Lloyd's List

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Henderson sheds light on Shell's vetting practices

World's second-biggest tanker charterer reveals what it looks for in a ship, and says it is willing to work with owners

THE world's second-largest charterer of oil tankers has revealed to Lloyd's List how it decides which tankers it will hire, saying it has strict parameters, but it is willing to sit down with owners to discuss the reasons why a ship might not be up to scratch, *writes Hal Brown*.

In an exclusive interview, Shell's head of shipping and maritime Grahaeme Henderson was open about what he and his vetting team look for, shedding light on the murky relationship between charterers and owners — probably the key dynamic in the shipping industry.

Henderson: "We want to be approachable when it comes to our vetting practices."

It is a relationship that is sometimes fraught, with some charterers unwilling or unable to explain to owners why their ships fail vetting, according to industry participants.

Shell, however, rejects an approach that could potentially turn a charterer-owner relationship toxic.

"We are willing to have an informed conversation with a ship operator or owner to explain why a particular vessel did not pass our vetting process," says Mr Henderson, whose vetting department vets around 50,000 ships annually.

"We want to be approachable when it comes to our vetting practices," he says.

"If they take the necessary steps to improve, then we could use that vessel in future... It is that simple Having these open conversations is key to help the industry to improve."

Shell plays a major global role as a charterer; in 2014, the oil and gas company chartered 758 spot market dirty tankers, behind China's Unipec, which was the world's biggest charterer in the sector, with 815 fixtures for dirty tankers, according to broker and consultancy Poten & Partners. Oil trader Vitol rose to third spot in 2014, replacing BP, according to Poten.

Mr Henderson revealed what Shell looks for in a ship it charters.

He said a range of factors are considered in vetting any vessel for Shell use, including assessment of the SIRE inspection reports, evaluation of crew experience, Lloyd's casualty data, structural assessments and Port State Control inspection reports.

It looks for ships that comply with the flag state and classification society requirements, using its teams in Singapore, Rotterdam, London and Houston.

"If a vessel does not pass an extensive vetting process, Shell will not use it," stressed Mr Henderson.

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Shell's approach to chartering follows comments by tanker owners at a London tanker conference attended by Lloyd's List around a year ago, where tanker owners slammed oil companies' vetting procedures, complaining that inconsistencies create widespread confusion.

Owners complained that some oil companies stipulate that the master and chief officer must have combined service of two years' employment with the shipowner. Other oil companies set the bar at three years, while some opt for less than a year.

Other complaints by owners have been reported, some saying that the lack of a common vetting approach by charterers costs owners time and money, forcing them to devote more resources to ensure their ships are prepared correctly.

One example involved a charterer questioning the placement of a stern anchor light on a particular ship, while other charterers did not find the placing particularly relevant.

Another problem raised was if an inspector is unavailable before the Ship Inspection Report Programme expires, which can lead to the ship being rejected through no fault of the owner.

In some cases, if a ship is rejected three times in a row, it is banned from loading cargo for life.

Some charterers refuse to explain why they have rejected a particular ship, which means an owner cannot learn from it, owners have complained.

Hapag-Lloyd to order 12,000 teu ships as it prepares for IPO

German line expects to make decision on ultra large tonnage later this year

HAPAG-Lloyd is hoping to place an order for new vessels within the next month but is not yet ready to go for ships in the 20,000 teu size bracket, *writes Damian Brett*.

However, a decision on orders for ultra large tonnage will be made this year, said chief executive Rolf Habben Jansen.

Speaking at a press conference following the announcement of the line's full-year results, Mr Habben Jansen said he expected to order five vessels of between 10,000 teu and 12,000 teu very soon.

The ships would be used on the Europe-Latin America trades, where Hapag-Lloyd will have a stronger presence following the merger with CSAV's container business late last year.

The size has been chosen with the expanded Panama Canal in mind. The new locks, due to be completed next year, will allow ships of up to 14,000 teu to transit the artery, compared with the current 5,000 teu limit.

The newbuildings will be financed through debt and equity, said Mr Habben Jansen.

