effort in preparing their vessels to be fuelled by liquefied natural gas, according to a senior executive of MAN Diesel & Turbo, whose engines are installed on many so-called LNG-ready ships, *writes Max Tingyao Lin*.

With tightening environmental regulations and a low gas price, a growing number of owners have opted to install LNG-fuelled or dual-fuel technology on their vessels in a bid to take advantage of the clean fuel.

According to estimates by DNV GL, 50 LNG-fuelled vessels were in operation as of end-September 2014, while 69 ships were on order. The figures excluded LNG tankers and inland waterway vessels.

In some other high-profile cases, United Arab Shipping Co has opted to install MAN's ME series engines on 11 15,000 teu and six 18,800 teu containerships and Mitsui OSK Lines on six 20,150 teu vessels, enabling those ships to fuel on LNG at a later stage after retrofitting.

However, some in the industry have pointed out that the lack of an LNG bunker fuel supply chain and high costs of constructing LNG tanks on ships other than LNG carriers could curb prospects for this type of gas as marine fuel.

"To build an LNG-fuelled vessel, retrofitting MAN's ME-GI engine would be the cheapest part… which would cost around 20% of the engine price," MAN's senior vice-president Ole Grone told Lloyd's List on the sidelines of the CMA 2015 conference.

"The most expensive parts are tanks."

As costs of fuel technology usually come down as time goes by and new technology develops, Mr Grone suggested vessels owners could take their time in building LNG-ready ships.

"We advise them to do as little as possible… some preparations might be wasted efforts," he said. "It's best to take advantage of [later] technology and wait."

German-based MAN sells some 2,000 units of ME series engines, of which around 1% are installed on LNG carriers. The orderbook of dual-fuel ME-GI engines amounts to 140 units for delivery over the next three years.

Large tanker owners could benefit from consolidation, says Navig8 executive

Bigger fleets tend to serve clients better and can subsequently reap commercial benefits

LARGE tanker owners should seek consolidation to improve commercial management of their ships in the highly fragmented industry, according to a Navig8 executive, *writes Max Tingyao Lin*.

The remarks came after Navig8 Crude Tankers — part of Navig8 Group — last month agreed to merge with General Maritime to create a new tanker giant with 46 crude carriers, including 28 very large crude carriers, one of the largest such fleets in the world.

While declining to offer comments on the merger, Navig8 commercial director Jason Klopfer said he believed consolidation of large-sized fleets would benefit vessel owners from a commercial manager's perspective.

Klopfer: Some 80% of tonnage is outside of any pool, so large shipowners and managers will have to lead consolidation.

"A larger fleet has a tendency to better serve customers' needs... and there is a premium in better relationship with cargo owners," Mr Klopfer told Lloyd's List on the sidelines of the CMA 2015 conference.

With more employment opportunities from strong relationships with clients, tanker owners will be able to reduce ballast voyages, achieve higher utilisation and sometimes even discharge at preferred destinations, he said.

While joining pools can also reap some of those benefits, an estimated 80% of tonnage remains outside of any type of pool arrangements. Therefore, "consolidation will have to be led by large shipowners and managers", Mr Klopfer said.

Navig8, whose core business is in pool and commercial management, has aggressively moved into asset ownership since last year.

According to Clarksons data, the Singapore-based player has an orderbook of 71 tankers, totalling nearly 8.4m dwt.

The expansion has been mainly due to an optimistic view over crude and product tanker markets, which Mr Klopfer said is based on Navig8's expertise as a commercial manager.

"Because we are commercially managing a lot of vessels, we were among the first to see the need for larger product carriers," he said.

Looking forward, Mr Klopfer predicted rising Middle Eastern exports would continue to support long range one and long range two product tanker markets.

"Refining capacity is steadily coming online in the Middle East... LR1, LR2 markets are going to get tight," he said.

As for crude carriers, Mr Klopfer pointed out that Navig8 also led others in observing that more Atlantic Basin barrels go to Asia as US production increases in the shale energy revolution.

Overall, US oil imports from members of the Organisation of the Petroleum Exporting Countries was at its lowest level last year since the Energy Information Administration started to compile data in 1993, suggesting those African, Latin American and Middle Eastern producers now need to push more barrels to Asia.

The increased tonne-mile demand, coupled with a limited number of newbuilding deliveries, suggested a balanced supply-demand picture for crude carriers in the months to come, Mr Klopfer said.

