

No. 11 | OCTOBER - DECEMBER 2010

CARIBBEAN MARITIME

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CARIBBEAN MARITIME

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COVER STORY

35 Cruise tourism benefits the Caribbean – illusion or reality?

COVER PHOTO

La Masquerade resting in the quiet waters of Willemstad, Curacao, May 2010.
Length: 180 ft (55 m); Year: 2003; Builder: Amels; Design: Terence Disdale Design.
- Mike Jarrett photo

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Except for that appearing in the Editorial column, the views and opinions expressed by writers featured in this publication are presented purely for information and discussion and do not necessarily reflect the views and opinions of the Caribbean Shipping Association. - The Editor.

CARIBBEAN MARITIME

No. 11 | OCTOBER - DECEMBER 2010

The official journal of the
Caribbean Shipping Association



caribbean shipping association

MISSION STATEMENT

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

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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@cvjamaica.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
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DOCUMENTING MARITIME HISTORY IN THE CARIBBEAN, GULF OF MEXICO

The publication of this edition of *Caribbean Maritime* coincides with the 40th anniversary of the Caribbean Shipping Association (CSA) and documents, in a short history, the path this Association has travelled from its infancy to the present.

The developmental role that this Association has played in the modernisation of the shipping industry across the region cannot be denied. And although the CSA is not endowed with vast material resources, it has organised an impressive region-wide network of human resources. This network of corporate leadership, from both the public and private sectors, represents the interests of the some 40 million persons and more that populate the countries of the English, French, Spanish and Dutch Caribbean, northern South America, Central America and the southern United States of America.

Caribbean Maritime is only one of the tools that the CSA has used to create this network. This tool was established so as to document the history of the maritime industry of the Region but also to empower those who comprise or are associated with the CSA network of business leaders. This network covers the Caribbean and Latin American region and spreads across the Atlantic Ocean.

NEW EDITORIAL FEATURE

This issue of *Caribbean Maritime*, in its role of documenting history, unveils a new editorial feature. Under the banner '*InDepth*', this pull-out feature will give readers comprehensive reports about recent developments as well as corporate issues and trends. It will not necessarily become a standard feature in each publication but rather, will be published as the need arises. Such a need arose in April 2010 when, arguably, the worst environmental disaster occurred within the CSA's geographical sphere of influence. The explosion and subsequent sinking of the oil rig Deepwater Horizon was a tragedy of immense proportions, both in terms of human life and ecology. That this tragedy was affecting, among other areas, the coastline of Louisiana (the Port of New Orleans is one of the older members of the CSA network) made it the business of *Caribbean Maritime* and an apt topic for the first edition of '*InDepth*'.

The theme of this 11th edition of *Caribbean Maritime* is Cruise and Luxury Yachts and again attention is focused on the Region's maritime tourism. There are special features on Florida, the cruise capital of the world and whose ports are represented in the membership of the CSA, and there are special features on cruise and yachting in other CSA member territories including Barbados, Jamaica, Puerto Rico and Guyana. There are also standard features published here with the sole intention of stimulating and empowering managers and corporate decision-makers. And we continue the documentation of progress of the largest single civil engineering project on the planet, the Panama Canal expansion.

At 56 pages this is the largest ever issue of *Caribbean Maritime*. Welcome!



MIKE JARRETT, EDITOR

The CSA: *Celebrating 40 years of service*

October 2010 marks a significant milestone for the Caribbean Shipping Association. Forty years of service in any sphere of life is a significant achievement and, for the CSA, it is an anniversary worthy of celebration. And so, when the senior decision-makers in regional shipping converge on Montego Bay for the 40th Annual General Meeting, it will be a celebration of service and achievement.

The CSA was established as a service organisation. Our founding fathers saw this Association providing and performing 'helpful activities' in support of shipping. And that textbook definition of service defines the role the CSA has played for 40 years. I am not sure they would have dreamed that the Association would have had so many achievements in just four decades. However, to their everlasting credit, they

CSA has been a pillar of strength in the development of the Region's shipping industry

laid the foundations for what we have so far accomplished and set the tone and direction that have taken us to this point in history.

The services the CSA has provided are many and varied. The list is impressive, not for its length but for its quality: support for national associations; delivery of training at all levels of the shipping industry; creation of forums in which the leadership of the industry can network and access new ideas and learn from experts; creation of a business exposition to support the marketing of technologies and software; and, very importantly, creating a single regional shipping community comprising representatives of separate and diverse languages and cultures from both the public and the private sectors. The latter is an achievement not to be underestimated. Not many private organisations anywhere have been able to achieve that.

Record

This record of achievement was not accomplished easily. The gains we have made

could not have become reality if the CSA was a weak organisation. Quite the opposite; the CSA has been a pillar of strength in the develop-



ment of the Region's shipping industry. We have been and will continue to be like the bamboo – flexible, but strong. We welcome innovation and embrace change while celebrating our history and traditions.

Magazine

Not mentioned in this list of services is the publication of a business magazine for the shipping industry of the region. **Caribbean Maritime** is published and delivered to the shipping industry of the Caribbean and the world free of charge. There is no paid subscription for receiving this publication and it is freely available to the world through the CSA's

website. This magazine is the CSA's service to the Region's history, documenting, as it does, the progress we have made and the path we have travelled. Already it has documented, in text and photographs, three years of Caribbean shipping history, including the progress of the world's largest civil engineering project, the Panama Canal Expansion.

It is with great pleasure that the CSA, in celebrating 40 years of service, presents this, the 11th issue of **Caribbean Maritime**

Carlos Urriola
President, Caribbean Shipping Association



The Caribbean Shipping Association

TREMENDOUS STRIDES, ACHIEVEMENT IN 40 YEARS

The challenges that an ever changing world puts in the path of business are best overcome by study and deliberation. Through this process the power of the human mind is unleashed, to address, analyse and solve the problems of the day; to set new paths for progress and development.

Through study and exposing hundreds of corporate decision-makers to the objective realities of the time, the Caribbean Shipping Association, over 40 years, has been able to enlighten and empower those to whom the rudder of development is entrusted. Through its conferences and training programmes, through study and deliberation, the CSA continues to make a unique and historically significant contribution to the development of the Caribbean.

The need to establish an effective, broad-based Association to monitor trends and to create fora for discussing and sharing methodologies and strategies for the development of shipping in the Caribbean was recognised in the 1960s. It was a time when a number of

Caribbean territories had recently moved from the shadows of European colonialism into the light of nationhood; when maritime interests came to accept that there was much to learn and emulate from the bold initiatives and strategies being employed by their peers elsewhere in neighbouring Caribbean territories to solve development problems similar to theirs.

Revolutionary

Specifically, the revolutionary achievements by the Shipping Association of Jamaica (SAJ) in successfully negotiating with hostile labour unions for the mechanisation of the Port of Kingston started a process which led to port interests across the Caribbean ultimately coming together to exchange ideas and discuss experiences. Trinidad, Barbados and Bermuda were experiencing similar problems with labour unions which perceived any form of mechanisation as a threat. Delegations from the shipping communities of these countries visited Jamaica within a short time of each other to discuss and learn from the

By Mike Jarrett

achievements of the SAJ. These visits exposed the successful Jamaican model and stimulated new ideas and solutions which quickly spread across the Region. The initial encounters and ensuing discussions helped to forge relationships between maritime interests across the Caribbean.

National shipping associations were soon established and, in 1969, representatives from five such associations met in Port of Spain for an informal meeting to discuss labour contracts, employment practices and other problems affecting the shipping industry. This meeting was so useful, the group decided to meet again in six months.

In 1970, at the fourth of these informal meetings, in Barbados, it was decided to form a Caribbean shipping association. A steering committee was selected to draft plans. SAJ Vice President Peter Evelyn, who was Jamaica's representative to that meeting, was elected to chair the steering committee. The SAJ's then General Manager, Noel Hylton, served as Secretary to the steering committee.

The initial objective of the CSA, as discussed, was to bring together all parties interested in the shipping industry of the Caribbean and to establish the closest integration of these interests, so as to create an on-going dialogue which

PAST PRESIDENTS OF THE CSA

FAR LEFT, PETER EVELYN, FIRST PRESIDENT, CLOCKWISE FROM FAR LEFT. MICHAEL BLACKMAN, PETER PARKER, MICHAEL LOHAN, LUDLOW STEWART, LUIS AYALA-PARSI, ERNEST GIROD, GEORGE NOON, FRANK WELLNITZ, G. AINSLEY MORRIS, DAVID HARDING, RAWLE BADDALOO, CORAH ANN ROBERTSON-SYLVESTER, FERNANDO RIVERA

would facilitate an exchange of experiences, advice and information. The task of Peter Evelyn's steering committee was to develop a structure for achieving this objective.

By 1971, a constitution and articles of association were drafted and the CSA established under Jamaican law. The countries listed as the founding members are: Barbados, Bermuda, Dominica, Grenada, Jamaica, Montserrat, St Kitts, St Lucia, and Trinidad and Tobago. At the first Annual General Meeting, in Nassau, Bahamas, on October 19, 1971, the representatives from these countries, along with those from Antigua, the Bahamas and St Vincent were admitted to membership.

Early years

In its early years, the CSA concentrated on exchanging views on areas of common interest and producing reports on industry practices and port development in the region. Comprehensive technical papers were presented on subjects such as shipping agency operations, documentation within ports, containerisation, movement and handling of refrigerated cargo, port management, port development and cargo liability.

By 1973 the Association had expanded the scope of its activities. The agenda for annual general meetings was expanded to include technical presentations by competent individuals.

In 1976, the CSA saw the need to review its constitution in order to identify and rationalise its future role in shipping in the Caribbean. As a result, a new constitution came into force at the seventh annual general meeting in Puerto Rico in October 1977. This new constitution opened membership to ship owners and operators.

The Association subsequently identified management training as an urgent necessity and made this a priority. The CSA designed and delivered training courses of high calibre. These were attended by shipping management personnel from across the Caribbean region. Through its training activities, the CSA was able to make a signifi-

cant and tangible contribution to the development of the Region's shipping industry.

By the turn of the decade of the 1980s, in just 10 years, the CSA had started to take on the characteristics of a multinational association, with representatives and observers from outside the Anglophone Caribbean joining the original group of English-speaking members.

Embracing change

The CSA implemented a number of new ideas and made significant progress during the decade of the 1990s. That period saw many Caribbean countries deregulating their national economies and entering a new epoch of open competition and free trade. It was a time when protective trade barriers were challenged from within and without. Through this relatively difficult period

new ideas or implemented new services or programmes.

The CSA's Silver Club was established in 1995 (the 25th anniversary of the Association), to harness the wisdom of its most experienced members. Members of the CSA become eligible for membership in the Silver Club after completing 25 years of service in the shipping industry. The CSA, through its General Council, is able to tap the wisdom harnessed by its Silver Club in problem solving; assessing industry situations; and in planning development programmes. The Silver Club sets its own Agenda and meets in private, in time set aside for collateral meetings just prior to each CSA conference.

In the final year of the 20th century, the CSA launched its annual business exposition, the Shipping Insight series; initiated moves to establish a website;

By 1976, the CSA saw the need to review its constitution in order to identify and rationalise its future role in shipping in the Caribbean

for the Caribbean ex-colonies, the CSA maintained a sharp focus on the needs of those who must ensure that the Region's sea ports and marine cargo management systems are efficiently operated.

The Association added depth and broadened its horizons. It explored, negotiated and established the necessary linkages with global and regional agencies, national and multilateral bodies and private institutions in the service of its membership. CSA membership grew steadily. The CSA's growth in size and stature soon attracted regional recognition from governments and quasi-government agencies and institutions across the four language groups of the Caribbean. The Association was soon able to make, without fear of being challenged, the claim of being the true and only 'voice of the Caribbean shipping industry'.

There have been very few years since 1991 in which the CSA has not initiated

and appointed a new Training Director in a move to upgrade and expand its delivery of training modules.

In 2001, when most companies did not yet have a presence on the internet or otherwise had one or two 'web pages'; when compact disks for storing digital data was state-of-the-art and floppy disks were just disappearing; when fax machines still carried the weight of inter-business communications, the CSA launched its website. Developed as an information resource for the Caribbean shipping industry, the CSA website started with well over 100 web pages and a members' section under password control. The CSA's massive website was unique to membership associations anywhere in the world at the time and started a trend which has been emulated ever since.

Also, in 2001, the CSA formally established a working relationship with

the largest Caribbean multilateral body, the Association of Caribbean States. Having previously established a formal relationship with the Caribbean Community (Caricom), the Association signed protocols in San Juan in October 2001 which made the CSA a social partner with the ACS.

The CSA celebrated the launch of the Caribbean Maritime Institute, also in 2001. The Association had been giving

In 2001, the CSA formally established a working relationship with the Association of Caribbean States

the Jamaica Maritime Institute support and assistance over the years and had partnered with the Institute in developing textbooks and manuals and in delivering a variety of training courses. The CSA encouraged the formation of the Caribbean Maritime Institute and worked with the Caribbean Development Bank, the University of the West Indies and the Jamaica Maritime Institute to launch a diploma course delivered by satellite – the Caribbean Diploma In Shipping Logistics. The course was delivered to a number of countries and the first batch of students completed the programme in 2001. One of the outstanding graduates delivered her thesis as a technical presentation at the CSA conference held in Georgetown, Guyana, May 20 and 21, 2002.

Training

Training has been one of the pillars of the CSA's work. The Association has been delivering training courses for many years. Recently, the CSA implemented an upgraded annual training programme, subsidizing and delivering high quality management and supervisory training courses and workshops to all levels of shipping industry personnel and stakeholders across the Caribbean. The CSA's Training Trust manages and protects the Training Fund, the proceeds from which help to subsidise the CSA's training programme.