Hapag-Lloyd is a member of the G6 alliance, whose members are discussing who wants to invest in what and who needs to allocate money where.

Another member, MOL, has already placed an order for vessels of 20,150 teu capacity, while OOCL is also thought to be in talks with shipyards about ships of similar size. Hapag-Lloyd executives have said in the past that they expected to go for ships of 18,000 teu or more eventually.

A decision on ultra large vessels will be made by the end of the year, said Mr Habben Jansen, but he declined to give any more details.

Hapag-Lloyd is currently in discussion with other G6 members on a five-year plan, and Mr Habben Jansen said it would be some months before any further information on orders of 18,000 teu-20,000 teu vessels would be available.

The ships Hapag-Lloyd plans to order in the coming weeks would be LNG-ready, he revealed, since they would be designed for operations over the next 25 years.

Mr Habben Jansen also said there could be an IPO later this year, although the timetable is flexible.

The poor results for 2014, with a net loss of €603.7m ($654m), are thought to reflect the need to ensure the figures for 2015 look much better by including as many one-off costs and as much depreciation into last year's numbers as possible.

Hapag-Lloyd will make a decision on orders for ultra large tonnage this year.

An agreement was in place for the IPO to take place within 12 months of the closing of the CSAV deal late last year.

However, this is not on a fixed schedule, said Mr Habben Jansen. Should it look as if a better deal for shareholders could be reached by delaying the IPO until early 2016, then it would be postponed.

News earlier this week that Hapag-Lloyd's chief financial officer Peter Ganz will be stepping down at the beginning of April, to be replaced by Chilean national Nicolas Burr, caused a stir in local business circles.

With Hapag-Lloyd preparing for an IPO, the absence of an experienced CFO such as Mr Ganz could be a drawback, one source said.

Hapag-Lloyd loss balloons to $654m in 2014 as CSAV integration costs hit bottom line
Results 'extremely disappointing', says Habben Jansen but new ship orders to be placed within weeks
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TEN plans VLCC and LNG carrier orders

But Tsakos-led owner will only build vessels tied to long-term charter contracts

TSAKOS Energy Navigation is looking to order very large crude carriers and liquefied natural gas carriers, two sectors in which it has limited exposure, but will only do so with long-term charter commitment, *writes Max Tingyao Lin*.

In a meeting with investors, company executives suggested TEN is ready for further investments, with strong earnings prospects and sufficient cash reserves.

The New York Stock Exchange-listed tanker owner's diversified fleet only has one VLCC and two LNG carriers, so more money could be put into the two segments with a healthy market outlook.

"One segment that is missing in our diversified fleet is VLCCs," chief executive Nikolas Tsakos said. "I wouldn't mind bringing in some beautiful VLCCs."

Mr Tsakos pointed out the VLCC market will continue to be supported by demand from East Asia, while floating storage requirement could also be a positive factor.

In February, TEN chartered its sole VLCC, the 17-year-old Millennium, on a six-month storage contract to an energy major in a deal expected to bring in proceeds of at least $10m.

On the gas shipping side, Mr Tsakos said TEN is aiming to have "a fleet of five to six LNG carriers by 2020" but will not compete with other players "on size".

The long-term prospects of LNG shipping are strong, due to forecast increased output, according to chief operating officer George Saroglou, though he warned of uncertainties due to possible delays in new projects.

"There could be lots of delays in liquefaction projects due to come online after 2017," said Mr Saroglou. "Some LNG carriers on order are tied to long-term contracts to carry cargoes from those projects and if there are delays, they will enter spot markets and pressure rates."

TEN executives stressed that the VLCC and LNG orders will materialise only when they are tied to long-term employment and that TEN will not build vessels on a speculative basis, in line with its cautious approach.

TEN's diversified fleet only has one VLCC and two LNG carriers, so more money is likely to be put into those two segments.

The Greece-based owner generally prefers charter contracts lasting at least five years, preferably of the "profit-sharing" type that includes a fixed component and earnings linked to spot index.

TEN has the war chest for expansion, with cash reserves of $214m as of end-December, according to company executives.