With almost all of Navig8's VLCCs on order set for delivery by end-2016, he suggested the group was well positioned to take advantage of the strong market.

"Our vessels mostly will be delivered within 2016. During the timeframe, there will be insufficient tonnage to meet tonne-mile demand," Mr Klopfer said.

More from CMA 2015

ClassNK lays out 'Big Data' vision

Japanese class society to launch onshore data centre to gather machinery and voyage information from ships

www.lloydslist.com/ship-operations

The myth of consolidation

There is much talk of consolidation, but how far are owners willing to go?

Bugbee: A case of "do as I say, not as I do", it seems.

THE C word. It's never too far from the lips of shipowners these days, *writes Hal Brown*.

This week has seen the C word flung about with abandon. "Tanker owners must consolidate," such owners have said at key industry events.

Consolidation is the opposite of a fragmented market, so it will ultimately benefit everyone, they say.

So why isn't everyone doing it?

"There's a lot of talk about consolidation but when you look at it, not much actually happens," one tanker owner told Lloyd's List.

Scorpio's flamboyant president Robert Bugbee perhaps encapsulates this phenomenon.

He was reported as saying in New York, during a Capital Link forum's panel discussion, that private equity and investment bankers should pressure owners they helped fund to consolidate in the coming months.

Asked whether Scorpio itself would be willing to join any consolidation, Mr Bugbee responded in the negative, suggesting it was more of an issue for other owners, as a way of helping themselves.

A case of "do as I say, not as I do" from Mr Bugbee, it seems.

There are reasons why owners might not be consolidating to a great extent.

The tanker market is currently riding high, with owners pulling in consistently impressive earnings for once, due to the glut of oil and oil products, the increase in tonne-miles, and limited fleet growth.

If you're an owner enjoying this tanker market, boosting your bottom line, why would you want to make changes and initiate moves towards consolidation, asked one source.

However, you might want to do so if you have been struggling in the recent past. A bankrupt company, or one on the brink of bankruptcy, could view the upturn as an opportunity to re-emerge as a larger, stronger entity through the support of other high-profile industry players.

Take General Maritime Corp.

In February, General Maritime and Navig8 Crude Tankers reached an agreement to merge and create a new tanker giant, with a fleet of 46 crude carriers.

General Maritime exited Chapter 11 in May 2012 and has been looking for a bold resurrection move ever since, having tried and failed to buy Maersk Tankers' fleet of very large crude carriers at the end of 2013.

Balance envelops the VLCC market
Opportunities are outweighing risks in bullish VLCC freight market
www.lloydslist.com/tankers

The tie-up with Navig8 — a pool managing company new to ownership that has made waves with its newbuilding ordering spree — suits both companies perfectly. It bolsters the market presence of a wounded General Maritime and links Navig8 with an experienced owner, albeit one that exited Chapter 11 not so long ago.

So it could be said to be a convenient and timely move for both companies, rather than a consolidation step taken for the good of the market and customers.

In that sense, does a move made for the good of the market ever really exist?

Aren't all business decisions taken selfishly, based on the impact on an individual company's bottom line, rather than some kind of altruistic attempt to improve the operating environment for everyone participating in the industry?

If consolidation is unnecessary to boost that bottom line at a time of high demand for tankers, one wonders to what extent consolidation will actually materialise over the next two years — the time period that many tanker owners feel this bull market could last.

Even the creation of VLCC Chartering last year was, perhaps, less of a bold and momentous move than people were led to believe.

Sure, it is a joint venture between Frontline and Tankers International, and controls around 10% of the global VLCC fleet.

But it arrived on the scene shortly after the demise of the Nova VLCC pool, so it could be argued that VLCC Chartering was simply an opportunistic move to fill the hole left by Nova.

There are clearly different reasons to consolidate.

Perhaps the motivation doesn't really matter, so long as consolidation occurs and the tanker market becomes less fragmented.

But owners who evangelise about consolidation should be prepared to walk the walk.

As another tanker source put it: "It looks good to talk about it, but if you don't do it, there must be reasons why not."

Cosco Pacific will look at alliances for expansion plans

Terminal operator's total capital expenditure will top $1.1bn in 2015

COSCO Pacific fared well in its terminal business last year, seeing 18% growth in profit and a 10% rise in throughput amid a lacklustre global economy. But the world's fourth-largest container terminal operator said it expects more than that in future, *writes Chichen Shen*.