The CSA brought training to the centre.

- By making training development the core of its mission, the CSA inspired the shipping industry across the English, Spanish, French and Dutch Caribbean to place training at the top of maritime development priorities.

- By establishing a Training Trust Fund, the CSA put in place financial resources to assist training development in the Caribbean. The CSA's Training Trust

Fund supported, directly and indirectly, shipping industry personnel across the Caribbean.

- By encouraging and facilitating development and expansion of the Jamaica Maritime Institute, that organisation evolved into a regional entity, the Caribbean Maritime Institute.

- By collaborating with the Caribbean Maritime Institute, offering skills and financial resources, the CSA helped to establish the Caribbean Diploma in Shipping Logistics, delivered by satellite to Caribbean nationals in several territories.

- By delivering professional training workshops each year in different Caribbean territories – with topics such as port and ship agency management; port security; and hazardous materials – the CSA assisted professional development of middle and senior managers across the Region.

- By entering into a Memorandum of Understanding with the Pontifical Catholic University of Puerto Rico in 2007, the CSA continued the process of developing opportunities for higher education and training of maritime personnel in the Caribbean.


- By establishing an annual conference for shipping industry executives, with presentations from leading experts, the

CSA empowered the senior decision-makers in the Region's shipping industry.

- By pioneering, encouraging and initiating maritime training over the past 30 years and more, the CSA assisted and facilitated national development in more than 20 countries, across the four language groups in the Caribbean.

Meanwhile, the Association continued with its annual regional award to the best Caribbean sea ports and marine terminals. The Caribbean Port Of The Year awards, established in 1987, identified Caribbean port facilities that have been models of growth and development, efficiency and dependability in the previous year. By making the Caribbean port awards an annual priority, the CSA made a clear statement about the critical importance of effective and reliable marine terminal operations to the economic well-being of Caribbean countries.

In May 2007 the Association boldly launched its official business magazine, **Caribbean Maritime**. This publication, circulated within and without the Caribbean and available on the internet, documents the progress and achievements of companies and national shipping associations across the Region. Like the CSA's website, it quickly became a trendsetter for membership organisations.

There are many new thoughts and ideas which will ultimately influence what the CSA does in the next 10 years as it completes half a century of service. However, its contribution to the development of the Caribbean over the last 40 years is clearly evident in the modernisation strategies employed in ports and harbours of more than 20 countries, from the US Gulf coast and Florida in the North, to the countries of northern South America in the South. 

Mike Jarrett, Editor of Caribbean Maritime and CSA's Director of Information and Public Relations, has been an adviser to the Caribbean Shipping Association since 1981

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FLORIDA – STILL THE WORLD’S CRUISE CAPITAL

...sustained by its geographic proximity to the Caribbean

With two rival seaports and two major airports in the south, the State of Florida is now and will likely remain the cruise capital of the world.

At least, that is the consensus among industry leaders, who point to a range of factors and a pile of irrefutable statistics that put Florida well in the lead for cruise company corporate head offices and cruise ship home-port assignments.

Among the factors:

LOCATION, LOCATION

- Florida is a 450-mile-long pier of a peninsula stretching from Alabama to less than 100 miles from Cuba and the Bahamas with 14 competing deepwater seaports.
- Florida has a larger population of cruisers than any other state or nation.

By Rick Eyerdam

- Florida’s tourist economy, with resorts everywhere the water meets the shore, sustains a sophisticated, dedicated cadre of service and sales professionals.
- The state has a robust logistics chain with a year-round system for moving high value, high quality perishables, liquor and other provisions to cruise



FLORIDA HAS A LARGER POPULATION OF CRUISERS THAN ANY OTHER STATE OR NATION

ports as easily as it supplies hotels, attractions and restaurant chains.

- It takes eight days by ship from New York and the Northeast to visit the tropical ports that you can reach from Florida on a five-day cruise.
- Every port in Florida is linked to the interstate highway system and its airports feature a wide range of competitively priced and convenient air connections.

“From the Carnival experience, I would certainly say Florida is the cruise capital of the world,” says 30-year veteran Terry Thornton, senior vice president for marketing and planning at Carnival Cruise Lines. “Florida certainly is the most important state of embarkation for us by far. From the standpoint of filling the ships out of the port, Florida has a variety of unique attributes. It seems to be very important for people to leave from a place that is considered a vacation destination. It does help in the marketing.”

Thornton adds: “Florida gives us two buckets of customers. One source is people for whom the ships are within

Port of Tampa and the Port of Miami, sometimes multiple ships at a time.

“Working in our Florida ports is a rewarding experience because they have seen so much growth and have been dealing with rapid growth and therefore coming up with new solutions for several years,” says Stirn, who clearly relishes the challenge.

“On many occasions we see other ports cringe at the idea of triple ship days. In Florida and in particular Port Everglades and Port of Miami, we see these occurrences on a regular basis. In fact, on days when there are double-digit ship calls, these Florida ports are operating on a ‘business as usual’ basis.”

EXPERTISE

According to Stirn, that aplomb requires “...much planning and applying the right amount of expertise at choke points. With experience comes solutions, and with solutions comes growth.”

The experience and co-operation of the ports and the quality of their terminals is very important, says Thornton, “In Florida we have the best complement of cruise terminals compared to anywhere else we operate,” he says.

and excellent infrastructure.”

Johnson says that, in his experience, the cruise lines appreciate value as much as efficiency.

“We have got to provide good value. This port is extremely competitive from the price perspective. And you have to provide superb, excellent service. And we work to improve the customer service every year with new programmes for customer training. Everyone, from my staff to the ILA baggage handlers, has gone through a new *Miami Begins With Me* customer service course.”

Port Everglades, which has been growing its cruise business rapidly over the past few years, has proven it can measure up to the industry standards and exceed them when challenged.

With the arrival of the first Oasis-class ship from Royal Caribbean Cruise Line at Port Everglades last November, the port’s logistics services were dramatically tested as 40 trucks lined up to provision the *Oasis* while dozens more ‘trucks’ served other ships in port. Meanwhile, more than 25,000 passengers boarded the ships in the harbour while another 25,000 disembarked and headed home. The drill has become commonplace every Saturday since. Similar weekends are commonplace, too, at the Port of Miami.

“The arrival of the *Oasis* was a game changer,” says Port Everglades department director Phil Allen. “That whole transaction working forward with RCL to service the *Oasis* was considered a risk. Some people were asking: ‘Is anybody going to sail on a fifty-four-hundred passenger ship?’ So a lot of the people, including some at the Port of Miami, were asking: ‘Why would we want to compete for that particular piece of business?’

“Well, when you have that amount of value with two ships [when the Oasis-class *Allure* arrives] going into the Caribbean, carrying 6,000 passengers each, that is a lot of market share into the Caribbean.”

Allen adds that the increased critical mass of passengers and ships has helped the local businesses as well.

“You have an infrastructure here in

THE GEOGRAPHICAL PROXIMITY OF FLORIDA TO THE CARIBBEAN LED TO THE SOUTH FLORIDA CRUISE BOOM AND NOW SUSTAINS IT

easy driving distances. The other is a complement of air services for those who want to fly from around the country. With the low-cost carriers in Florida, it helps to keep the fares down. With 4,000 Carnival Cruise Lines employees in South Florida, [this state] is home port for us as a company from an employee standpoint.”

Sally Stirn is regional manager for shore operations for Holland America Line. Her job is to manage the locals who move the passengers and provisions onto ships calling Port Everglades,

“We have new terminals in Miami. We have an excellent terminal in Tampa. Port Canaveral has phenomenal terminal facilities. Jacksonville has a very efficient terminal as well. Efficiency and comfort for the guests is our priority in judging terminals and so getting people on or off the ship as quickly as possible.”

Port of Miami executive director Bill Johnson agrees. “I think, ultimately, in terms of attracting and retaining cruise business, it is like cargo. You have to provide good facilities, good infrastructure – and we have excellent facilities

South Florida that services the hotel industry and those same people are benefiting from the increase in cruise activity." He says the *Oasis* has also broken the mould when it comes to domestic cruise passenger draw. "The *Oasis* has brought to us a surprise that we did not expect and that is the number of foreign cruisers they are attracting," says Allen. "More than 50 per cent are out of Europe. We have one sailing with 1,500 Brazilians coming for the *Oasis*."

CRUISE INDUSTRY AS NUMBERS GAME

For the cruise industry and all the tens of thousands of others involved in the competition to attract discretionary dollars, the process is a numbers game.

At the simplest level, all cruises are scheduled long in advance. Each cruise – the average length is 7.2 days – has a fixed set of huge costs that can only be offset by paying passengers. For example, one publicly traded cruise line recently reported to its shareholders that the average fuel cost per metric tonne

had climbed to \$508 in 2010 from \$356 in 2009. Cruise ships sailing at reduced capacity cost about the same to operate as those sailing full of paying customers, according to Carnival's Terry Thornton.

He says virtually all cruise ships sailing from Florida ports sail at more than 100 per cent of established capacity but still require additional cruise-sponsored shore excursions and on-board spending by passengers to ensure profitability. And the best place to begin is Florida.

This is true, says Thornton, because "from the operational standpoint, all the ports of Florida offer the ability to structure exciting itineraries. You can reach every one of the popular cruising destinations on an itinerary from Florida with all different lengths of cruises, even three to five days' cruising."

The other members of the Cruise Line International Association (CLIA) hold similar views. They projected in 2009 that for 2010 the Caribbean and The Bahamas would be the number one destination with 41.3 per cent of capacity deployment. The Mediterranean,

Europe, Alaska and Mexico follow the Caribbean in popularity.

The geographical proximity of Florida to the Caribbean led to the South Florida cruise boom and now sustains it. But a steadily growing stream of cruise passengers is essential to the continued success of the industry. And Florida fills that bill also.

CONVENIENCE

Some would suggest that many of the 2,530,702 Florida resident cruise passengers counted in 2009 have retired to Florida because of its cruise convenience. Of the 13.44 million CLIA members cruising in 2009, US ports embarked 8.9 million passengers, accounting for 66 per cent of the world total. Florida port embarkations grew by nearly three per cent to 59 per cent of the US total, owing to gains in Port Everglades, Tampa and Jacksonville, according to an updated CLIA report issued in August 2010.

The next-closest states were California and Texas, the only other states with



more than a million cruising residents. California's 1,111,881 represented 10.9 per cent of all 2009 cruisers. (The Texas market share was 10.36 per cent. California is expected to decline as the lines withdraw ships from cruises to Mexico because of concerns about crime levels there and move them to the Gulf.)

COMPARISONS ARE ENLIGHTENING

The significance of the Florida number becomes apparent when compared with all of Canada, which had a 6.8 per cent market share among cruisers from North American ports. And that relatively small number is nearly double the 3.2 million total cruise passengers booked from the other nations of the world.

"North American cruise lines, their employees and passengers generated \$35.1 billion in gross output in the US last year, including 313,998 jobs paying a total of \$14.23 billion in wages and salaries, and direct cruise industry spending totalled \$17.15 billion," according to 'The Contribution of the North American Cruise Industry to the

ports can be compared favourably with many other coastal areas. The Port of Houston, for example, spent \$81 million two years ago on a cruise terminal with no success attracting cruise ships. Galveston has succeeded in attracting cruise ships from California. New Orleans will be getting one Carnival ship in October 2011, from where it will sail year-round.

PROJECT

Following a \$250 million project in 2004 to completely revamp the Manhattan Terminal and construct a new Brooklyn Terminal, the Port of New York now offers two seven-night cruises to Caribbean destinations at different times of the year aboard the Norwegian Cruise Line's *Norwegian Dawn* and *Norwegian Gem*. It offers 10-night cruises aboard the *Norwegian Jewel* and eight-night Caribbean cruises aboard the *Carnival Miracle* plus Canadian cruises aboard the *Carnival Glory*.

Royal Caribbean and Celebrity Cruises also sail round-trip from Cape Liberty (Bayonne), New Jersey. Royal Caribbean now sails year-round to various cruise

of the *Norwegian Epic* and in Port Everglades of the second Oasis-class ship, *Allure of the Seas*.

IMPRESSIVE FLEET OF FLEETS

Florida's world-famous cruise lines are an impressive bunch, starting with the giant Carnival Corporation & plc with 54,602 staterooms and 22 ships. (All these numbers are subject to change, as are the port assignments and itineraries, in this competitive environment amid the summer and fall tropical storm season.)

Based in Miami, the Carnival Cruise Lines Division home-ports two ships at Port Canaveral, five ships at the Port of Miami, two ships at Port Everglades, two ships at Tampa and one ship at Jaxport.

VOYAGES

Marketed as the Fun Ships, Carnival Cruise Line operates 22 of these vessels, offering voyages from three to 16 days' duration to The Bahamas, the Caribbean, the Mexican Riviera, Alaska, Hawaii, Canada, New England, Europe and Bermuda. The line has two new 130,000-ton ships on order – *Carnival Magic*, set to debut in Europe on May 1, 2011, and *Carnival Breeze*, scheduled to enter service in spring 2012.

Carnival Corporation & plc is the largest cruise vacation group in the world, with a portfolio of cruise brands in North America, Europe and Australia, comprising Carnival Cruise Lines, Holland America Line, Princess Cruises, The Yachts of Seabourn, AIDA Cruises, Costa Cruises, Cunard Line, Ibero Cruises, Ocean Village, P&O Cruises and P&O Cruises Australia. Together, these brands operate 96 ships totalling more than 189,000 lower berths with 10 new ships scheduled to be delivered between now and May 2014, according to the company.