Furthermore, the owner plans to sell six suezmax, panamax, handymax and handysize vessels aged above 10 years old, which would bring in cash proceedings of $40m-$50m.

Having returned to profitability in 2014 after three consecutive annual losses, TEN could achieve net profits of $200m-$300m this year if rates are to be at the strong levels seen in 2005-2006, said Mr Tsakos.

Even with rates at current levels, "we are generating free cashflows of around half a million dollars per day", vice-chairman Michael Jolliffe said.

TEN's current fleet is composed of one VLCC, 12 suezmaxes, 17 aframaxes, three long range two tankers, 11 long range one tankers, six handymaxes, eight handysizes, two LNG carriers and four shuttle tankers.

Avance Gas to seek compensation from yard for delivery delays of first China-built VLGCs

Significant delays at CSSC yard in delivering at least four of the eight VLGCs on Oslo-listed owner's orderbook

AVANCE Gas is to seek compensation from Shanghai Jiangnan Changxing Heavy Industry for delays in delivering the first very large gas carriers built in China, *writes Max Tingyao Lin*.

The Oslo-listed owner was originally due to take delivery of eight 83,000 cu m vessels from August 2014 to September 2015, but at least four of them are coming out from the yard at a much later time than expected.

In an interview with Lloyd's List, Avance Gas president Christian Andersen said: "We are entitled to get compensation based on the shipbuilding contracts and we will get what we are entitled to.

"In our shipbuilding contracts, there are compensations for delays... So we'll have compensation for every day exceeding 59 days."

Avance will "absolutely" seek compensation from the yard for the delays, according to Mr Andersen, though he added the actual amount has not yet been discussed.

So far, the owner has taken delivery of the first two of the eight VLGCs that were ordered by Frontline 2012 at the China State Shipbuilding Corp group yard before re-selling to Avance Gas.

The John Fredriksen-controlled tanker giant, which became a shareholder of Avance Gas in 2013, booked the ships at $63.5m apiece but achieved a resale price of $75m each.

The Lloyd's Register-classed vessels are the first VLGCs researched, developed, designed and constructed in China.

"I think the delays are mainly because these are the first VLGCs built by this yard.

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Andersen: "We'll have compensation for every day exceeding 59 days."

They realised it was a bit more complicated than they were expecting," Mr Andersen said.

Jiangnan Changxing has needed to finetune the vessels' tanks, insulation systems and other parts, which contributed to the delays, Mr Andersen added. Some fires that had broken out at the yard also played a small part, he said.

"There were fires on two different ships... on their tanks," he said. "One tank was destroyed by fire."

Avance Gas estimated the delivery date of the first ship had been pushed back for 20-30 days for repairs following the fires, though the second vessel's delay was not related to the incidents.

However, Mr Andersen praised the performances of the two vessels delivered in January, saying their speed and fuel consumption have been competitive against gas carriers built by experienced Japanese and South Korean yards.

Aside from the Jiangnan Changxing ships, Avance Gas' fleet is composed of five VLGCs constructed by Daewoo Shipbuilding & Marine Engineering and one by Kawasaki Heavy Industries — all of which have been in operation for years.

"Consumption-wise, the [China-built] ships are very competitive to other vessels we have. The vessels have been excellent on speed and consumption, both in sea trials and the short-haul trades they have performed in so far," Mr Andersen said.

With persistently strong spot VLGC rates, the vessels could have brought in healthy returns in the second half of last year, if delivered on time.

Bullish view

While some analysts expect VLGC rates would ease next year with a large numbers of newbuilding deliveries, Avance Gas see supporting factors in increasing US exports to Asia.

Based on the company's assessments, the global fleet's utilisation will be above 95% in 2015 and at least 92% in 2016. "Both of those figures will give us a very strong market," Mr Andersen said.

The confidence mainly comes from Avance Gas's view that exports from the US will continue to increase, with expansions of output and terminal capacities.

"The key to this market is US Gulf exports to Asia. Last year, the export level was at 2.5m tonnes; if this grows to over 10m tonnes by 2016, demand for shipping will be very high and freight rates will be maintained," Mr Andersen said.