When asked about the company's outlook of overseas expansion at a press conference, vice-chairman and managing director Qiu Jianguang said the company planned to do more in 2015, as port globalisation is a long-term strategy for Cosco.

"We will speed up our pace over the next two years," he said.

Mr Qiu's confidence does not come from nowhere: Cosco's Piraeus Container Terminal in Greece was a standout success in 2014. Its profits surged 276% to $29m, while throughput grew 18.5% year on year.

Cosco's Piraeus Container Terminal in Greece was a standout success in 2014, with profits surging 276% to $29m.

This may well explain why Cosco is so passionate about its €230m ($251m) construction project at the third terminal in Piraeus, which is expected to be completed by 2021 and increase the port's annual container capacity to 6.2m teu.

With Greece included, the company has now extended its global presence in four countries and regions: Suez Canal Container Terminal in Egypt, Antwerp Terminal in Belgium, and Hong Kong's Asia Container Terminals, in which it just acquired 40% equity interest for about $106m last year.

The management didn't disclose exactly where the next stop is, yet said the development of container shipping alliances will play a key role in making the decisions.

"Our selection of port investment will depend on the trend of the alliance formations," Mr Qiu said.

In detail, the company will take several factors into consideration, including the routes favoured by the shipping alliances and the potential of the port to deal with large containerships, in particular those exceeding 18,000 teu.

"So pivotal ports will be our priority," Mr Qiu added.

Another crucial element that Cosco has factored in is China's Seaborne Silk Road, a trade route boosted by Beijing, which starts from Southeast Asia, with stops in Africa on the way to Europe. Ports in those areas are also important candidates.

To underline the determination, the management presented a honed budget for 2015, backed by a one-off gain of $1.2bn in 2013, after Cosco sold its shares in China International Marine Containers (Group).

Cosco booked $685m total capital expenditure in 2014, of which $380m was spent on its port business. This year, the total tally is to reach $1.1bn, and spending in the port segment will see a considerable spike, according to the company's financial controller Eddie Lui.

Better facilities

Apart from acquiring new ports, part of the money will also be used to enhance the facilities of Cosco's existing terminals.

Ken Chan, the company's deputy managing director, said the enhancement is a must for the ports, especially in a world where ultra large containerships and shipping alliances are prevailing.

"If the port doesn't have the facilities to deal with large vessels, it will lose customers," he said.

According to Mr Chan, Cosco is now renovating terminal equipment in many of its ports, as the management believes this will allow it to charge a higher price to shipping companies, and compensate for extra spending on the renovation.

"By forming an alliance, our clients will have a stronger bargaining power, but they will also have greater reliance on our ports if we can provide them better services." Mr Chan said.

"This is particularly true at pivotal ports."

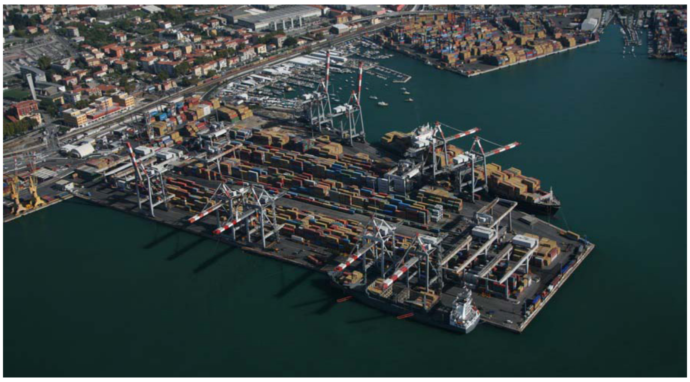
La Spezia gears up for bigger ships

Two new STS cranes delivered for use at Contship's Italian terminal

CONTSHIP Italia's La Spezia Container Terminal took delivery of two new ship-to-shore cranes this week, as the regional transhipment hub continues to upgrade infrastructure to support its increasing number of ultra large container vessel calls, *writes Linton Nightingale*.

Having set off from Qingdao in China at the start of February, the cranes, boasting a 23-row reach, arrived at the Italian port on Tuesday after approximately 60 days at sea.

The cranes, transported via the semi-submersible heavylift vessel *Tern*, will be put to use at LSCT's Fornelli East facility.



La Spezia has witnessed exponential growth in its traffic figures in recent years.

La Spezia, like other transhipment hubs dotted along the Mediterranean coast, has witnessed exponential growth in its traffic figures in recent years as carriers look to make use of regional gateways to ensure their big ships operating on east-west trades sail as full as possible.