Carnival Corporation & plc also operates Holland America Princess Alaska Tours, the leading tour company in Alaska and the Canadian Yukon. Traded on both the New York and London

OF THE \$17.15 BILLION CRUISE LINES GENERATED IN ANNUAL SPENDING IN 2009 ONE-THIRD – ALMOST \$7 BILLION – WAS SPENT IN FLORIDA

US Economy in 2009', an annual report prepared for CLIA by Business Research & Economic Advisors (BREA).

Of the \$17.15 billion cruise lines generated in annual spending in 2009 one-third – almost \$7 billion – was spent in Florida. Of the 313,998 jobs generated by the cruise industry – not counting thousands of foreign workers on board – Florida's share was 24 per cent at 128,910 jobs. The national total for cruise-related annual wages was \$17.15 billion. The Florida total was \$5.4 billion, a little less than a third of the national total.

Florida's fleet of ships and array of

destinations such as Bermuda, Canada and the Caribbean from New Jersey. The port of Cape Liberty is currently home to two ships, the Royal Caribbean *Explorer of the Seas* and *Celebrity Summit*.

By comparison, in 2009, the latest complete year, Port Everglades enjoyed 1,007 cruise ship calls – an average of 19 a week or almost three a day – and earned \$32 million in cruise revenue. Single-day and multiple-day cruise passengers numbered 3,319,820. Miami did about the same with a cruise passenger total approaching 4.1 million among 795 cruise ship calls. Both totals will grow in 2010 with the arrival in Miami

Stock Exchanges, Carnival Corporation & plc is the only group in the world to be included in both the S&P 500 and the FTSE 100 indices.

PREMIUM

Carnival's Holland America Line offers 21,335 berths among 14 ships of which 11 sail from Fort Lauderdale and two from Tampa featuring what the industry calls 'premium cruises' with a 'traditional style of cruising', typically popular with older and veteran cruisers who like the orderliness of scheduled activities and dining by appointment.

Carnival's Princess Cruises offers a total of 17 ships and 37,220 berths. Among them are 11 ships that sail from Fort Lauderdale. Princess considers its business "Premium... with emphasis on personal choice on a wide variety of cruise destinations and itineraries."

Carnival's Seabourn Cruise Line features four ships and 1,074 berths. Three of the luxury, yachting-style cruise ships sail from Fort Lauderdale

Carnival's Cunard Line features the last remnants of the great ocean liners. Cunard offers 4,620 berths aboard three grand ships, the new *Queen Elizabeth II*, *Queen Victoria* and *Queen Mary*, sailing on extended voyages from New York and Fort Lauderdale.

SCHEDULED

Carnival's Costa Cruises with 28,525 lower berths among 14 ships has scheduled one voyage a week from Miami and one from Port Everglades in Fort Lauderdale beginning in January 2011


Miami-based Norwegian Cruise Line is the virtual flipside of Cunard and Holland America, featuring option-intensive Freestyle Cruising™ to the Caribbean

and Mexico. Norwegian operates 10 ships enclosing 22,138 berths. Of the 10 ships, four depart Miami and one is home-ported at Tampa. Two sail from New York.

HOME-PORT

Royal Caribbean Cruises Ltd is also Miami-based and offers a total of 56,488 berths aboard its 21 ships. Five are home-ported in Miami, two in Tampa, two at Port Canaveral and four at Port Everglades in Fort Lauderdale.

Royal Caribbean Cruises Ltd is the second-largest cruise line, on the heels of Carnival. The company operates under the Royal Caribbean International, Celebrity and Azamara Club brands. The fleet has 32 ships in service visiting over 180 destinations.

The cruise business is a numbers game – and Florida always wins. 

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Tips for Caribbean cruise ports: MAKE IT FAST, CLEAN & VERSATILE

The top cruise marketer for Carnival Cruise Lines and the cruise development expert for booming Port Everglades have offered a bit of advice for aspiring Caribbean cruise ports: keep it simple, make it fast, don't spend too much, but make sure the bathrooms are always clean.

Asked about the colourful Disney theme terminal at Port Canaveral, the huge \$75 million new Royal Caribbean terminal at Port Everglades and the master plan to elaborate on cruise terminals at the Port of Miami, Terry Thornton, senior vice president for marketing and planning at Carnival Cruise Lines, said he would rather have an extra team of restroom attendants than lavish décor.

"Efficiency and comfort for the guests is our priority in judging terminals, and so getting people on the ship as quickly as possible is key – or getting them off," says Thornton. "They [cruisers] are either very ready to begin their cruise or very ready to get home. So efficiency is important in a comfortable environment. Both of those are really important."

He adds: "Pretty is nice. But it needs to be a comfortable environment and an efficient way to get people on board the ships. Theming and décor are not that important to us because we would like to get them on board so quickly they don't see the theming."

EXPERIENCE

The importance of the quality of the experience boarding and debarking the ship can be better understood by the non-cruiser looking at a typical week-long cruise to the Caribbean beginning in Miami, calling at Grand Turk, travelling as far as Tortola in the British Virgin Islands, then swinging into Catalina Island off the Dominican Republic, then calling Nassau on the way back.

The first-day boarding is carried out at night, after which the passengers are

on board for 11 hours before spending five hours at Grand Turk. Back on board after noon, passengers are on board for 11 hours before arriving at Tortola, where they spend six hours on shore then another 14 hours on the ship before eight hours on shore at the custom-made enclave on Catalina Island, Dominican Republic. Then cruisers spend all of their sixth day at sea and the morning of the seventh – 36 hours in total – before arriving at Nassau for a seven-hour shore leave. Embarking at 7 pm from Nassau, the cruisers arrive in Miami 12 hours later at eight in the morning.

TRANSIT TIMES

Thus, the cruisers spend 84 hours on the ship and 33 hours at the various destinations. Departures from Port Everglades would share the same transit times. Departures from Tampa or Port Canaveral might add a few hours on board and

Carlos Buqueras, director for cruise development at Port Everglades, cites the RCL Oasis terminal as an example of good planning. There, he says, a terminal was designed in advance to accommodate a wide variety of ship sizes by paying close attention to gangway design and the internal configuration.

For a smaller ship from a different line, all the electronic signage can be changed to reflect the debarking ship's line and name. And the passengers can be moved with alacrity without a requirement to travel the entire length of the 5.5-acre terminal, built for RCL's Oasis-class giants.

"If Carnival wants to use the Oasis terminal, they can," says Buqueras. "We just reconfigure the gangways and change the electronic signs. The story is that the ports, and especially Caribbean ports, need to build into the discussions with these cruise lines a flexibility that allows you to capitalise on your investment

'WE WOULD LIKE TO GET THEM ON BOARD SO QUICKLY THEY DON'T SEE THE THEMING'


– TERRY THORNTON, SENIOR VICE PRESIDENT FOR MARKETING AND PLANNING AT CARNIVAL CRUISE LINES

fewer hours on shore. Departures from Jacksonville and any other city north of Jacksonville would add at least a day to the shipboard time, subtracting from the limited shoreside experience. Poor facilities for tenders and slow terminals and Customs reduce shore time and destination revenue.

In the Caribbean, where cruise ships sometimes use tenders to take passengers ashore, the cruise lines worry that some passengers will decline the challenge of climbing into a small boat. They prefer a berth and terminal by far, but with some reservations.

beyond exclusive use of a terminal so that they can earn money from other users."

Thornton sees the Oasis terminal in a different light. RCL passengers and those cruising on its subsidiaries that use the 'Oasis terminal' pay \$11.34 each to cover the \$75 million construction cost, even though some of that cost freed up port land for container expansion.

To Thornton and Carnival, ports should not design and build a cruise terminal or any other capital investment that jeopardises the flow of passengers or increases the costs for the tenant cruise lines or their passengers. 

Guyana: Initiatives for growth showing positive results

Guyana's efforts to expand its cruise business have been bearing fruit.

The South American country saw an upsurge in arrivals during 2010 with cruise ship visits increasing from two per year to four per year. This might seem like nothing compared with the bigger destinations; but, statistically, it represents a growth of 100 per cent. And discussions are under way for additional visits in 2011 and 2012.

Upgraded

Facilities are being improved and upgraded to ensure comfort for passengers and speedy docking for ships. In preparing for this increase, the management of Guyana National Shipping Corporation (GNSC) has been studying the feasibility of constructing a special passenger terminal facility. The Shipping Association of Guyana is in discussions with the government and is expecting that dredging will be carried out soon to make the harbour better able to handle larger vessels.

In March, the *Vistamar* docked at the GNSC wharf with 241 European visitors.

Facilities are being improved and upgraded to ensure comfort for passengers and speedy docking for ships

The visit was made possible by Dagon Tours, which has recently secured some major cruise lines from around the world to dock in Guyana.

The *Clelia II*, on its maiden voyage, visited Guyana in April, bringing 142 persons (65 crew and 77 passengers). This was the result of a collaborative effort involving the Ministry of Tourism, Industry and Commerce, the Guyana

Tourism Authority (GTA), Evergreen Adventure and the Guyana National Shipping Corporation. The visitors went sightseeing in and around Georgetown and visited the famous Kaieteur Falls and Canopy Walkway.

Dagon Tours, in recent times, has been able to attract major cruise lines from around the world to put Guyana on their itineraries.

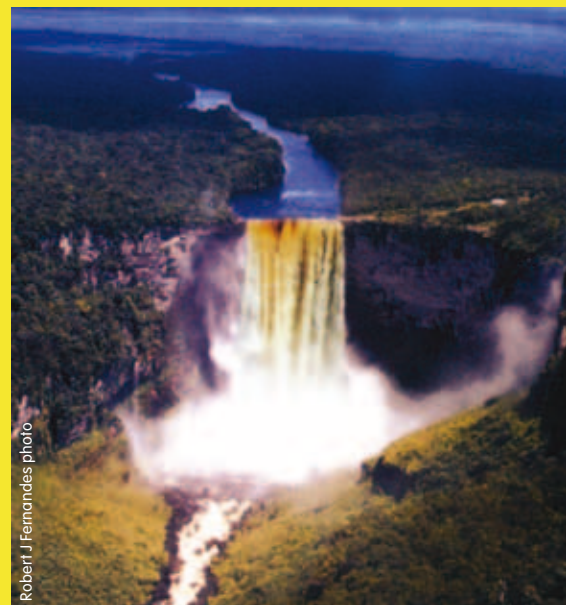
Tourism, Industry and Commerce Minister Manniram Prashad is happy that, over the past three years, Guyana's cruise business has been increasing, with visitors expressing delight in the country's unique tourism product. He attributed this to Guyana's emphasis on attracting yachts and cruise ships to its shores. Legislation making Bartica a port of entry is in place. This has made it possible to install facilities for easy clearance of passengers through Customs, Immigration and Guyana Police security.

Luxury yachts

Initiatives are being taken to develop facilities for luxury yachts. Guyana sees this subsector as having great economic potential. While the Demerara Harbour is


still to be prepared for larger vessels, the smaller yachts can definitely be accommodated.

Guyana's natural resources and unspoilt beauty provide limitless possibilities for ecotourism. The country's main visitor attraction is the Kaieteur Falls. Its breathtaking 741 ft drop, five times the height of Niagara Falls, produces an incredible mist with hanging rainbows



Robert J Fernandes photo

and an unbelievable roar. Guyana has four mountain ranges, 275 waterfalls, 18 lakes and vast areas of tropical rainforest, much of it still in a pristine state. The forest is home to a rich and rare assortment of flora and fauna that makes the country a must-visit destination for contact with nature. Guyana is home to over 700 species of birds including the harpy eagle (the world's largest eagle), the toco toucan (famous for its enormous beak, almost as large as its entire body), the scarlet macaw (one of the world's most colourful birds) and the red-billed toucan (with a loud call that local people recognise as a sign of imminent rain).

Guyana is not for 'sun and sand' tourism, as offered by nearly all its Caribbean neighbours. Instead, Guyana offers vast open spaces, rolling savannahs, virgin rainforests, majestic mountains, huge rivers and giant waterfalls. With this unique product, the country can compete with its neighbours for a share of the multi-million-dollar tourism business for which the Caribbean is world-famous. 



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Water is important and water will become even more important in the future. The climate is changing, sea levels are rising, the sea floor is subsiding. Torrential rainfall is becoming more common and the volume of glacial runoff is increasing.

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Contact

Ballast Nedam
P.O. Box 1505
3430 BM Nieuwegein
The Netherlands
Phone: +31 (0) 30 285 3727
Fax: +31 (0) 30 285 4841
E-mail: info.infra@ballast-nedam.nl
Internet: www.ballast-nedam.nl



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BARBADOS OPTIMISTIC ABOUT CRUISE BUSINESS NEXT YEAR

By Charles Harding

Shipping agents in Bridgetown enter the 2010-11 cruise tourism season optimistic that they will see a repeat of 2004 when more than 700,000 cruise tourists landed at the Bridgetown Port.

They pin their hopes on what has been described as a very strong Barbados brand: the country's positive image, its high profile and potential for attracting upmarket cruise passengers for high quality shore excursions. Barbados offers excellent nature and heritage tourism packages and great golf.

Local cruise tourism executives are also buoyed by reports that some cruise lines are returning to the Caribbean from Mediterranean excursions and that some new ships have Barbados on their 2011 itineraries.

"Prospects are better [for 2011] than in previous years," said one industry spokesman.

Local cruise tourism executives are also buoyed by reports that some cruise lines are returning to the Caribbean from Mediterranean excursions

Agents here also point to the increasing cost of air fares and the limits imposed on personal baggage which, they agree, add to the frustrations of air travel and drive holiday-seekers to cruise lines and vacations that take in several territories on a single cruise for one fare, without the hassles now associated with air travel.

Commenting on the state of the industry amid the global recession that has depressed international trade, an agent at

a Bridgetown travel house said: "People are getting fed up with the stress of travel. Cruising has become more popular, especially among locals."