Compared to Middle Eastern production, the US liquefied petroleum gas price is more linked to low oil prices, which will make the American exports more attractive to Asian consumers, he added.

On the demand side, Avance Gas forecast the main growth will come from Southeast Asia, with uncertainties over Chinese imports and flattening industrial output in Japan, Taiwan and South Korea.

Links to John Fredriksen

Originally formed as a Stolt-Nielsen subsidiary in 2007, Avance Gas received equity investments from Frontline 2012 one and a half years ago and went public in April 2014.

Seen as a sign of John Fredriksen leaving the gas sector, Frontline 2012 has announced it is distributing all Avance Gas shares as special dividends to shareholders.

Mr Andersen pointed out his company will still maintain a link to Mr Fredriksen, though he added the exit of Frontline 2012 had been expected.

"Mr Fredriksen will get some shares of ours, being a major shareholder of Frontline 2012... [through the relationship] we will continue to work closely the team of Frontline," he said.

"Frontline, at that time [of becoming an investor], told everyone that once Avance Gas was listed, they would give out their shares.

"They didn't say anything about the timing but we all know this is eventually going to happen."

Slow M&A talks

After failed attempts to merge with or acquire either Dorian LPG or Aurora LPG, likely due to pricing or other owners' reluctance in giving up control, Avance Gas will likely be less active in pursuing its goal of creating the largest VLGC owner.

"We are less proactive today than we had been last year. We have ongoing dialogues with all the large owners to see whether we can facilitate consolidations, and so far we have not been successful," Mr Andersen said.

However, with an aim of owning 30-40 VLGCs eventually, while not considering newbuilding orders, due to the current large global orderbook, Mr Andersen said Avance Gas will continue to talk with any owners interested in consolidation.

"We are very open-minded. If anyone wants to talk about consolidation, we will sit down and talk with them," he said.

LPG shipping attractive for banks and export credit agencies
But it's not always easy dealing with export credit agencies, experts advise
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Greek officials underline interest in Chinese land-sea bridge

Syriza government ponders policy on Piraeus as Beijing underlines port's importance

Cosco is seen as a leading contender for a 67% ownership stake in the Piraeus Port Authority.
Milan Gonda/Shutterstock.com

GREEK government officials have underlined the cash-strapped country's interest in exploring further co-operation with China in logistics and transport infrastructure, following Cosco's strategic investment in the port of Piraeus, *writes Nigel Lowry*.

Receiving foreign minister Nikos Kotzias on a trip to Beijing, Chinese foreign minister Wang Yi was quoted by state news agencies as saying the Cosco-run Piraeus container facility was "a paradigm of mutually beneficial co-operation" between the two countries".

Operated under a 35-year concession, the Chinese-run part of the terminal increased its profit last year by nearly 26% to about $29m and the Greek operation was a contributor to Cosco Pacific's overall 2014 results. It said that the terminal was "thriving".

Cosco is also seen as a leading contender for a 67% ownership stake in the Piraeus Port Authority, which was put up for sale last year in a procedure that stalled before elections that have seen the left-wing Syriza party sweep to power.

In Beijing, Mr Kotzias was quoted as telling his Chinese counterpart that Greece is prepared to play a part in the construction of the China-Europe Land-Sea Express Line.

This is sea and rail bridge, based on Cosco's existing presence in Piraeus port and the Budapest-Belgrade Railway, that China sees as providing a fast and efficient conduit for delivering its goods to European markets.

Greece's Trainose rail system is another key state asset that was put up for sale by the previous government.

Investment is needed in the main line linking Piraeus with Greece's northern neighbours in order to transport the volumes of containers that China wants.

However, the new government of Alexis Tsipras has sent out mixed signals about the fate of such projects as it spars with its lenders in the EU and the IMF.

Syriza was elected on a platform that included halting privatisations including that of Piraeus port and there are factions in the government that are even unhappy with the existing concession deal with Cosco.

However, as the EU has squeezed Greece by demanding pledges and concrete plans for reforms before any more bailout cash is dispensed, the likelihood of Mr Tsipras' administration reluctantly giving a green light to the port's privatisation has increased.