In 2014, La Spezia achieved record throughput figures of 1.1m teu, up an impressive 9.3% on-year.

Last month, LSCT welcomed its largest ever boxship, the 16,600 teu *MSC London*, which LSCT managing director Michele Giromini said at the time would have been inconceivable just a few short years ago.

Mr Giromini expects the trend of so-called ultra large containership calls at LSCT to continue in line with increased deployment on east-west services.

The latest additions to La Spezia's crane fleet follow the news that LSCT has completed the latest stage in positioning its newly revamped gantry crane, the 10th such crane to be upgraded in recent years.

Final testing and commissioning will be completed by LSCT in partnership with MGM-OMG, which will also aid in the commissioning of the port's new STS cranes.

Two new shipper groups formed

A new Asian shipper group has "evolved" out of the Asian Shippers' Council, while a new global organisation will also be formed

TWO new shipper organisations have been unveiled during a series of meetings in Asia: one Asian organisation, which has evolved out of the Asian Shippers' Council, and one global group, *writes Damian Brett*.

At a meeting of Asian national shippers councils hosted by the Indonesian Shippers' Council in Surabaya, the Asian Shippers' Alliance was formed by groups from Indonesia, Thailand, the Republic of Korea, Hong Kong, Macau and Bangaladesh.

A contact said China and Taiwan will act as observers through Macau and Hong Kong, and invitations are pending for countries in south Asia, through Bangladesh, and Southeast Asia, through Myanmar, Laos, Cambodia and Vietnam.

There is also an open invitation to other Asian countries to join, on which the ASA aims to follow up.

The ASA is said to have "evolved" out of the Asian Shippers' Council, which appeared to be faltering after disagreements between members.

It aims to play a more active role in international logistics and transport than before, the contact said.

Current chairman of the ASC, Toto Dirgantoro from the Indonesian shippers' group, has been declared chairman of the ASA. The formation of the new group will leave question marks over the future of the ASC.

The group is in its early stages of formation and at present does not have a website.

Three shipper groups signed a memorandum of understanding.
prizela_ning/Shutterstock.com

Meanwhile, the European Shippers' Council, Asian Shippers' Association and the American Association of Exporters and Importers signed a memorandum of understanding underlining their co-operation in the field of air freight, maritime transport and trade facilitation.

The ESC said that by joining forces, they had formed the Global Shippers' Alliance to represent shippers' interests worldwide.

"The GSA intends to engage in constructive dialogue with national governments, supranational bodies, NGOs [non-government organisations], transport organisations and organisations of logistic service providers and strive for better co-operation so international trade can thrive, economies can grow and society can benefit," said the ESC.

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"Subjects that are important to shippers are, among others, fair pricing of transport including surcharges in maritime and air transport, proper competition, security and customs regulations, standardisation to facilitate data exchange, terminal handling charges and service levels in international transport."

Although the new organisation is still in its early stages of formation and it is not exactly clear how far-reaching its remit will be, it will be seen by many as a rival to the Global Shippers' Forum.

The GSF was formally set up as an NGO in 2011 and represents shippers worldwide through the National Industrial Transportation League in the US, the Canadian Industrial Transportation Association, the UK's Freight Transport Association, the Union of African Shippers' Councils, the New Zealand Shippers' Council, the Australian Peak Shippers' Association and Argentina's Consejo de Cargadores. The ESC declined to join.

The ASC was formerly a member of the GSF but it appeared to break ranks because of a difference of opinions over container weighing and membership fee structures.

More containers online

Asian trio join forces on Far East-Latin American loop
Hanjin Shipping, Hyundai Merchant Marine and Yang Ming to launch weekly service from July
www.lloydslist.com/containers

CIMC container division's profit slumps 30%
Hong Kong-listed company reports rise in container demand but falling prices
www.lloydslist.com/containers

Stolt-Nielsen mulls raising $89m on bond market

Proceeds will be used for general purposes, says the world's largest chemical tanker owner, which suffered a disappointing 2014

Stolt-Nielsen has the largest chemical tanker fleet in the world, with 75 vessels.

STOLT-Nielsen, the Oslo-listed chemical tanker owner, today said it is contemplating raising funds on the Norwegian bond market, targeting a minimum amount of NKr700m ($89.3m), with proceeds to be used for general corporate purposes, *writes Hal Brown*.

