

# SHIP MANAGEMENT

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Can shipping's image  
**only be 'sexy'**  
if it's visible?





# Round Table Debate

SMI invited representatives from shipping's leading companies and associations during **European Shipping Week** to discuss how sustainable the industry can be with regulation knocking at the door. Debating this thorny issue were: **Edgar Dominic Milla**, Chief Operating Office, PTC; **Dirk Fry**, Director, Columbia Shipmanagement; **Karoliina Rasi**, Public Affairs and Communications Director, European Community Shipowners' Associations; **Norbert Aschmann**, CEO, Bernhard Schulte Shipmanagement; **Chris Shirling-Rooke**, CEO, Mersey Maritime; **Kuba Szymanski**, Secretary-General, InterManager; **Bjørn Jebsen**, Chairman, Jebsens and President, InterManager; **George Hoyt**, Founder, The Face of Shipping; **Mark Woodhead**, Senior Vice President for Training and Content, KVH/Videotel. The debate was moderated by our Editorial Director, **Sean Moloney**.

## **Sean Moloney**

Welcome to this industry round table debate which is being held as part of the second European Shipping Week (ESW) here in Brussels. ESW is a key event in the maritime calendar and gives the shipping industry an opportunity to directly address European regulators - the European Commission, European Council of Ministers and the European Parliament – about key issues facing shipping today. Let's kick off with the first question - Can we guarantee a sustainable shipping industry in today's economic and regulatory landscape?

## **Edgar Dominic Milla**

Looking at the economic landscape, if all the elements in the

shipping industry work, then shipping is sustainable. We have seen this happen in the past two to three years where rising pressures, mainly on ship owners, have trickled down to crewing managers. If everyone responds to what is required by the owners and the market, then shipping is sustainable. When it comes to regulation, crewing managers in the Philippines have been very responsive to what is required by IMO and other regulatory authorities. I don't see an issue with the mandate from the regulatory side

## **Kuba Szymanski**

The shipping industry always survives and actually thrives on difficult times. The quality of what is meant by sustainability is my

question here. If you look around this room, why aren't we raising enough awareness about what is good about this industry? Why is shipping not seen as a 'sexy' proposition, even to the regulatory bodies? We invited the European Commission to attend today but no one turned up which amazes me. We need to work much harder to maintain the quality we demand.

### **Sean Moloney**

The whole point about this week is that the regulators are here to meet the shipping industry. What is a sustainable shipping industry as far as you're concerned?

### **Kuba Szymanski**

I think I would love to see a win-win situation for every stakeholder so no advantage can be taken of any one person. I had an interesting meeting in Cyprus where Dirk Fry was present, and on the last panel we heard owners saying "we need to be reasonable" when buying ships. Some statistics for you today: in 2008 there were 40,000 ships, by 2016 we had 80,000 ships. Is the shipping industry in crisis especially if we have the money to buy ships?

### **Sean Moloney**

A lot of them are laid up though.

### **Kuba Szymanski**

They are, but probably only 1,000. The world fleet grew by 40,000 over these years. Is somebody taking advantage of somebody else?

### **Sean Moloney**

George, is shipping sexy?

### **George Hoyt**

Nothing can be sexy unless it's visible. For me, the biggest issue we have is our image and general awareness of the industry. Shipping is invisible in most countries around the world and maybe that is why the regulators aren't here. We need the man on the street to get behind the people who make the decisions. They can't do that when we are invisible. So before we get sexy, we have to get visible. But the shipping industry will survive - it has to!

### **Sean Moloney**

Norbert, let me bring you in here. What do you think of this whole issue of shipping's poor image?

### **Norbert Aschmann**

We've been debating these issues for many years and what George says is valid but we haven't found the key yet to solving this problem. The industry is, to a large extent, invisible. But the shipping industry is sustainable - can there be a world without shipping? No there can't. As far as the regulatory environment is concerned, shipping has always been subject to change. Many of

the regulatory changes are targeting sustainability but shipping doesn't have a choice.

### **Sean Moloney**

And I suppose shipping is there to serve world trade. Dirk, what are your thoughts?