Martin Ince, a partner of Foster and Ince Cruiseworld, agents for several cruise lines, also expects the coming season to be no worse than in previous years, when more than 450 cruise ships sailed into Bridgetown.

NUMBER

"The number for 2011 is roughly around the same," said Ince, whose company has been around since 1967.

There have been peaks and valleys in Barbados's cruise tourism industry over the years; but apart from the noticeable decline in 1999 – a 15 per cent drop since 1996 when 528 cruise ships called at Bridgetown Port with 510,000 passengers – Barbados has managed to deal with prevailing economic problems in the 1980s and 1990s with a relatively small decline in tourists arrivals.

In December 1982 visitor arrivals for the first nine months of that year reached their lowest levels since 1977. The number of cruise ship passengers (110,753) declined by almost a quarter in 1982, slipped to 102,519 in 1983 and dropped further to 99,166 in 1984.

There was an improvement in 1985 when cruise passenger arrivals climbed to 112,222 and reached 224,778 in 1987 (Central Bank's Quarterly Economic

Review). Despite depressed economic times between 1991 and 1994, cruise passenger arrivals increased, moving from 362,611 in 1990 to 484,670 in 1995 and 509,975 in 1996.

In the past 10 years cruise passenger arrivals in Barbados have not gone below the 500,000 mark. The figure reached 721,270 in 2004, dipped to 597,523 as the economic recession worsened in 2008, but then increased to 633,746 in 2009 (according to provisional data provided by the country's Central Bank).

ENCOURAGING

The figures for this year have been encouraging: 368,327 for the first six months, compared with 368,147 for the corresponding period in 2009.

Platinum Port Agency's managing director, Kevyn Yearwood, without divulging specifics, described the upcoming 2010-2011 season and the following 2011-2012 season as 'impressive'.

Ships from more than 30 cruise lines call at Barbados during the year including Carnival Cruise Line, Celebrity Cruises, Cunard Line, Princess Line, Royal Caribbean International, Star Clippers, Sun Cruises, Windjammer Cruises and Wind Star Cruises. The list also includes Club Cruises, Costa Cruise Line, Festival Cruises, Holland America Line and Orient Lines. It is understood that Disney will be returning in 2011.

Carnival, Celebrity Cruises and Royal Caribbean International use Barbados as a home port. Royal Caribbean and Celebrity promote seven- and five-night Caribbean excursions between Bridgetown and San Juan, taking in St Lucia, Dominica, Antigua, St Kitts, St Maarten, St Thomas and St Croix, aboard Royal

Caribbean's *Serenade of the Seas* and the *Celebrity Millennium* and *Celebrity Summit* until the end of this year.

Barbados has also entered into an agreement with Carnival Cruise Line which guarantees 1.2 million passengers over the next three years.

Tourism authorities are said to be formulating a cruise tourism strategy with a tactic that includes day passes for cruisers, intended to benefit hoteliers with possible incremental business. Plans were set in motion for three familiarisation trips in September to target travel agents across the United States who already sell Barbados as part of their package as well as those interested in introducing Barbados to their clients.

CONSULTATION

A cruise consultation, also scheduled for September, was expected to involve all stakeholders in the cruise industry, who will have an opportunity to discuss critical issues and industry trends and seek resolutions to matters at hand. Although Barbados, with the disadvantage of being one of the oldest cruise destinations in the Caribbean, does not yet have the kind of cruise infrastructure – specifically a dedicated cruise pier – as a number of other Caribbean cruise destinations, it has always been exploring ways to maintain a competitive edge in an industry that is constantly looking for new destination experiences.

What does this 166 square mile Caribbean country have, to give it a competitive cruise tourism edge over other Caribbean destinations?

Port and Ministry of Tourism authorities have already announced plans for a US\$100 million dedicated cruise pier, designed to accommodate two megaships simultaneously, which is expected to berth its first cruise ship by the latter part of 2012.

According to highly placed cruise tourism executives, Barbados attracts the high end of the market, enjoys good market recognition, is well known and gets excellent reviews from passengers.

Cruise lines also believe that services

provided by Barbados Port Incorporated (formerly Barbados Port Authority) are more than adequate and that the current cost structure is acceptable.

It is also felt that the land product of Barbados is more diversified than many other destinations and, according to surveys, passengers have cited friendly and honest people, convenient shopping, cleanliness, the use of English as a working language and good cruise facilities as positive aspects of their Barbados experience.

"The magical thing about Barbados is our people," said Martin Ince.

But there are challenges, too. Although not specifically related to Barbados, violence in the Caribbean seems to be affecting the Region's cruise industry. Cruise passengers, it is understood, are being advised to stay away from certain beaches; a warning that could also impact Barbados.

STRONG BRAND

There is a common complaint, too, that cruise passengers are not spending as much as in previous years – a consequence, perhaps, of the global recession.

"They [cruise passengers] are now buying four instead of six T-shirts. They are cutting back on spending," said one agent. "We need to look at our product to ensure Barbados remains attractive. Barbados has a very strong brand."

The cruise pier, which Barbados Port Incorporated chairman David Harding envisages as a 'people friendly' cruise passenger environment, will also include a helicopter pad, souvenir shops and an

expanded passenger terminal for world-class shopping.

There are also expectations that the Barbados Government might accede to a request by cruise companies to allow gambling and duty-free areas to remain open later while ships are docked at the Bridgetown Port.


Prime Minister David Thompson, falling just short of a definitive statement on the matter during a radio interview earlier this year, suggested the benefit to Barbados' tourism product would be the longer stay of cruise ships, increasing the possibility of more spending by visitors.

SPENDING

"We have seen legislation in both The Bahamas and Bermuda that allow for that to take place," said Prime Minister Thompson. "It has been a bone [of contention] to the ancillary sector, restaurants and nightlife. We have just set up a cruise tourism task force to plug into these benefits and ensure that our cruise tourism is really functioning at maximum level."

It is quite clear that cruise tourism is in the forefront of the country's new marketing thrust.

Or, as Barbados Tourism Authority's (BTA) Director of Cruise Ryan Blackett puts it, cruise tourism has "the ability to transform the tourism landscape".

Blackett added: "Cruise tourism can be the answer to this shortfall in our leisure business if the correct strategies are implemented today. We are getting increasingly more arrivals as a result of cruise and stay and this is impacting our overall leisure numbers." 



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Despite decline, Port of San Juan sees positive signs

The Port of San Juan had 40 cruise ships making 466 calls in the 2010 fiscal year. This traffic was about the same volume as the 470 visits recorded in 2009 but nowhere near the massive decline experienced last year when this destination received 111 (or 19 per cent) fewer cruise calls than in 2008.

Notwithstanding the positive indicators, San Juan has

San Juan is actually receiving more cruise passengers than in the early 1990s

been experiencing a steady decline in cruise calls over the

last 20 years, from over 900 in the early 1990s and more than 600 per year up to 10 years ago. In fact, between 1997 and 2005, except for one year (2003) San Juan was receiving more than 600 cruise ships each year. Not so with passenger arrivals, however.

Cruise passengers

The introduction of larger ships to the trade accounts for the fact that San Juan is

actually receiving more cruise passengers than in the early

1990s. For example, last year San Juan received 470 cruise ships calls and more than 1.236 million passengers. Ten years earlier, in 1999, the port received almost 200 more cruise calls (668) but 47,000 fewer visitors (1.189 million).

The decline in cruise passengers calling at San Juan also slowed in 2010 as compared with the previous year. Approximately 1.186 million passengers moved through the port, as against 1.235 million in 2009.


Ship visiting most frequently

Carnival Victory made 52 trips to San Juan last fiscal year.

Royal Caribbean's *Adventure of the Seas* made 44 trips

and Princess Cruises *Caribbean Princess* made 37 trips. *Serenade of the Seas* made 31 visits; *Celebrity Solstice* made 23 calls; *Explorer of the Seas* made 21 calls as did Holland America Line's *Eurodam*.

Royal Caribbean put nine of its cruise ships into San Juan last fiscal year, accounting for 130 of the 466 cruise calls. Altogether, they brought 34 per cent (402,500) of the total passengers arriving in San Juan.

Carnival Cruise Lines had five ships calling on San Juan in the 2010 fiscal year, bringing approximately 30 per cent (362,000) of the 1.186 million passengers visiting this Puerto Rican destination. 



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Tucked away in northeast Jamaica is a marina named after a swash-buckling silver screen icon who frequented the Jamaican coast. The Errol Flynn Marina is a perfect haven for luxury yachts.

Port Antonio is truly enchanting. Its crystal-clear azure seas break gently across gorgeous white sand beaches, overshadowed by the verdant and majestic Blue Mountains, where the best coffee in the world is cultivated. Port Antonio is mesmerising. Port Antonio is the perfect yachting destination. If adventure, romance or an opportunity to leave the real world behind is what you seek, then Port Antonio is as close to Utopia as you'll ever get.



The marina's flora-lined shoreline provides an inviting setting for arriving boutique cruise ships



Yachts up to 100 ft in length and 100 tonnes can be handled

Security is everyone's concern and so it is important to note that the parish of Portland, of which Port Antonio is the capital, has one of the lowest crime rates in the Caribbean.

FACILITY

Errol Flynn Marina's new haul-out, repair and yacht storage facility stands out as one of the most technically advanced facilities in the Central Caribbean. The yard's 100 tonne Marine Travelift easily handles yachts up to nearly 100 ft and up to 220,000 lb (100,000 kg). The lift slip accommodates yachts with beams to 24 ft and 12 ft draught. It is fully lit, with electrical and water connections throughout. And its modern ground tackle ensures that yachts are bunked and stored both safely and securely. The shipyard is patrolled 24/7 by an alert security team.

RAMP

A submersible lift for use in its wide launching ramp is now being considered so that the shipyard will be able to handle wide-beam catamarans up to 36 ft beam. A crane is currently used for hauling extra-wide-beam vessels.

All standard underwater maintenance and repair services are offered including high pressure cleaning, scraping, barrier



Braemar berthed alongside at Port Antonio. The harbour can handle boutique cruise ships to 660 ft LOA and 32 ft draught and has sufficient area to turn vessels this size



Up to five helicopters can be accommodated at one time at the fabulous Errol Flynn Marina's helipad




One of many windjammers that call at Port Antonio, the *S/V Valletta*, berthed at the West Harbour's Ken Wright Cruise Pier

Additional topside services can also be arranged, including mast stepping. Immediately adjacent to the Travelift slip

ITS CRYSTAL-CLEAR AZURE SEAS BREAK GENTLY ACROSS GORGEOUS WHITE SAND BEACHES OVERSHADOWED BY THE VERDANT AND MAJESTIC BLUE MOUNTAINS

coating, gel coating, fibreglass repair and anti-fouling application. Underwater services include zinc replacement, cutless bearing removal and replacement, shaft straightening and propeller repair. Seacock servicing and folding propeller servicing are also included.

is a 100 ft state-of-the-art fuelling jetty, with both high-speed and conventional dispensing pumps. Both gasoline and low sulphur diesel are available.

Errol Flynn Marina has a designated helicopter landing area with parking for up to four helicopters. 

Maximising returns from cruise and yachting

No one can dispute the fact that 2009 was a horrible year worldwide for tourism stakeholders in every sector. Caribbean destinations, because of their dependence on tourism and particularly the yachting and cruise sector, felt it perhaps more than anywhere else.

The global recession has impacted heavily on the spending power of vacationers and many tourist destinations even now are still feeling

DO WE NEED TO ENGAGE IN SMART MARKETING AND ADVERTISING?

the effects. The question is, how does the Caribbean react to this situation? Do we cut down on expensive advertising and marketing efforts? Or, otherwise, how do we continue or boost our marketing efforts in order to stimulate business for maritime tourism?

Can we look at other destinations that are successful in their efforts to keep attracting visitors and establish what it is that they are doing right that can be copied or emulated?

RESOURCES

Do we need to engage in smart marketing and advertising? Do we pool our advertising resources that are normally spread over a variety of media houses, sometimes spending millions of dollars

unnecessarily? Some destinations, unfortunately, are doing just that and not getting maximum benefits.

What are the alternatives we are pursuing in our ports to derive maximum benefit from the business we are receiving right now? Are there

incentive programmes to generate new business?

What are we doing to ensure customer satisfaction? How are we managing our present infrastructure? How does crime factor in the customer's choice as to which destination to visit? Some destinations are shooting themselves in the foot, so to speak, by allowing crime to escalate to the point where it is affecting their tourism business. Take, for example, the recent pull-out of Norwegian Cruise Lines from St Lucia, primarily because of the crime situation. Could this have been avoided? What are other Caribbean destinations doing to ensure that crime does not rob the national economy of vitally needed foreign exchange?


BILLION-DOLLAR

The fact is that both tourism sub-sectors (cruise and



By Nathan Dundas*

yachting) are billion-dollar industries and the Caribbean is still number one for both, although the Region's global market share is slipping in the face of competition from Europe and the Far East.

We have to do everything in our power to ensure that we remain competitive while at the same time ensuring that we gain maximum benefits from the industry. 

**Nathan Dundas chairs the Caribbean Shipping Association's Cruise Committee*



Photo courtesy of the Port Authority of Jamaica

Construction work continues at the port of Falmouth on Jamaica's north coast. The new cruise ship destination is now expected to be officially opened in January 2011, according to some sources. Royal Caribbean, working with the Port Authority of Jamaica is providing a significant amount of the \$170 million port development project and has referred to it as, Historic Falmouth Jamaica, a "marquee destination". Plans include major work on upgrading the buildings and facilities in the old seaport town, capital of Trelawny parish. Designs are for a classic Georgian style. Cruise passengers are expected to feel like they stepped into the old world. Development plans include exquisite shopping and dining facilities. Royal Caribbean's mega cruise ships, the 5,400-passenger *Oasis of the Seas* and *Allure of the Seas* were expected to begin calling there in March 2011, but the port was expected to be taking ships from as early as November 2010. Two Holland America ships, the 1,258-passenger *Ryndam* and 1,918-passenger *Noordam*, were scheduled to begin visiting Falmouth starting in November and December 2010, respectively. Holland America's 2,104-passenger *Eurodam* and Royal Caribbean's 3,114-passenger *Navigator of the Seas* were scheduled to visit in January. This aerial photograph of the port side development was received by *Caribbean Maritime* in September. The digital signature suggests that it was taken on September 4. Word is that the work on the buildings in the town had not yet begun..