The company, the largest chemical tanker owner in the world, said Danske Bank Markets, DNB Markets, Nordea Markets and Pareto Securities have been appointed as joint lead managers in connection with the potential transaction.

The fundraising move follows January's results, which saw the company's net profit down due to what it called a "disappointing" 2014 hampered by lower cargo volumes and a slower global economy.

However, Stolt-Nielsen — which Clarksons data shows has the largest chemical tanker fleet in the world, with 75 vessels, ahead of Japan's Mitsui OSK Lines, with 58 — can expect market improvements.

Recovery in the chemical tanker market is now more likely to appear in 2016, according to a report yesterday by shipbroker and consultancy Banchero Costa.

"Fundamentals do point to a more sustained market recovery in the near future; however, this is more likely to materialise in 2016 than this year," the report said.

Today's cheaper oil price is good for chemical tankers, said Clarksons analyst Josh Saxby at a London tanker event last week. Cheaper oil drives global economic growth, boosting trade in specialised cargoes such as chemicals.

The Middle East Gulf and the US are both key to the trade, said Mr Saxby.

Large investments are being made in boosting Middle East Gulf petrochemical plant capacity, generating exports for the ships.

Shale gas has resulted in large investments in petrochemical plants in the US, which need natural gas as a feedstock to create chemicals.

Some 65%-70% of this new US capacity is likely to be exported on ships.

Things are looking healthy when it comes to the fleet size: in 2013, the chemical tanker fleet increased by only 1.3%, and by just 0.9% in 2014.

Fleet growth should continue to be "pretty meagre", Mr Saxby forecast, summing up the chemical tanker outlook with the words "cautious optimism".

Aker Philadelphia Shipyard stays upbeat due to big $1bn orderbook

Midsize tankers are the US yard's 'sweet spot'

AKER Philadelphia Shipyard yesterday posted 2014 operating revenues and other income of $272.7m, a slight decrease of $6.3m from 2013, but the yard was upbeat due to its strong $1bn orderbook for vessels involved in the robust Jones Act market, *writes Hal Brown*.

Aker Philadelphia Shipyard builds vessels specifically for the Jones Act market, which is a protectionist measure that ensures vessels carrying cargoes between US ports are US-built and crewed.

The Oslo-listed yard has delivered over 50% of all large ocean-going Jones Act commercial ships since 2000.

The yard's chief executive Steinar Nerbovik said the yard began 2014 with the strongest orderbook in its history, with firm contracts with SeaRiver, Crowley and Matson, totalling more than $1bn.

Delivery of the four product tankers being built for Crowley will be in the third quarter of this year, and the yard sees midsize tankers as its "sweet spot".

Construction of two containerships for Matson is expected to begin in the fourth quarter.

In June 2014, the Aker yard and other financial sponsors created Philly Tankers, a pure-play Jones Act shipping company.

Nerbovik: The yard began 2014 with the strongest orderbook in its history.

The shipyard has a firm contract with Philly Tankers for two newbuilding 50,000 dwt product tankers, with deliveries in the fourth quarter of 2016 and first quarter of 2017, and options for two additional tankers.

"Interest in product tankers and other vessels is strong, as evidenced by the recent charters secured for the first two Philly Tankers' tankers," said Mr Nerbovik.

He explained that investing in a Jones Act shipping company allows the yard to retain a portion of the shipping exposure, creating even greater value to its shareholders, while continuing to build ships.

Aker has six vessels with an ownership interest and all have charters, offering long-term value for Aker and its shareholders.

Other yards offer Aker valuable knowledge.

"To improve quality throughout the yard, we spent a good portion of last year deepening our relationships with Korean partners and suppliers," said Mr Nerbovik.

"Korean shipyards are at the top of the shipbuilding game and it is a strategic imperative for us to learn from them so we can be the best in the US."

Tankers experts told Lloyd's List that the Jones Act market is one of the best markets to be in right now as an owner, due to the high volume of oil products to be transported around the US and the limited number of tankers available for the trade.

However, an influx of new ships into the trade could take the shine off it somewhat, because they will all be competing for the same business, experts have warned.

Asian markets drive supramax and handy rally

Still many rivers to cross, but at last small bulker market seems to be heading in right direction

A RALLY in the smaller bulker classes has been linked with seasonal factors in key Asian markets, *writes David Sexton*.

The Baltic Exchange index for handysize vessels, the BHSI, was at 388 points mid-week, the highest recorded since January 22 and up from a low point of 260 points on February 18.