### **Dirk Fry**

Shipping has never faced such a period of downturn as it is seeing now. But shipping is used to strong winds and high seas so we have been able to overcome and survive these difficult periods in the past. What I see is a slow but sure balancing out of supply and demand because, let's not forget, the biggest problem we are facing is there are too many ships and not enough cargo. New orders for ships are now dropping and scrapping is picking up. We can't live without regulation, but shipping needs global regulation, not the US or Europe doing what they dream up. I want uniform regulation worldwide. I think we will manage and shipping will get through this.

### **Sean Moloney**

Just picking up on one thing you said about the balance between supply and demand; the one thing that ship owners never do is learn from their mistakes. Are they going to finally learn and stop these boom and bust scenarios?

### **Karoliina Rasi**

At ECSA we try and get the well-kept secret of shipping more widely known here. I have identified three different challenges from the regulatory side. One is the slow economic growth and free trade under threat. The future of free trade, what is going to happen? The political situation in the world has changed and we don't know what the future will look like. This is important because trade is dependant on shipping and vice versa. The second is the regional legislation which Dirk touched on. It's not a level playing field. It reflects badly on shipping. Europe owns 40% of the world's merchant fleet and these ships operate everywhere. We are talking about a completely global business so the regional legislation model fits badly. The third is ship financing: access to finance and cost of finance. Since the financial crisis in 2008 the investors and consumers have become shy, so they stopped spending. Secondly, some of the players have left the market.

### **Sean Moloney**

When you talk to the European Commission and the European Parliament, do they understand the role shipping plays internationally, and that it needs to be regulated at an international level?

### **Karoliina Rasi**

I think when they hear the story that 80% of the world's goods are transported by ship, they understand that its role is important.

### **Bjorn Jepsen**

I think the answer to the first question is yes, shipping will continue. If you look at the last six months, least of all in Norway, hundreds of millions of pounds has been raised in private equity to invest in shipping. There is interest there. Money is coming in, even if the banks aren't there. The biggest challenge from the investment side is regulation. It makes it difficult to plan.

### **Sean Moloney**

A few months ago BIMCO came out with a report which said that if dry bulk owners stopped ordering now the market would improve by 2019. If there was a 1% increase in ordering it would improve by 2023, if there is a 2% increase it would never improve. That puts the situation into perspective - whether it is right or wrong.

### **Bjorn Jepsen**

If you look at the market in the last quarter of 2016, it was strong. This year has gone up by 20-30%. You read the statistics and the order book and there is an economic force that can change rapidly. You ask why owners keep making these mistakes, and you think it is easy, but it's not.

### **Chris Shirling-Rooke**

We represent an industry in Liverpool worth about £3.5bn, equating to about 12% of the GVA of the region. I look at this slightly differently perhaps and see an opportunity for a culture change. When we look at the industry, we aren't just looking at shipping but we are looking at the supply chain in its entirety and how it can support other industries. We have just invested £20m in our Maritime Knowledge Hub in Merseyside and it is now an acknowledged centre of excellence. We need to modernise skills and look at what is out there and bring it into our industry. Working in this industry is a job for life - you can't often say that. We've just commissioned a film saying Liverpool is back. 12p in every £1

is generated from the maritime sector. The problem is we all know this but it's a change of culture and we need to embrace skills and education to tell people more.

### **Sean Moloney**

Let's open this up to the table now. This issue of cultural change is important; shipping does have a great story. Norbert, your views on the cultural side?

### **Norbert Aschmann**

Yes, but culture is another thing that changes constantly. I've been in this industry a long time and I've seen a lot of change. We are talking about the same thing that George mentioned, namely how do we convey this image that shipping is important, dare I say sexy. The media plays a role but the mainstream media is only interested in wrecks, explosions and human trafficking. The public doesn't seem to be respectful of the role of shipping, but then how long do you want to bore people with the fact that shipping is responsible for moving 80% of goods? In many areas, I don't share that pessimism. Shipping continues to transport goods, and that is probably what the public is most concerned about. Maybe that would make news. At the end of the day, we can only blame ourselves.

### **Kuba Szymanski**

I like the gist of Norbert's speech. If we want to be in control, we should stop blaming others. If we want to influence something, we should take the lead. There is so much young talent coming to the industry but we are not taking them onboard. Look at the issue of cadet berths - there are British cadets who can't get the necessary time at sea. But then you look at Greece where all of a sudden we are seeing young Greeks willing to go to sea for a career. Shipping is doing very well in one particular area, the cruise industry. If you look at the order books, the cruise sector is growing. So if you look at it that way the public

see the shipping industry as a way to go on holiday.