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» InDepth

Oil: Chronology of a disaster

By Rick Eyerdam

On April 20, 2010 the semi-submersible oil rig, Deepwater Horizon, exploded and sank, killing 11 crew. The event caused the spilling of millions of gallons of oil into the Gulf of Mexico in one of the largest environmental tragedies ever recorded in human history. **Caribbean Maritime** records here, for history, a chronology of that disaster.

Background

2001- The DEEPWATER HORIZON, a Reading & Bates Falcon (RBS-8D) design semi-submersible drilling unit is first deployed. It is capable of operating in harsh environments and water depths up to 8,000 ft (upgradeable to 10,000 ft) using 18¾ inch 15,000 psi Blow Out Preventer (BOP) and 21 inch OD marine riser.

Design: Reading & Bates Falcon RBS-8D

Builder: Hyundai Heavy Industries Shipyard, Ulsan, South Korea

Year Built: 2001

Classification: ABS

Flag: Marshall Islands

Accommodation: 130 berths, Helideck Rated for S61-N helicopter, Moonpool 21 ft x 93 ft

Station Keeping: Dynamically Positioned

Main Power: 6 x Wartsila 18V32 rated 9775 hp each, driving 6 x ABB AMG 0900xU10 7000 kW 11,000 volts AC generators

Emergency Power: 1 x Caterpillar 3408 DITA driving 1 x Caterpillar SR4 370 kW 480 volts AC generator

Power Distribution: 8 x ABB Sami-Megastar Thruster Drives, 5.5 MW and 6 x GE Drilling Drive Lineups 600 V 12 MW

Max Drill Depth: 30,000 ft / 9,144 m/5.68 miles

Max Water Depth: 8,000 ft / 2,438 m

Operating Conditions Significant Wave: 29 ft; @ 10.1 sec;

Wind: 60 knots; **Current:** 3.5 knots

Storm Conditions Significant Wave: 41 ft @ 15 sec;

Wind: 103 knots; **Current:** 3.5 knots

Since 2001, there have been 69 offshore deaths, 1,349 injuries and 858 fires and explosions involving Gulf oil exploration and production, according to the Federal Minerals Management Service.



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April 20, 2010: Noon. Aboard the Transocean Ltd's semi-submersible rig, Deepwater Horizon, experts from BP and Transocean are in an argument. The team has completed drilling on the Macondo oil and gas well on Mississippi Canyon Block 252, a mile (1.6 km) beneath the Gulf of Mexico, under contract for London-based BP Plc (BP.L).

Well pressure tests show a dangerous imbalance between the drill pipe choke and pressurised hydraulic kill lines running from the drill deck to the blowout preventer (BOP) resting on the bottom. The pressure in the drill pipe is 1,400 lb per square inch while the choke and kill lines read zero PSI, according to BP documents gathered by the US House Energy and Commerce Committee.

Later, in BP's internal investigation, BP said it might have made a 'fundamental mistake' when it decided to continue with the disputed procedure to remove heavy drilling mud from the drill pipe and replace it with water in an attempt to wrap up drilling operations and seal the well walls.

Meanwhile: As the well seals fail, methane gas surges up the drill pipe and envelops the rig, according to witnesses. The gas escaping from the well onto the platform sets off a scream of alarms. Then the power is cut to most of the platform, bathing the oil workers in darkness.

April 20, 9:53 pm: CDT, the gas enveloping the Deepwater Horizon rig explodes. Eleven rig workers are killed. The largest oil well incident in US history is under way 45 miles southeast of Venice, La, in the Gulf of Mexico.

Meanwhile: The US Coast Guard and local fireboat teams responding to the blaze ignore standard USCG procedures and flood the floating, flaming platform with Gulf water. A later suit will allege that "as many as eight fireboats each shot 10,000 to 50,000 gallons of seawater on the rig per minute, flooding the rig's upper compartments and destabilising it".

April 21: Coast Guard rescue helicopters and a rescue plane respond to the site, searching in vain for the 11 missing workers.

Meanwhile: David Hayes, second in the US Interior Department, flies to New Orleans; US Minerals Management Service (MMS) and Coast Guard establish operations centres.

April 22: Deepwater Horizon oil rig, filled with water by fire-fighters, lists dramatically, turns turtle, then sinks to the bottom of the Gulf of Mexico, landing a quarter mile from the well's blowout preventer. The sinking ruptures the connection between the platform and the well. No sign of oil is detected at the surface. A National Response Team is activated including 16 federal departments and agencies, among them the White House, Coast Guard, the departments of Defense, Homeland Security and Interior, and the Environmental Protection Agency

Meanwhile: A remotely operated vehicle (ROV) with a camera is dispatched by BP. The company reports no visible oil flow from the well BOP.

April 23: Although an oil sheen is reported, BP says no apparent leak is detected. Homeland Security risk analysis says incident "poses a negligible risk to regional oil supply markets and will not cause significant national economic impacts".

Meanwhile: White House press secretary Robert Gibbs, asked about future new offshore drilling replies: "I don't honestly think it opens up a whole new series of questions because, you know, in all honesty, I doubt this is the first accident that has happened and I doubt it will be the last."

April 24: BP reports well leak for the first time, but does not know the pressure and rate of release.

April 25: Oil leak is estimated at 1,000 barrels a day (42,000 gallons). Confusion reigns as some press reports refer to gallons and other barrels of oil. Homeland Security estimates that discharge rate could reach 64,000 to 110,000 barrels of oil per day if well completely blows out. Efforts to trigger releases of the well's blowout preventer fail.

Meanwhile: 20 more vessels and 500 responders are deployed, 13,000 gallons of kerosene-based dispersant applied.

April 26: Homeland Security reports that attempts to activate blowout preventer valve through ROV are ineffective owing to hydraulic leak on the valve. Interior Department begins planning with BP for alternative interventions if the ROV valve procedure continues to be unsuccessful. Interior Secretary Ken Salazar instructs MMS to physically inspect all deepwater rigs within two weeks, followed by physical inspections of all deepwater platforms.

Meanwhile: 10 missions disperse 15,000 additional gallons of dispersants and 21,000 ft of containment boom are placed at the spill site.

April 27: MMS approves plan for two relief wells. Departments of Homeland Security and Interior announce joint investigation into spill, with investigators from MMS and Coast Guard. Homeland Security Secretary Janet Napolitano, Salazar, White House senior adviser Valerie Jarrett and White House energy adviser Carol Browner meet with BP's chief executive, Tony Hayward, and other company executives.

April 28: BP's attempt to repair hydraulic leak on the blowout preventer (BOP) valve fails. First of many controlled burns of oil and kerosene on the Gulf surface is conducted. A third oil leak is discovered, and the Coast Guard revises estimates of leak from 1,000 to 5,000 barrels of oil a day.

Meanwhile: President Obama is called and briefed on Air Force One.

April 29: Napolitano, EPA Administrator Lisa Jackson and other officials hold news briefing at White House with Gibbs. Napolitano declares disaster a 'spill of national significance'.

Meanwhile: President Obama orders Salazar to complete a report on safety measures for offshore drilling within 30 days and says no new leases will go forward without safeguards.

April 30: President Obama sends a team of top officials to Gulf Coast.

May 1: Homeland Security Secretary names retiring Coast Guard Commandant, Admiral Thad Allen, point man for the response. (The Commandant of the United States Coast Guard is the highest-ranking member of the USCG.)

May 2: President Obama visits the Gulf to inspect response operations

Meanwhile: Transocean's Development Driller III begins drilling the first relief well.

May 3: BP says it will pay all the Gulf region clean-up costs. Fishing areas are closed. Shares of Nalco Holding Company gain 18 per cent after news that its kerosene-based dispersant will be used for the rest of the cleanup.

Meanwhile: The ultra-deepwater semi-submersible rig Development Drill III begins operations for drilling a relief well so as to intersect the existing well bore and pump heavy fluids and cement in to stop the oil leaking.

May 4: BP proposes deploying a 125-ton (280,000 lb) containment dome over the damaged BOP.

May 5: Smallest of three known leaks capped.

May 6: Oil sheen discovered in south end of Chandeleur Chain.

May 7: The mobile offshore drilling unit Q4000 lowers a 125-ton containment dome over the largest of the well leaks to capture and then pipe oil to a storage vessel on the surface.



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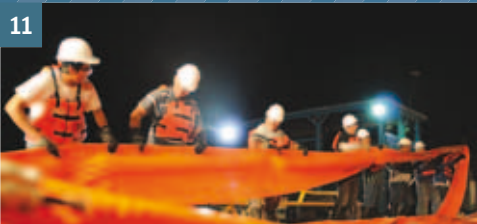
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Picture Captions

1, 2, 3 and 4: Fire-boat response crews battle the blazing remnants of the Deepwater Horizon (April 21). A Coast Guard MH-65C dolphin rescue helicopter and crew documented the fire while searching for survivors.

5: Response boats work to clean up oil where the Deepwater Horizon sank (April 22).

6: Debris and oil from the Deepwater Horizon in the Gulf of Mexico after the rig sank (April 22).

7: Members of the unified response team listen to an update at the unified command centre in Houma, Louisiana (April 25). The command is made up of representatives of the US Coast Guard, BP, the Marine Spill Response Corporation, the National Response Corporation, the National Oceanic and Atmospheric Administration and the Louisiana Department of Wildlife and Fisheries along with local, state and federal agencies.

8: Welders fabricate a portion of the BP subsea oil recovery system chamber at Wild Well Control, Inc in Port Fourchon (April 26). The chamber, one of the largest ever built, was used in an attempt to contain the oil leak.

9: The base of a pollution containment chamber is moved to a construction area at Wild Well Control, Inc in Port Fourchon (April 26).

10, 11 and 13: US Environmental Services workers move an oil containment boom onto a supply boat in Venice, Louisiana (April 28).

12: A member of US Environmental Services unloads a truck full of oil absorbent boom at a pollution control staging area in Venice, Louisiana (April 27). Staging areas were set up along the Gulf coast as the oil spill continued to spread.

14: A protective boom lines the Louisiana coast (May 1) after the Deepwater Horizon incident. More than 217,000 ft of boom was assigned to contain the spill, with an additional 305,760 ft available.

15: US Coast Guard Commandant Admiral Thad Allen meets with Rear Admiral Mary Landry, federal on-scene co-ordinator, and other members of the unified command to discuss leveraging every available resource to respond to the oil spill and to minimise the environmental risks (May 1). Allen served as the national incident commander for the Department of Homeland Security's co-ordinated response.

16: President Obama addresses the media at Coast Guard Station Venice (2 May).

17 and 18: Images released by Unified Command showing boom locations (2 May). The numbers in blue indicate where boom has been deployed and the numbers in green are planned deployments. [Unified Command photo]

19: Air quality test results show that crude oil vapours were not detected throughout residential and commercial areas between Venice, Louisiana, and Pensacola, Florida (2 May). The green dots show the locations of air quality testing, blue dots show the locations of fixed air monitors and yellow dots show the location of mater samples collector. [Unified Command photo]

20: The Transocean drillship *Discoverer Enterprise* prepares to conduct a recovery operation for BP using a specially-built dome at the sea floor (3 May). Using the dome and connection system to flow the leaking oil, the crew were able to recover up to 125,000 barrels of oil. [Transocean photo]

21 and 22: Members of the Naval Air Station Pensacola pollution response unit deploy an oil containment boom at Sherman Cove to protect environmentally sensitive grass beds from the oil spill (4 May). [US Navy photos]

23: Workers at a decontamination site in Venice, Louisiana, clean dirty oil containment boom that was immediately replaced by clean boom 4 May). Once clean, the boom was transferred to a staging area ready to be put back into service.



Meanwhile: Transocean holds 19 of the past 23 world records for drilling in the deepest waters. The ultra-deepwater drillship Discoverer Deep Seas set the current world water depth drilling record in 10,011 ft (3,051 metres) of water in the Gulf of Mexico working for Chevron.

May 8: BP reports that hydrates – crystals that look like slush – are freezing at the top of the containment dome, making it ineffective. The dome is set aside.

Meanwhile: BP's top lobbyist says the company does not view a \$75 million federal cap on economic damages for oil spills as a limit to its obligations to people along the Gulf Coast.

May 9: First tar balls reported on Dauphin Island in Alabama. Attorney General Eric Holder sends dispatched Justice Department officials to the Gulf Coast to determine whether there had been any 'misfeasance' or 'malfeasance' related to the leak.

Meanwhile: Louisiana Governor Bobby Jindal unveils a plan to dredge and build sandbar barrier islands off the coast.

May 10: BP announces new plans to apply a containment cap, nicknamed "top hat" or an alternative 'junk shot' strategy to push mud and debris to clog the well. MMS approves methanol injection to prevent hydrate formation in the 'top hat' structure. Secretary of the Interior Ken Salazar announces reforms he says will provide federal inspectors more tools, more resources, more independence, and greater authority to enforce laws and regulations that apply to oil and gas companies operating on the Outer Continental Shelf.

Meanwhile: Two-week deadline for inspection of offshore oil rigs comes and goes without comment. (On April 26, Interior Secretary Ken Salazar had ordered MMS to physically inspect all deepwater rigs within two weeks, followed by physical inspections of all deepwater platforms.)