The Baltic Supramax Index told a similar story, reaching 650 points this week, the highest since January 23 and a substantial improvement from 478 points on February 18.

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The February low points, of course, coincided with the Asian lunar new year, a time when the market takes a breather.

An Australian broker talked of an end to the Philippines' rainy season allowing for a resumption of the nickel ore trade, something also noted by analysts Banchero Costa.

"Then India wants to get as much coal as possible from Indonesia before the monsoon season (July to September)," the broker said.

"Combine that with the approaching end to the Japanese fiscal year and you have ingredients for some improvement."

Intermodal Research and Valuations noted in its weekly report that rates for the smaller size segment had improved "on the back of stable inquiry across most key trading regions".

"Supramax tonnage saw rates trending sideways just before Friday, while handies held on to the good numbers reported recently throughout the week," Intermodal said.

A Hong Kong broker also talked of some good fixtures of around $8,000 per day between South China and the Indian west coast.

Banchero Costa analyst Ralph Leszczynski said aside from coal cargo from Indonesia to India, more grain export shipments were ongoing from South America.

"Also soyabean exports from Brazil should bounce in March, after the end of a strike by truck drivers earlier this month, which led to road blocks and depleted stocks at Brazilian ports," Mr Leszczynski said.

"There has also been a surge in corn exports from Ukraine to China, based on a loans-for-grain deal.

"Just in the first two months of 2015, China imported 1.04m tonnes of corn from Ukraine, which is five times more than last year."

Banchero Costa said three supramaxes were booked from Singapore to China via Indonesia for around $7,000 to $7,250 a day.

Banchero Costa also noted improvement in the handysize segment, with a 28,000 dwt vessel from Southeast Asia agreed for $6,000 per day for a voyage via Australia to Japan and a 38,000 dwt vessel contracted for a voyage from China to Europe at $6,000 a day for the first 60 days and $8,500 for the remainder.

Mr Leszczynski noted rumours that Indonesia could relax its bauxite export restrictions, on the basis that exporters who are already building smelters could resume exports in the meantime to help finance construction.

Everyone who spoke with Lloyd's List was keen to put the latest rally in perspective, with the number of newbuildings entering the market, as well as the lack of Indonesian mineral cargo, representing long-term structural challenges.

"The rate might have gone from $3,000 a day to $5,000 a day but we are still talking about very low levels — it's far from earth-shattering," the Australian broker told Lloyd's List.

He said it was too early to say if this represented the start — albeit small — of longer-term recovery, with the potential for sluggish trading at Easter.

More dry bulk

Bocimar loses $47m in 2014, blaming overcapacity
Yearly loss comes as revenues rise 13%
www.lloydslist.com/dry-cargo

Mixed reaction to 29% UK casualty surge

MCA and Chamber satisfied with safety record, but RMT expresses concern

BOTH the Maritime and Coastguard Agency and the Chamber of Shipping have expressed satisfaction with maritime safety arrangements in waters around the UK, despite an almost one-third jump in casualty numbers last year, *writes David Osler*.

But RMT, the trade union representing British ratings, expressed concern at the development and called for tougher regulatory action to enforce safety standards.

The latest annual round-up of casualties worldwide — published yesterday by insurer Allianz Global Corporate & Specialty — found that the UK has bucked the trend to safer shipping seen overall.

In 2014, Britain witnessed the most shipping casualties since the start of the AGCS time series in 2005, as the country slipped back almost a decade in safety terms.

The waters around the British Isles — including the

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North Sea, English Channel and Bay of Biscay —witnessed 465 casualties last year, up 29% year on year. There were six total losses.

These waters have been the location of 18% of all shipping casualties involving vessels of 100 gt and above across the world since 2005, with 4,381 incidents, AGCS found.

The development comes despite worldwide losses falling to their lowest level for 10 years, with just 75 large vessels lost in 2014, representing half the number seen 10 years ago.

A spokeswoman for the MCA addressed the issue of total losses rather than the increase in casualties.

"This report shows that losses in the British Isles, North Sea, English Channel and Bay of Biscay have doubled from three to six in 2014 in the world's busiest seaways.

"Our records show that only one loss was in UK waters. Although there are — for example — 500 shipping movements a day in the English Channel alone, one loss is still one too many and the MCA welcomes any report that shines a light on the importance of shipping safety."