### **Dirk Fry**

I'm a positive person, so for me I find shipping sexy. Yes we will always have a problem making the public aware of what shipping is. There have been multiple attempts at making the public aware of shipping: from port visits to the Adopt a Ship campaign. This is a campaign which aims to bring ships closer to those at school. Allowing school children to write to ships' Masters to understand their routes, what they do and how they operate. We need other entities connected to shipping to assist us in helping to improve the industry's image.

### **George Hoyt**

We have a great story to tell. I've been working in the industry for close to 40 years, and have met thousands of seafarers. Every one of them has a story and it is interesting. Shipping, like anything else, needs personality. People need to understand that seafarers are real people. This is one of the reasons we created the Seafarers Mosaic. These tools are there and are free, and people are starting to use them. Likewise the Adopt a Ship programme which we started in 2006 with the Cyprus Shipping Chamber, now has more than 80 ships communicating with 80 classrooms. We've recently just introduced it to the Philippines and now we are planting those very same seeds where children talk to the ship once a week. Through this process the children are becoming our ambassadors because they go back home and talk about it. If we can attract school children now, perhaps in years to come they will join the industry.

### **Karoliina Rasi**

I find the industry very sexy. Concerning the EU officials, during European Shipping Week we have a lot participating and surprisingly for us we are organising a master class for the shipping industry which is fully booked. We targeted the EU decision makers. Concerning young

people, I've been discussing with our member organisations and a lot of them have projects where they want to attract young people into the industry. There are many countries in Europe that don't have a problem at all in attracting seafarers. Of course the world changes and professions change in popularity.

### **Sean Moloney**

I'm going to bring in the question here about seafarers. European shipping has been accused of turning its back on its own seafarer when other countries, such as the Philippines, are actively encouraging shipping as a career. How soon will it be before we fail to have an indigenous seafarer population here in Europe?

### **Dirk Fry**

We are trying very hard to spread our cadet places across all the nationalities we employ, that includes Germany and the UK. Talking of the UK, one of the weird things that has happened is that we were getting calls from cadets in the UK who have completed their basic training and need more experience, but couldn't find a place on a ship in the UK. For me this is unacceptable, so we accommodated them. We have to concentrate on all the nationalities we employ. We need to make the best use of the available resources. I would like to have more support from European authorities to help us in this work and create a level playing field.

### **Sean Moloney**

Do you think shipping needs to be supported in a different way from other industries? When we had the conference system, conference lines were allowed to fix rates because they are there to service world trade. At the moment you've got a free for all and you've got shipping companies going out of business because their revenues are way below their operating costs. Does shipping need to have that regulatory allowance?

### **Dirk Fry**

I think we need some regulatory allowance, but I would never support protectionism. To work successfully we need certain tools. We have seen in the last 12 months, shipping companies ask what they can do. I would see a better result if we would have the understanding and support from authorities/regulators to help us to be successful.

### **Sean Moloney**

Edgar, let's get a Philippines' perspective on this. Are you making hay while others are suffering?

### **Edgar Dominic Milla**

One good thing that regulatory bodies have done to the industry is that two years ago there was a scare that EMSA would stop recognising Filipino seafarers because of the certificates which were coming out. To the benefit of ship

owners, the Philippines government responded in a good way. They put legislation in place that regulated training institutions and that stopped the unfair institutions handing out qualifications left, right, and centre. With regards to the attractiveness of the industry today, I agree. It is evident a lack of Filipino seafarers have entered the industry. At last count there were about 400,000 Filipino seafarers, but most of them went to the cruise industry. A lot of people see shipping as a dirty industry, meaning you get your hands dirty.

### **Sean Moloney**

Chris, let me bring you in on this, one element of this does have a knock-on effect on shore-based industries within the shipping sector. What are your members telling you?