May 11: Executives from the companies involved, BP, Transocean and Halliburton, testify before Congress, blaming each other for the incident.

Meanwhile: US House of Representatives committee staff says there were at least "four significant problems with the blowout preventer" used on the Deepwater Horizon drill rig.

May 12: BP releases first public video of leak. Estimates vary since no one can tell how much of the flow is oil, gas, water, or silt.

MMS reports that significant progress has been made by BP on the construction of the 'top hat' containment system. The 'top hat' has been placed on the seabed and the drillship Enterprise is constructing and lowering the riser piping that will bring the captured oil to the surface. US Minerals Management Service (MMS) also reports a second drilling ship en route to the drill site.

May 13: BP's Tony Hayward calls the oil spill 'relatively tiny' in comparison with the size of the 'ocean'. Transocean files in US District Court to limit its liability under the Limitation of Shipowner's Liability Act to just its interest in the Deepwater Horizon which it values at \$26,764,083.

Meanwhile: Approximately 13,000 individuals respond to protect the shoreline and wildlife. More than 510 vessels moved on site, including skimmers, tugs, barges, and recovery vessels to assist in containment and cleanup efforts. Initiative includes dozens of aircraft, remotely operated vehicles and multiple mobile offshore drilling units. Approximately 1.5 million feet of boom (regular and absorbent) deployed. Approximately 4 million gallons of an oil-water-kerosene mix recovered. Approximately 436,000 gallons of dispersant deployed. Fourteen staging areas set up to protect vital shoreline in all potentially affected Gulf Coast states (Mississippi, Florida, Louisiana and Alabama.)

May 14: US Energy Secretary Steven Chu signals his lack of confidence in the industry experts who are trying to control BP's leaking oil well by hand-picking a team of scientists with reputations for creative problem solving. Nothing further is heard from this group.

May 15: A Riser Insertion Tube Tool is successfully tested and inserted into the leaking riser, capturing oil and gas. The oil is stored on board the Discoverer Enterprise drillship and natural gas is burned through a flare system on board.

May 16: The semi-submersible drilling unit GSF Development Driller II starts drilling second relief well.

May 17: A control pod is retrieved from the BOP to be reconfigured to ensure that BP can electronically control a series of valves in the choke and kill lines while it pumps mud into the well.

May 19: Oil washes ashore on the mainland at Louisiana.

Meanwhile: Tours of the 'Big Gulp' skimmer begin. It is a locally developed, one-of-a-kind skimmer made out of a 4-million-pound barge. It was said the 'Big Gulp' can collect 300,000 gallons of oil a day.

May 20: Local reports describe heavy sheets of oil the consistency of latex paint clogging the marshes in the Mississippi delta that provide haven for migratory birds and buffer the shore from Gulf hurricanes.



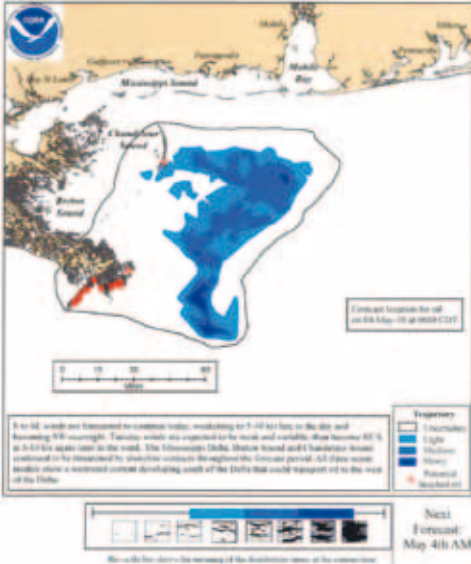
25A

Trajectory Forecast Mississippi Canyon 252

NOAA/NOS/OR&R

Estimate for: 0600 CDT, Tuesday, 5/04/10
Date Prepared: 1130 CDT, Monday, 5/03/10

This forecast is based on the NWS spin forecast from Monday, May 3, 2010. Currents were obtained from the NOAA Gulf of Mexico model, Texas A&M TGL03, and NCEP models. Due to limited observations of the oil on Sunday, the model was initialized from Sunday early morning satellite imagery from NOAA/NESDIS and Saturday afternoon overflight observations. The leading edge may contain materials that are not readily observable from the imagery (these are included in the model initialization).



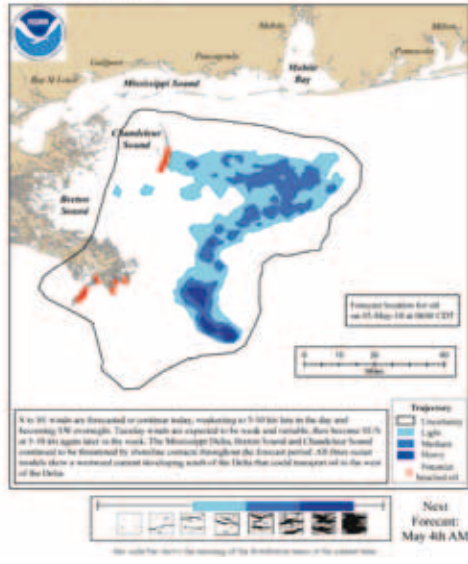
25B

Trajectory Forecast Mississippi Canyon 252

NOAA/NOS/OR&R

Estimate for: 0600 CDT, Wednesday, 5/05/10
Date Prepared: 1130 CDT, Monday, 5/03/10

This forecast is based on the NWS spin forecast from Monday, May 3, 2010. Currents were obtained from the NOAA Gulf of Mexico model, Texas A&M TGL03, and NCEP models. Due to limited observations of the oil on Sunday, the model was initialized from Sunday early morning satellite imagery from NOAA/NESDIS and Saturday afternoon overflight observations. The leading edge may contain materials that are not readily observable from the imagery (these are included in the model initialization).



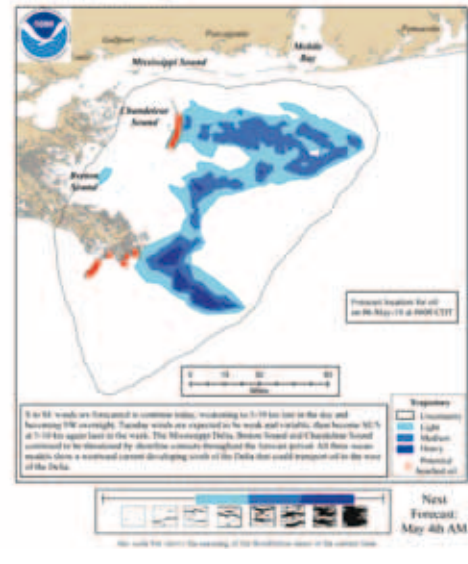
26C

Trajectory Forecast Mississippi Canyon 252

NOAA/NOS/OR&R

Estimate for: 0600 CDT, Thursday, 5/06/10
Date Prepared: 1130 CDT, Monday, 5/03/10

This forecast is based on the NWS spin forecast from Monday, May 3, 2010. Currents were obtained from the NOAA Gulf of Mexico model, Texas A&M TGL03, and NCEP models. Due to limited observations of the oil on Sunday, the model was initialized from Sunday early morning satellite imagery from NOAA/NESDIS and Saturday afternoon overflight observations. The leading edge may contain materials that are not readily observable from the imagery (these are included in the model initialization).



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May 21: BP begins live underwater video broadcasts of the leak. *Meanwhile: The Louisiana-based group, Women of the Storm, sponsored by America's Wetland Foundation, an organisation allegedly connected to oil companies including BP, Shell and American Petroleum, begins to videotape Sandra Bullock and a group of stars, including Blake Lively, Lenny Kravitz and Dave Matthews, for the 'Be the One' commercial for the Restore the Gulf campaign.*

May 22: President Obama signs an executive order establishing the bipartisan National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling.

May 23: White House press secretary Robert Gibbs dismisses media critics who say the federal government was not sufficiently engaged early on with the BP well incident. "We were there immediately. We have been there ever since," he said.

May 28: President Obama tours the Louisiana coast. *Meanwhile: BP's Hayward flies over the Gulf.*

May 29: BP says the complex 'top kill' manoeuvre, started three days earlier to plug the well, fails. *Meanwhile: Deadline for Salazar to deliver complete report on safety measures for offshore drilling within 30 days passes with no report to President Obama.*

June 1: BP shares plunge 17 per cent in London trading, wiping \$23 billion off its market value on news the latest attempt to plug the well had failed. *Meanwhile: US Attorney General Eric Holder says the Justice Department has launched a criminal and civil investigation into the rig explosion and the spill.*

June 2: BP tries another capping strategy but has difficulty cutting off a leaking riser pipe. *Meanwhile: US authorities expand fishing restrictions to cover 37 percent of US federal waters in the Gulf.*

June 4: President Obama, on his third trip to the region, warns BP against skimping on compensation to residents and businesses.

June 6: BP tests the barge, Big Gulp. BP sets a requirement for the test, which the Big Gulp easily exceeds. BP orders seven more barges, three Big Gulps and four smaller barges, dubbed Little Gulps.

June 8: US weather forecasters give their first confirmation that some of the oil leaking has lingered beneath the surface rather than rising to the top. *Meanwhile: BP announces: "It will donate the net revenue from oil recovered from the MC252 spill to create a new wildlife fund to create, restore, improve and protect wildlife habitat along the coastline of Louisiana, Mississippi, Alabama, and Florida. The creation of this fund is over and above BP's obligations under the Oil Pollution Act of 1990." The company explains the revenue is only "from the sale of oil recovered from skimming operations and the well containment systems". BP promises "regular updates on the amount of proceeds being deposited".*

June 9: At a Congressional hearing, US Interior Secretary Ken Salazar says BP must pay the salaries of thousands of workers laid off by a moratorium on drilling.

June 10: In his first comments, Prime Minister David Cameron says Britain is ready to help BP deal with the spill. US scientists double their estimates of the amount of oil leaking into the Gulf from 20,000 to 40,000 barrels. *Meanwhile: Supportive comments from Britain lift BP's shares in London by 6.4 per cent.*

June 11: A statement from the Caricom Secretariat said that the foreign ministers plan to discuss the oil spill. "All

efforts to stem the flow of oil from the underwater well have failed and there are concerns in the Caribbean that the oil slick will reach its shores eventually, given the flow of currents," said the Caricom Secretariat. *Meanwhile: Shipping remains normal as Gulf spill closes in on New Orleans port*

June 14: President Obama, on his fourth trip to the Gulf, says he will press BP executives at a White House meeting on June 16 to deal "justly, fairly and promptly" with damage claims. *Meanwhile: Two US lawmakers release a letter to Hayward saying: "It appears that BP repeatedly chose risky procedures in order to reduce costs and save time and made minimal efforts to contain the added risk."*

June 15: Congressional committees summon top executives from Exxon Mobil, Chevron, ConocoPhillips, Royal Dutch Shell and BP. *Meanwhile: President Obama says in his first televised speech from the Oval Office: "But make no mistake: we will fight this spill with everything we've got for as long it takes. We will make BP pay for the damage their company has caused."*

June 16: BP agrees to set up a \$20 billion fund for damage claims from the spill, suspends dividend payments to shareholders and says it will pay \$100 million to workers idled by the six-month moratorium on deepsea drilling. *Meanwhile: Danish shipping and oil group A.P. Moller-Maersk announced that Norwegian Statoil has declared force majeure, voiding a contract on a Maersk oil rig in the Gulf of Mexico. The Maersk Developer rig had been working for Statoil at the Tucker prospect in the Walker Ridge area in the Gulf, until the US government halted further exploration.*

June 17: BP's Hayward appears before a congressional hearing. He apologises for the spill and says everything is being done to stop it. Members of Congress accuse BP of cutting corners for the sake of profit.

June 18: Anadarko Petroleum, part owner of the well, says BP's behaviour before the blowout was "reckless" and likely represented "gross negligence or willful misconduct" that would affect obligations of the well owners under their operating agreement.

June 20: Internal BP document released by US congressman shows BP estimates that a worst-case scenario rate could be 100,000 barrels (4.2 million gallons/15.9 million litres) a day. This is higher than the US government estimate of 60,000 barrels (2.5 million gallons/9.5 million litres) a day.

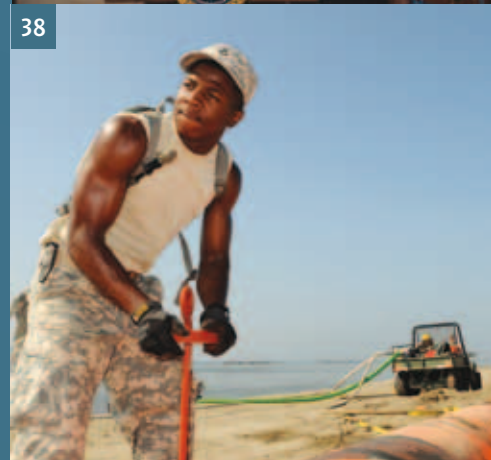
June 22: Hayward hands over day-to-day control of the spill operation to Bob Dudley. *Meanwhile: Coast Guard and EPA leaders meet to coordinate the increased use of dispersant amid questions about its toxicity.*

June 24: A US judge refuses to put on hold his decision to lift a ban on deepwater drilling imposed after the spill.

June 28: BP defends Hayward after Russia's deputy prime minister says he expected Hayward to resign soon.

June 30: Hurricane Alex, later downgraded to a tropical storm, moves slowly across Gulf waters, disrupting the cleanup and provided a scare that the storm would push more oil onshore. President Obama directs officials to draw up a long-term economic and environmental plan to help the Gulf Coast region get back on its feet after the oil spill.