Ironically, Brussels earlier this week concluded that certain tax incentives and preferential accounting treatment given to Cosco Pacific were in breach of EU state aid rules.

The Commission has deemed that the funds should be repaid to the Greek state.

The Piraeus Port Authority said that the decision did not affect Cosco's planned investment in Pier III of the port or the PPPA's financial dealings with the Chinese terminal operator. It was exclusively a matter for the operator and its dealing with the Greek state and the European Commission.

CSCL ekes out $8.5m in core profits as fuel prices decline

China Shipping unit giant faces fragile recovery due to ship oversupply and fiercer competition

CHINA Shipping Container Lines has posted a Yuan52.8m($8.5m) net profit excluding one-off items, reversing the Yuan3bn losses in 2013, thanks to a solid reduction in fuel costs, *writes Chichen Shen*.

Including extraordinary gains, the Shanghai and Hong Kong dual-listed company recorded Yuan1.1bn net profit, mainly lifted by asset disposals and government subsidies, according to stock fillings.

Revenue increased 6% to Yuan36.2bn, while cost of sales

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dipped 3.7%% to Yuan34.9bn during the same period.

Fuel cost reduction stood at Yuan2bn, or a 15.8% decline year on year.

"The company remained vigilant on cost control and has set up a cost control team to fully implement various cost control measures so as to achieve cost competitiveness," CSCL said in the fillings.

Lifting volumes slid 1.2% to 8.1m teu, of which 39% was from China domestic trade, 25% from intra-Asia, 18% from Asia-Europe and 15% from the transpacific.

CSCL, 78% owned by state conglomerate China Shipping Group, reported an average rate of Yuan5,288 per teu from its international sailings in 2014, up 1.1% from the 2013 level, while the tally for domestic lines rose 3.3% to Yuan1,824 per teu.

The company attributed the increase to improved demand, but said growth was limited as the demand-supply imbalance persisted and "freight rates across various trade lanes showed a mixed performance".

Looking forward, CSCL — the world's sixth-largest line by fleet size, according to Lloyd's List Intelligence — sees a fragile market lying ahead, due continuous ship oversupply and fiercer competition.

"Competition among trade lanes is increasingly fierce, while the number of operators in each navigating area has gradually consolidated," the company said.

As a result, CSCL said it will continue to respond to the development trend of large-scale vessels and carry forward its partnership strategy.

CSCL took delivery of eight 10,000 teu ships and two 19,100 teu ultra large container carriers in the past year.

It also formed the Ocean Three shipping alliance with CMA CGM and United Arab Shipping Co during the same period.

As of end-2014, its fleet size grew 19% to 726,613 teu, with an average size of 4,599 teu.

CSCL was able to garner savings due to lower fuel costs to achieve a modest profit of $8.5m.

More results from Asia

China Cosco Holdings sees net profits rise 54% to $58.5m

But excluding one-off items, underlying losses still stand at Yuan1.4bn

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China Shipping Development returns to the black

Reversal of fortune is due to a rebound in the tanker division and an accounting manoeuvre in 2013

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Yemen conflict having limited impact on tankers for now

An escalation could result in closure of an important oil passageway and may force vessels to divert around Cape of Good Hope

SAUDI Arabia-led airstrikes on small oil producer Yemen are unlikely, at this stage, to have a significant impact on tankers, according to analysts, *writes Hal Brown*.

However, the situation needs monitoring because an escalation could disrupt shipments through the Bab el-Mandep Strait.

Closing the strait could prevent tankers in the Middle East Gulf from reaching the Suez Canal and the Sumed Pipeline, diverting them around the Cape of Good

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People search for survivors under the rubble of houses destroyed by Saudi airstrikes near Sanaa Airport, Yemen. *AP Photo/Hani Mohammed*

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Hope at the southern tip of Africa.

According to the Energy Information Administration, 3.8m barrels per day of crude and product passed through the strait in 2013.

Assuming all 3.8m bpd head for Northwest Europe, closure of the strait would mean tankers would be forced to go round the Cape of Good Hope.

The longer and slower route would be equivalent to adding 55 very large crude carriers to the voyage, according to Arctic Securities.