### **Chris Shirling-Rooke**

Even with tomorrow's seafarers, we suspect tomorrow's seafarers won't be at sea. I think technology is going to play such an important role. If we are talking about how Europe captures a market then it is with innovation and technology. Even with 3D technology where you can print off bits and bobs for your ships while at sea. This technology has been around in aerospace for a decade and it goes back to how we can learn from similar industries. The aerospace industry has a team of 12 lobbyists at Westminster permanently: the maritime industry is just as big, and how many do we have? None. I'm big into collaboration with governments. Over the next 10-20 years, if we are looking at skills, we have to look at 3D and 4D technology. What skills do the ship managers of the future need?

### **Sean Moloney**

But the man on the street goes on holiday, he goes on flights - he doesn't use a bulk carrier. I want to talk about this whole issue of connectivity. How prepared is Europe in embracing change in IT and efficiencies? We are seeing it happening.

### **Mark Woodhead**

I think shipping will have to change. It will drive better efficiencies and better performance. Those who don't change will find themselves cut away from the rest of the industry. One of the things I think shipping needs to do to improve itself is ask what is shipping? We don't talk about the airline industry as those who have flown planes; we talk about people who have worked in the airline industry. As shipping grows more, it needs to see itself as a wider logistics business.

### **Kuba Szymanski**

We've got a problem in the shipping industry because if you're not a ship Master or Chief Engineer then who are you talking to? On the other hand, as far as technology is concerned, I think we are engaging with technology big style. But the

problem is technology is not as good as people are trying to paint it. I've started doing something silly; how many times can I not connect to the internet in the hotel or airport? 60% of the time I cannot connect. The US Coast Guard and now US maritime colleagues have decided to return to sextants and start again after six years of not training people the art of Master Navigation.

### Mark Woodhead

It depends where you want to be. Connectivity is only one part of technology. I think vessels are very complicated. If we go back to the personnel side, one of the issues around engineers and their skills, is they don't strip down engines like they used to. Technology has driven every industry. Shipping is in a fortunate position that it can look at land-based business and five to 10 years later we can adapt technology. It is the remotest industry in the world. I think if we take advantage of the technology when it is available, connectivity and the internet have changed the way we are on land, so why not at sea?

### Norbert Aschmann

I'm not quite sure whether I share the same concern of the unavailability or unreliability of technology. I think it is pretty good. The question is how we manage the remaining risks. I was a bit surprised to hear they are training people on sextants again. What does it mean?

That GPS is completely unavailable? Sometimes I get suspicious because there are so many people selling technology. Whether it makes sense immediately is debatable. I don't want to promote the principle of simple ships for simple people. I am suspicious when new technologies are promoted for immediate use. The more sophisticated shipping gets, the more attractive it could become for European seafarers. What we often forget is that seafaring doesn't have to be the end of it. There are many CEOs who started their career onboard ships.

### Karoliina Rasi

I have to agree. If shipping is a late mover then we can benefit. We can take onboard technology that benefits our sector. ECSA is involved in an initiative called e-manifest that concerns the short sea shipping and administrative formalities related to the arrival of the ship to a port, e-manifest is a harmonised electronic cargo manifest. When I first saw the map where a truck leaves Rotterdam and ends up in Gothenburg, they issue one document while at the same time a ship does the same route and they have to issue 12 documents. We have to do something to become more efficient.

### Sean Moloney

I think, bringing the two elements together, and what Chris was saying earlier, the shipping of tomorrow will be a different industry to how it was 20 years ago. Will

the seafarer of the future have a screwdriver and hammer or will they be an IT-savvy techno-kid as they call them. That may be a way of continuing to attract young people in because it is dynamic industry.

### Chris Shirling-Rooke

It does. I'm very hopeful about Europe. This is our sweet spot with innovation and technology. That is what we are good at. We won't compete with the rest of the world in building big ships. Where we are going to compete in is building the most advanced technological ships in the world. There is a research ship being built in the UK and it caught people's attention because they asked the public to name the vessel - the number one name was *Boaty McBoatface*. This £300m-£400m research ship was going to be called *Boaty McBoatface*. It was going to cause a bit of a problem! It was actually a genius bit of PR - really good news and a fantastic European project. It was designed in Norway and built in the UK. To actually have people energised and understand why these types of vessels are important for the environment, for research. In the end it was called the *RRS Sir David Attenborough* while the small submarine has been named *Boaty McBoatface*. But it put maritime right at the top of people's conversation.

### Sean Moloney

What a very positive note to end on, ladies and gentlemen. Can I thank you all very much indeed for your participation today. ●



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