July 2: BP shares gain. Traders claim the increase came on rumours BP had capped the leaking well. *Meanwhile: BP's Hayward travels to Russia to promise the*



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Picture Captions continued...

24: On board the Coast Guard cutter 'Harry Claiborne' a technician from the National Strike Force examines sea water with possible oil contaminant while a Coast Guard officer looks on (7 May). The ship is equipped with a Vessel of Opportunity Skimming System (VOSS) to help remove oil from the ocean surface.

25A to 25C: Images released by Unified Command showing the predicted oil trajectory for 4, 5 and 6 May. [NOAA graphic]

26 to 29: The mobile offshore drilling unit Q4000 holds position directly over the damaged Deepwater Horizon blowout preventer as crews work to plug the wellhead using the 'top kill' technique (26 May).

30: A crew anchors boom along wetlands bordering Barataria Bay, Louisiana, as part of the oil spill response (27 May). Crews also placed containment boom farther into the Gulf to prevent oil from coming ashore.

31 and 33: Containment boom is placed off sensitive wetlands bordering Barataria Bay to prevent oil coming ashore (27 May).

32: A Coast Guard marine science technician prepares a fluorometer (27 May). This was one of the instruments used to collect water samples and field data to help environmental scientists determine the effectiveness of dispersants used to break down oil.

34: A member of a Coast Guard Strike Team prepares a hydrolab to analyse water temperature and pH levels (27 May). Using fluorometer technology, the team collected water samples and field data to help scientists to determine the effectiveness of dispersants used to break down oil.

36: Clean-up crews rake up and collect oily waste in Grand Isle, Louisiana, as part of the oil spill response, which involved more than 20,000 personnel. The crews, made up of workers contracted by BP, used federal and state resources to clean up oil that washed up on the Louisiana coast (27 May).

35: Coast Guard officers collect oil samples (27 May).

37: President Obama at Coast Guard Station Grand Isle, Louisiana, where he addressed the media on the subject of the ongoing, multi-agency response to the oil spill (28 May). Obama stressed that Admiral Thad Allen, national incident commander of the response, had the necessary resources at his disposal to manage the response.

38: A National Guard soldier anchors a section of boom into the beach to help hold it in place (28 May).

39: Workers contracted by BP and under the direction of the US Coast Guard don personal protective gear before deploying to the beach at Fourchon to clean up oil (29 May).

40: BP health and safety representative Michael E. Ray surveys the beach in Fourchon, Louisiana, for tar balls (29 May). The beaches at Fourchon were lined with oil containment snare and boom to help stop oil from reaching the beach.

41: Doug Suttles (centre right), chief operating officer of BP, receives a safety briefing prior to addressing reporters at the beach in Port Fourchon (29 May).

42: Health, Safety and Environment (HSE) contract workers shovel oily waste into bags so it can be safely disposed of (29 May).

43: Coast Guard officers prepare to drop a satellite-enabled data marker buoy from a C-130 aircraft from Coast Guard Air Station Clearwater, Florida, to help track the spill (29 May).

44: The ultra-deepwater semi-submersible rig Development Drill III.

45: Dr Kenneth Lee, a research scientist and executive director of Fisheries and Oceans Canada, collects a water and sediment sample (August 23) while demonstrating an oil spill clean-up technique known as surf washing. This technique was being tested to confirm that natural surf and tides might offer an environmentally sound solution to restoring beaches affected by the Deepwater Horizon incident..

All photographs by courtesy of the United States Coast Guard, unless otherwise stated.

company will not sell its Russian assets among the others on the block. BP shares post a more than 8 percent gain for the week, the first such increase since the April 20 explosion.

July 3: *A Whale*, a private supertanker converted into a 'super skimmer', begins tests. The vessel can remove up to 500,000 barrels (21 million gallons/79.5 million litres) of oil and water from the sea surface a day, according to its owner.

July 5: BP says that the cost of the spill had reached \$3.12 billion.

July 6: Summer storms push oil from the Gulf of Mexico spill into Louisiana's wetlands. The storms wash oil into Lake Pontchartrain and Mississippi's beaches and halt tests on *A Whale*, the supertanker adapted to skim large quantities of oil from the surface.

July 7: Tests show tar balls washed up on the Texas coast are from the spill, meaning every US Gulf state – Louisiana, Mississippi, Alabama, Florida and Texas – can collect for damages from the spill.

Meanwhile: Mayor Sam Jones complains that Mobile hasn't received "one dime" from the state for recovery.

July 8: Spill response commander Thad Allen gives BP a 24-hour deadline to give him detailed plans for containing and plugging the well.

Meanwhile: A Navy blimp arrives in Mobile for aerial surveillance.

July 10: A robotic submarine removes the leaking cap from the well. While it is repaired, millions more gallons of crude flow into the Gulf.

Meanwhile: Jimmy Buffet returns home and performs for free before 35,000 fans in Gulf Shores.

July 12: BP installs a 'capping stack' with valves that can be closed to slowly restrict the flow of oil.

July 13: Tests on cap delayed while calibration takes place.

July 14: US Attorney General Eric Holder visits Dauphin Island to address claims process concerns. Surgeon General Dr. Regina Benjamin returns to Bayou La Batre to "listen".

Meanwhile: Congress takes up what it calls a 'new bill' to abolish the MMS and restructure and regulate the oil and gas industry. Actually the bill builds on similar legislation Nick Rahall, (D -W.Va.), introduced in September, 2009 before the Deepwater Horizon oil spill

July 15: Big and Little Gulp barges said to be collecting up to 210,000 gallons of oil per day.

Meanwhile: Commercial fishermen, waterfront property owners and oil industry workers who lost jobs because of the oil spill file suit against 17 companies whose fireboats responded to the explosion aboard the Deepwater Horizon on April 20. The rig was still attached to the subsea well when it sank two days later. "It was the flooding of the Deepwater Horizon and the resulting sinking of the rig that directly caused the piping to break and begin spewing millions of gallons of oil into the ocean," Lloyd Frischhertz and Gerald Maples, lawyers for the spill victims, said in a complaint filed in federal court in New Orleans.

July 16: *A Whale* is rejected for oil skimming because it takes in too much water and not enough oil.

July 17: The new BP cap seems to be working, with only an incidental leak. BP cuts the number of cleanup workers in half. ☐

Final thoughts

The news from the Gulf of Mexico oil patch from the beginning of September strongly suggests that the pattern of trial and error will continue on the part of government regulators, oil explorers and the press for years into the future.

On September 2 the Associated Press and others reported incorrectly that an oil rig had exploded not far from the Deepwater Horizon. The Coast Guard originally claimed that the Mariner Energy Vermillion 380 was in 2,500 ft of water. In fact, the structure was not a drilling rig, it was a production platform, a pumping station operating in shallow water that caught fire and was extinguished, according to Mariner Energy spokesperson Patrick Cassidy.

Warned

On that same day, BP warned the US Congress that if lawmakers passed legislation that barred the company from getting new offshore drilling permits, it might not have the money to pay for all the damages caused by its oil spill in the Gulf of Mexico.

That same day, the National Oceanic and Atmospheric Administration (NOAA) reopened to commercial and recreational fishing 5,130 square miles of Gulf waters stretching from the far eastern coast of Louisiana through Mississippi, Alabama and the western Florida panhandle, an area representing about four per cent of federal waters in the Gulf of Mexico and 21 per cent of the current closed area, as last modified on 27 August 2010.

The remaining closed area covers 43,000 square miles or about 18 per cent of the federal waters in the Gulf. The boundary of the fishery closure has changed 26 times after it was first instituted on 2 May, at which time it covered about three per cent (6,817 square miles) of Gulf waters around

the wellhead. Also on September 2, retired Coast Guard Commandant Admiral Thad Allen announced the successful removal of the Deepwater Horizon capping stack.

The sinking of the Deepwater Horizon awakened the United States and the world to the potential destruction from an unanticipated major oil spill. The second fire in the Gulf, so soon after, seemed to reinforce the view of those opposing continued offshore oil exploration. The facts suggest the Deepwater Horizon incident was as extremely unusual as it was preventable. According to a recent report the Gulf of Mexico provides 97 per cent of Federal Outer Continental Shelf (OCS) production. It has nearly 7,000 active leases, 64 per cent of which are in deep water.

Volume

From 1964 to 2009 operators in the Federal OCS produced about 17.5 billion barrels of oil, while the total estimated volume spilled was approximately 532,000 barrels or 30.3 barrels spilled per million barrels produced. The oil spilled from OCS rigs and platforms over the past 30 years totalled about 27,000 barrels.

The Deepwater Horizon oil spill was a terrible and unnecessary incident. It could have been avoided by better quality control during the process of sealing the well casing with hydraulic cement. And it could have been prevented if US Coast Guard fire-fighting procedures had been followed and the rig allowed to remain at the surface. Nevertheless, the oil spill was an environmental disaster wherever the oil reached animal life at the surface or plant life. But the unnecessary sinking of the Deepwater Horizon and the oil rig incidents that inevitably will follow are likely to be far less of a disaster than news sellers will want us to believe. Why? Because oil and water cannot mix. ☐

Final words

September 19: Statement from Admiral Allen on the Successful Completion of the Relief Well, "After months of extensive operations planning and execution under the direction and authority of the US government science and engineering teams, BP has successfully completed the relief well by intersecting and cementing the well nearly 18,000 ft below the surface. With this development, which has been confirmed by the Department of the Interior's Bureau of Ocean Energy Management, we can finally announce that the Macondo 252 well is effectively dead. Additional regulatory steps will be undertaken but we can now state, definitively, that the Macondo well poses no continuing threat to the Gulf of Mexico." ☐

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CRUISE TOURISM BENEFITS THE CARIBBEAN – ILLUSION OR REALITY?

The maritime subsector currently experiencing the most rapid growth, globally and in the Caribbean, is cruise tourism.

The birth of the modern cruise industry in the 1960s accounted for a significant expansion of maritime transportation. However, the regional approach to the development and reform of maritime transportation has been fragmented and the countries of the Caribbean have largely not capitalised on the opportunities inherent in using maritime transportation as a development tool.

Maritime transportation infrastructure throughout the Caribbean region was designed to facilitate colonial trade. Today, advancement in technology and skills has placed the Caribbean in a catch-up mode. Most of the reforms that have been made are essentially cosmetic and generally do not address the real need

to overhaul the entire infrastructure. There has not been a holistic approach to making the Caribbean a strong link in the global logistics and supply chain.

PHENOMENON

From its inception until the early 1930s, the cruise industry was an overwhelmingly North American phenomenon. Its major impact in the Caribbean before 1943 was restricted to the more northerly ports of Nassau, Havana, Hamilton and St George,

A CRUISE SHIP EMITS MORE CARBON PER PERSON PER KILOMETRE THAN AN AIRCRAFT

Bermuda. Today, many have argued that the rate of growth for the Caribbean is not good because the profit margins are very small while the environmental costs are high. For example, it has been

By Fritz Pinnock
and Ibrahim Ajagunna

estimated that a cruise ship emits more carbon per person per kilometre than an aircraft. According to experts, the Caribbean receives approximately 50 per cent of global cruise market share by passenger count and ship calls while at the same time receiving 50 per cent of the pollution generated by cruise ships. However, the Caribbean region receives less than five

per cent of the estimated US\$38 billion of global cruise revenue.

The present state of the industry in the Caribbean region suggests an unsustainable practice as the (five per cent of the

total) revenue received cannot justify the impact the industry has on the environment. It has also been argued that cruise tourism in the Caribbean has become more of an invasion of strangers rather than visitors coming to have new cultural experiences. According to the experts, cruise passengers spend the largest portion of their travel money on the ship and go ashore only to visit sites and to buy inexpensive trinkets and T-shirts; then they sail away. Passengers do buy tours ashore, provided by local entities in the ports they visit, but the cruise ship keeps more money from the sale than is given to the company providing the tour. All this has been exacerbated by the high level of dependency of Caribbean nations on tourism – especially, in more recent times, cruise tourism.

DEPENDENCY

Many Caribbean governments seem to believe they need the cruise ships more than the cruise ships need their facilities. Unfortunately, this mindset of dependency only fuels the inherent problems. Interestingly, some of the high-priced destinations in the Caribbean are places that cruise ships do not visit. Instead, they are shifting to new destinations and private islands.

It has become a practice for most ports to view the cruise ships as 'cash cows'. The cruise industry, its lobbyists and its various regional trade organisations also conveniently promote this view. It is based, in part, on consistent claims by the cruise industry (and by many ports) that the average cruise passenger spends more

on the touted economic benefits. Many are quickly disappointed.

Putting this in the context of the industry's past claims, its contribution to the economy of the USA, for example, decreased since the mid 1990s despite an almost doubling in capacity. The same picture holds for most Caribbean countries.

It has become necessary to ask: if cruise tourism presents an alternative to land-based tourism industry in the Caribbean:

- What is the true cost of accommodating 50 per cent of world cruise calls while receiving only five per cent of the industry revenue?
- What policy prescription is there for the Caribbean region to ensure sustainability of the cruise industry?

IMPACT

Apart from the economic impact, the socio-cultural costs of cruise tourism are equally significant, particularly in island communities that are increasingly attractive to cruise visitors because of their rural lifestyles and local traditions. In Alaska, for example, subsistence practices among indigenous Alaskans have been threatened by environmental and cultural mismanagement, while social systems are overwhelmed in communities where the ratio of passengers to residents is often 11 to 1. In Alaska, because of passengers' varied interests and itineraries, both the cruise lines and the Alaskans



and investing in land- and water-based tour companies, gifts and souvenir shops, hotels and restaurants in the primary destinations.

By this, the cruise lines strive to satisfy every desire of the growing number of users.