This would actually be a positive for VLCCs, as it would drive demand and therefore probably lift freight rates higher. However, Arctic still sees the situation as a "tempest in a teapot".

Other analysts see the situation as potentially a net positive for suezmaxes.

If traffic is reduced through the Bab el-Mandep Strait, shipments into Europe would have to rise from elsewhere.

There could therefore be more suezmax activity from both West Africa and the Black Sea, according to Pareto Securities, who also believes a closure would potentially lead to more VLCCs going to Europe past South Africa.

While this could be a positive for tankers, the Yemen conflict could be over quickly and have no impact on the tanker markets, added Pareto.

RS Platou analysts said there was a "limited effect on tankers expected from Yemen conflict".

ILWU distances itself from Zim protests

Union members threatened by anti-Israel demonstrators

Fresh protests in Oakland have prevented a Zim ship from being unloaded. Port of Oakland

THE International Longshore and Warehouse Union has distanced itself from fresh protests in Oakland against Israel's policy over Gaza that have prevented a Zim ship from being unloaded, *writes Janet Porter*.

In a statement issued late Thursday local time, ILWU Local 10 and 34 said longshore workers and clerks dispatched to work the vessel *Zim Shanghai* at SSA's Oakland California Terminal were met with hostile demonstrators, "effectively blocking all access to the terminal".

ILWU members who tried to report to work "were threatened physically at some points of ingress and their personal vehicles were physically blocked".

As such, "all personnel stood-by outside of the demonstration perimeters for health and safety purposes," the union said. SSA subsequently released all personnel from work.

The union said the demonstrators appeared to be part of "Block the Boat for Gaza" campaign that has disrupted Zim operations on several occasions in the past.

"The ILWU is not among the groups organising the protests, and the leadership and membership of the ILWU have taken no position on the Israel/Gaza conflict," the union said.

More containers

Freight rates continue downward spiral
Carriers pin hopes on April GRIs as east-west rates reach new lows
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Seanergy is back in business after cape delivery

First ship has already been fixed as Nasdaq-listed owner pursues further acquisitions

SEANERGY Maritime, the Nasdaq-listed bulker owner, has made its return to operations after a year of having no fleet, *writes Nigel Lowry*.

A first capesize vessel, acquired in January of this year, has just been delivered and has been fixed for an initial voyage with cargo.

Market sources told Lloyd's List the vessel's first employment under the ownership of the Restis family-backed public company was concluded at a "better than last done" rate, but no further details were available.

The 14-year-old, 171,199 dwt *Leadership*, formerly *Nordtramp*, was acquired for $17.3m.

Announcing the handover of the vessel, Seanergy chief executive Stamatis Tsantanis

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The 14-year-old, 171,199 dwt *Leadership*, formerly *Nordtramp*, was acquired by Seanergy for $17.3m. © *Norden*

said the company was "also exploring other investment opportunities that we expect to generate significant value to our shareholders".

He added: "We believe that Seanergy is in a unique position to rebuild its fleet at the lowest part of the dry bulk market of the past 20 years."

Following the sale of its last four ships about one year ago, Seanergy was left with a clean slate and zero debt and believes it has a cost advantage over many of its rival owners, which is particularly helpful in the current low freight market.

The acquisition cost of *Leadership* was funded by a senior secured loan agreement with "a reputable financial institution" and a funding arrangement with one of the company's major shareholders.

Mr Tsantanis said the loan deal was concluded "despite the challenging banking environment in the dry bulk sector".

Mr Tsantanis was travelling this week and could not be reached for further comment.

One source close to the company said Seanergy was being offered further opportunities on the basis of being a rare buyer in the capesize sector since the most recent plunge in rates.

The source said *Leadership* was "just about the only capesize purchase this year", although some reports say there have been three transactions in the segment so far in 2015.

Seanergy was due to restart its account last year with an en bloc purchase of four capes from the Restis family but the plunge in bulker values pushed the deal back.