Pressed specifically on the sharp rise in casualties, she said: "The statement I have given you is the comment we are making on this."

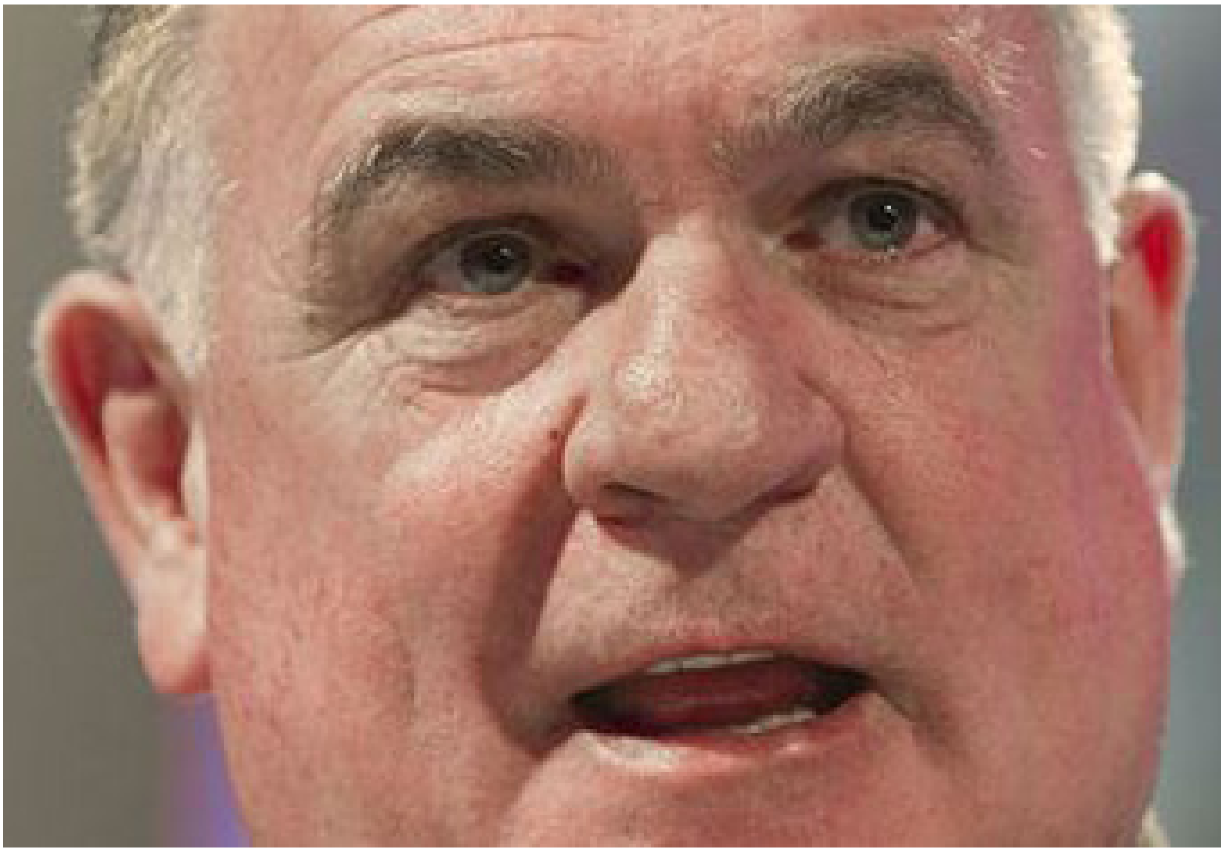
A spokeswoman for the Chamber of Shipping commented: "It is very reassuring to see the overall global reduction in casualties, despite some notable losses during the year.

"The UK Chamber is committed to improving standards, for all who operate in our busy waters, through working closely with the MCA, through the International Maritime Organization and port state control inspections.

"The Chamber has confidence in the MCA's capacity to manage casualty response and search and rescue in UK waters. Indeed, the UK's Sosrep (Secretary of State's Representative) model is one of the most effective in the world."

But RMT national secretary Steve Todd said that the union was very alarmed at the rise in casualties, which come after what he described as "massive cuts" to the MCA and to UK search and rescue and firefighting at sea capabilities, as well as a steep decline in ship inspections.

"Regulatory bodies clearly need more powers to enforce higher safety standards and, as the report points out, more robust training is needed," he said.



Todd: Regulatory bodies clearly need more powers to enforce higher safety standards.

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