Clustering nicely

Integration in all the elements that go to make up a safe and efficient marine transport system are needed as ship design goes forward

DESPITE its reputation for conservatism, the maritime industry has always pushed the boundaries of technology, sometimes just a little too far. Then we are reminded forcibly of the reason why technical research is very important, and why shortcuts sometimes lead to disaster, *writes Michael Grey*.

Even if something nasty does not happen, it may be that the industry takes against the brave new technological development, because of its complexity, or its capital cost, or some other reason and it will remain unsold.

Is the new technology going to be acceptable? That, says Lloyd's Register marine director Tom Boardley, is an important question and one very good reason why the classification society needs to be taking a lead in any technological revolutions that are in the offing.

He was speaking during a day we spent at the new LR Global Technology Centre, which gathers together the society's technical staff in a brilliant facility in Southampton.

The site is adjacent to the University of Southampton's Marine and Maritime Institute, which would appear to be a perfect synergy for both parties, according to Professor Ajit Shenoi, the director of SMMI. Academia can find itself existing in something of a vacuum, but the new arrangements firmly establish connections between the university's resources — he mentions the formidable computing facilities — with industry.

Right across industry, too — and that is very valuable, as the maritime world can learn from other sectors in which science in Southampton plays a vital role. Are there lessons we can learn from aerospace, or automotive engineering? Do we need to better understand composites or the role of the human element? Are test tanks needed, or wind tunnels? Are there aspects of ocean, or offshore engineering that can be imported into the development of better ships?

It's the concept of the cluster, writ large. LR, of course, brings to this its field-based knowledge, acquired right across the world, which is why the "Global Technology Centre" is by no means over-egging its role in providing global benefits. It does what it says on the tin.

In an era of fast-changing technology, with a "data-poor" sector rapidly catching up, it is important that the marine world is not led down false roads. Scale economies in every sector are demanded, owners want more efficient, lighter ships. Driven by environmental demands, at a pace that is not of their choosing, all sorts of new pressures are challenging the industry.

The best possible ship science, using better data than has been available hitherto, makes it a lot less likely that there will be catastrophic

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Marine specialists outside the new LR Global Technology Centre in Southampton. © *LR.org*

failures, with ground-breaking new designs going the same way as the MOL Comfort, or some of the other ships — which, in the event, failed to deliver what was promised.

Class has, for many years, worked closely with various technological institutions, but it will be interesting to see how the relationship develops in the future. The development of the society's rules, which are a very fundamental part of classification, can only be enriched by the ability to back them up with better research.

That is hugely important as the marine industry moves into very new and untried technology, with, for instance, new fuels, new materials, new operational constraints and very different risks to be properly assessed. LR's Tim Kent suggests the society is changing the way it interacts with industry, as these new technologies are better understood.

Any reader of this newspaper will have some idea of this changing world of marine technology. We read about the way in which cautious first steps in the use of liquefied natural gas as marine fuel are advancing, experiments with methanol, wind assistance, or hybrid power, all driven by the quest for sustainability.

These are very big steps, and the science that lies behind such changes in making them safe and acceptable is fundamental and essential. The shipping company is really only dealing with the finished product of all this research and is very much in the hands of the designers — probably more so today than ever before, considering their limited technical in-house resources.

It may be "just" fuel or ship construction that is being considered, but the implications on ship design, or safety of operation, are matters in which class needs to provide the road map for any progress.

What do we know about methane slip, or the fire risks of lithium ion batteries? What are the potential risks in extrapolating ship size? Are there limits, involving welding, crack resistance or the strength of the materials being used?

Do we have the right sort of skills in shipping companies to operate these advanced, possibly very different, "next generation" ships safely? What are the training implications, both for the people who will research and design these future ships, but also to keep them safe in operation, throughout their long lives?

Perhaps what is best illustrated here in Southampton is a greater level of integration in all the elements that go to make up a safe and efficient marine transport system. It is clearly what is needed as ship design goes forward into a period of even greater change.

It is a sort of evolution, like that which saw shipwrights develop into the sphere of naval architecture and marine technology become ship science. It is now able to draw on advanced data that earlier generations could scarcely have imagined.

That is just a flavour of what is on offer at this new site at the heart of Southampton's maritime cluster.

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