As a result of this approach, both cruise companies and Alaskan communities derive considerable revenue from a wide range of ancillary support and recreational activities. These include 'flight-seeing', fishing, birdwatching, wildlife viewing, wilderness accommodation and related spending in food sales, environmental management, marine maintenance and infrastructure development. With multiplying passenger numbers and jobs, the Alaska cruise industry now employs over 20,000 workers or 7.5 per cent of the total cruise related workforce in the USA.

DISASTERS, INADEQUATE FACILITY AND THEIR IMPACT

The pattern of cruise arrivals for a number of Caribbean countries has been affected by a variety of natural factors. Perhaps the most dramatic was the virtual cessation of cruise ship arrivals – and most air arrivals – in Montserrat after the volcanic eruption in 1996 which resulted in most of the population being permanently evacuated. Natural disasters have also severely affected other countries. Dominica, for example, had an erratic pattern in the 1980s with the number of ships and passengers fluctuating wildly (for example, lows of seven calls and highs of 38 calls and 12,080 arrivals in 1987). There are many reasons for this

CRUISE TOURISM IN THE CARIBBEAN HAS BECOME MORE OF AN INVASION OF STRANGERS RATHER THAN VISITORS COMING TO HAVE NEW CULTURAL EXPERIENCES

than US\$100 in each port. Governments and ports extrapolate from this and make exaggerated claims about the annual economic impact of cruise tourism on the local economy. On this basis, many ports invest tens of millions of dollars in port facilities and terminals so they can get in

have attempted solutions to the socio-economic and cultural impact of cruise tourism in that destination. The approach has been that the major cruise lines employ a practice called 'vertical integration' by purchasing businesses in all segments of the Alaskan tourism industry

low level of performance, including lack of suitable berthing facilities, shopping and restaurant facilities and local tour companies capable of handling large influxes of arrivals.

CHANGED PICTURE

In Haiti, Port-au-Prince and Cap Haitien were important cruise destinations in the 1970s. That country experienced a fall in all forms of tourism because of its growing political instability in the 1980s. The picture changed, however, with the provision of a safe and secure ‘private island’ by Royal Caribbean International. That cruise line now uses Labadee, a fenced-in, private beach facility near Cap Haitien, for its day excursions. Advertisements for these cruises always mention Labadee without reference to Haiti. And, in fact, passengers do not enter any other part of Haiti as they are lightered to shore directly from a ship anchored off the beach. The

number of arrivals increased to about 350,000 per year over 2001 to 2003.

A 1980 hurricane stalled St Lucia’s small but growing cruise business. New berthing and shopping facilities at Pointe Seraphine in Castries harbour and, again, a deliberate government policy to encourage cruise arrivals led to 393,200 arrivals in 2003. Further redevelopment of the harbour area, including relocation of a container facility, was undertaken in order to facilitate even more cruise ships.

Similarly, with arrivals of 542,300 passengers in 2003, doubling since 1994, Aruba planned the move of its container terminal out of Oranjestad to alleviate the crowded conditions of the downtown area on cruise arrival days. Likewise, Barbados recognised that it must improve port facilities if it was to expand arrivals beyond the approximately 500,000 per year figure at which it has hovered since 1994. Other southern ports, such

as Bonaire and St Vincent, remain minor destinations, partly because of the lack of adequate port facilities.

With the long history of cruise tourism dating back to a time in the late 19th century when passengers travelled on banana ships to vacation in Port Antonio, Jamaica saw its cruise arrivals rise by 1,214 per cent from 86,200 in 1970 to 1,132,600 in 2003, a figure that has continued to increase with activity now focused on Montego Bay and Ocho Rios. Both these ports have since seen great expansion in infrastructure.

DEVELOPMENT

Recently, there was the development of Falmouth and Port Royal as new cruise destinations.

Perhaps the most interesting case in the Caribbean has been Belize, a minor cruise destination until 2001 when it attracted only 48,100 arrivals.

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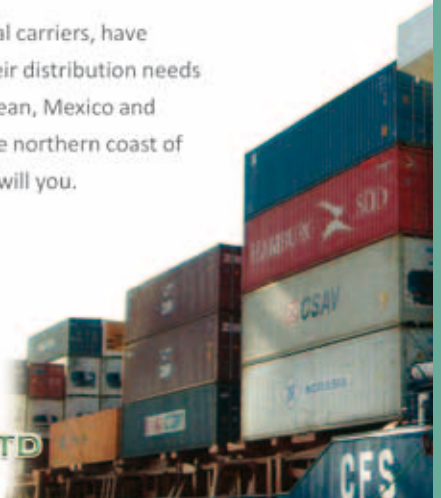
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The overall results for the Caribbean, in particular, support Stansfield's (1978) hypothesis that the number of destination ports of call would not decrease in the future, but the number of passengers and size of ships would increase. The reason, according to Stansfield, is the unique physical and cultural environmental complexes of close neighbours throughout the Caribbean, plus the tendency for older, established tourist objectives to become 'common' – that is, socially contaminated by crowds – thus spurring the desire of wealthier and more sophisticated tourists to search out 'undiscovered', 'uncrowded', 'off the beaten path' places.

Based on the current situation of the cruise industry in the Caribbean, it has become necessary for companies to be better environmental stewards. This requires them to act quickly to establish best practices and improve technology for environmental purpose; increase environmental education for vendors, crew members and cruise passengers to

well as those in the cruise ship industry, must play a significant role in the debate that contributed to economic and socio-cultural benefits for local communities. Unfortunately for the Caribbean, hard information is not available; and the scale of the problem and the relevant threshold is difficult to define. The real concern is that the growth in cruise arrivals is happening without a clear understanding of the impact; and without a long-term strategy for managing visitors.

SUSTAINABLE CRUISE TOURISM STRATEGY

The success of a sustainable cruise tourism strategy depends on development policies and strategies which balance growth with demand from compatible markets without compromising the environmental, social and economic integrity of a destination. It is also dependent on the abilities and resources of the organisations (government and non-government; and cruise lines and other stakeholders who own the strategy)

IT HAS BECOME NECESSARY FOR COMPANIES TO BE BETTER ENVIRONMENTAL STEWARDS

highlight critical environmental challenges and support opportunities; and create collaborative destination partnerships between local communities, governments and cruise companies to assure quality experiences for both residents and visitors; and long-term protection for the natural and cultural environments of the cruise destination. Carnival Cruise Line, for example, pointed out that its vision was to work with leaders in the tourism industry and to demonstrate how the industry and conservation community can work together to produce mutually beneficial results. The goal, according to Carnival, was not only to protect the places tourists visit but also to maximise positive contribution to conservation in high biodiversity areas where the cruise industry operates (ICCL 2004).

The tourism industry, consisting of government, residents, hotel association, tourism merchants and travel agents as

to implement their recommendations. This latter component strongly influences the scope of the strategy and introduces reality and further prioritisation as to whether the strategy can be implemented and the individual targets attained. The process begins with an understanding of the principles and guidelines for sustainable cruise tourism.

Researchers have identified keys to success in producing sustainable cruise tourism strategies:

- (i) It is important that the stakeholders formulating the strategy are skilled not only in cruise tourism development but also in economic, ecological and social analysis;
- (ii) Wide consultations and partnerships among all interest groups are essential. These consultations and partnerships will include trade and business, transport,



administrators and custodians of the natural and historic assets of the area;

(iii) Openness has a special role to play. This suggests that the innovative approach to management, the technical and administrative skills needed to manage cruise tourism resources, do not solely reside in state agencies but are also dispersed throughout various sectors of society.

For Caribbean countries to collectively achieve sustainable cruise industry, consideration must be given to the following:

1. AN INTEGRATED APPROACH TO MANAGEMENT (A FRAMEWORK FOR DEVELOPMENT)

The relatively diverse and pervasive nature of the cruise industry highlights the importance of an integrated assessment to help form better links between the disparate stakeholders (see Clayton *et al*, 2004). Integrated assessment (IA) is particularly important when making large strategic decisions that will effectively determine a future development pathway that would include public policy decisions that affect the national interest or corporate strategic choices that could lead to a comprehensive repositioning and restructuring of firms (Clayton *et al*, 2004).

According to Clayton, economically vital and diverse sectors of any economy

are particularly vulnerable to policy deficiencies. This is for several reasons. One is that the tourism industry is extremely pervasive; it affects and is affected by many other sectors (producing a wide range of services) and thereby involves or has implications for the livelihood of many people at all levels of society. The converse is also true; the economic potential of the tourism industry can be curtailed by a major policy failure in another unrelated area.

Another reason is that tourism imposes a range of diverse burdens and impacts on the environment, the infrastructure, the culture and social relationships of local people. Thus, the role of IA in this regard is to identify linkages and interdependencies and make the costs, benefits and consequences of a course of action more explicit.

2. INVEST PUBLIC FUNDS IN ACCORDANCE WITH PUBLIC BENEFIT

One of the key issues relating to overall cost-benefit and value creation for a society is the opportunity costs of public funding. All governments of Caribbean islands have

a right and obligation to ensure that scarce public funding is dedicated to activities that provide the greatest public benefit. Decisions on potential investments to support cruise tourism must be compared with:

- Realistic estimations of the benefits they will generate
- Other potential investments within the sector
- Other investments outside the sector that could achieve similar development outcomes.

Caribbean governments should evaluate the opportunity costs of investing scarce capital resources and the use of prime real estate space to construct cruise terminals which do not match their country's image, culture and carrying capacity. Economic returns often do not justify the investment and may be better utilised in supporting community-based activities with less demand on the delicate infrastructure.

3. ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACT STUDIES

Caribbean countries should collectively conduct their own economic, social and environmental impact studies to guide investments in ports development and infrastructure through integrated policy. This policy could draw reference from Bermuda and Alaska, where residents played a major role in the development of cruise tourism policy. In Bermuda, for example, there was a buy-in from the local people where their participation played a major role in the success of the policy implementation. As with safety and security, regional co-operation in the area of benchmarking and procurement would be beneficial to all ports in the Region.


4. GLOBALISATION OF LABOUR MARKET REGULATION:

This speaks to the standardisation of certification (such as mandatory skills certification by the IMO). This would allow all players in the cruise shipping sector the potential to develop global collective

bargaining for the protection of workers and to establish industry minimum standards. This will make seafaring jobs more attractive to Caribbean nationals while offering more protection for labour.

5. REGIONAL APPROACH TO PORT SECURITY AND SAFETY

A regional approach to implementing and monitoring safety and security regulations would benefit all Caribbean countries as they share a common sea. Most of the countries are classified as micro states and it is difficult for each to monitor its territorial waters, which on average are 15 times larger than their land mass. A holistic approach would allow each country to pool its limited resources. This stands to yield greater benefits and affords a stronger voice based on their strategic location.

The sustainability of Caribbean cruise tourism draws heavily on the efficiency of the ports infrastructure and collaborative efforts that form the backbone of the industry. The port sector has been radically impacted by global currents over the past two centuries and the Caribbean was slow in adopting and conforming to major impacts including technology. During the 19th century and the first half of the 20th century, ports tended to be instruments of state or colonial powers and port access and egress was regarded as a means to control markets. Competition between ports was minimal and port-related costs were relatively insignificant in comparison with the high costs of ocean transport and inland transport. As a result, there was little incentive to improve port efficiency. To achieve sustainability and efficiency, Caribbean cruise tourism needs a major physical, legislative and human overhaul. 

Methodology: Information for this paper was obtained through secondary sources (government periodicals, industry journals, journal articles and unpublished seminar papers) and primary sources (semi-structured interviews, observation and personal experiences of the authors).



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Recession or not – large yachts are still a major source of revenue for destination ports



By Rupert Connor

In the world of yachting, August is traditionally a good month. The yachts are generally busy, the owners are on board having fun and the tedium of budgets, repairs and crew management are set aside for the month when, historically, the only emergencies have been to deliver more champagne and caviar.

Many of the new yachts launched in 2010 have done so with a different owner than the one who commissioned the build

The summer of 2010 has been slightly different, however, but in a good way. With the global economy still depressed, there were some interesting purchase

opportunities. Many of the new yachts launched in 2010 have done so with a different owner than the one who commissioned the build.

Conference

At the CSA's Caribbean Shipping Executives Conference in Curaçao in May, I was pulled out of one of the excellent networking meetings by my staff to take a

over the build of a 60 metre Lürssen. He had a mere three weeks before it entered the water and two months before it was scheduled to leave the yard and make its way to the Mediterranean. He was going to entertain his family on board by the end of August. He needed a crew in a hurry to make this happen.

Construction

When the world's economies were booming, the owner's captain and engineer

would have supervised the build from day one and would have been on site to see every stage of the construction. Interior and deck crew would join them as the build neared completion. Certainly, it would have been unthinkable, up to five years ago, to change owner, not to mention some significant interior design changes, two months before a yacht left the yard and still complete on time. Five years ago this would have caused at least a six-month delay in delivery and major cost increases. (Sometimes a weak economy can be good for an industry.)

call from a big yacht client of long standing. The gentleman calling had just signed the purchase contract to take



Following some rather rushed meetings with the new owner, interior designer and the yard, change orders were signed and the requisite changes began in earnest. The shipyard made miracles happen. Walls were moved, interior fabrics modified, names changed and audio-visual entertainment systems customised.

Customising

So now we had a yacht, two years under construction, about to go in the water and needing 15 new crew members and some fairly major customising to make it 'his yacht' rather than 'someone else's that he bought'. (Hardly unreasonable. If you were spending more than \$80 million on your latest toy, you'd want it to be 'yours' with your personal touches, wouldn't you?)

If you were spending more than \$80 million on your latest toy, you'd want it to be 'yours' with your personal touches, wouldn't you?

Even with the full resources of one of the world's finest shipyards making the design changes, the yachting experience is not complete without a first-rate crew.

Our first step was to hire a captain. Despite the time pressures and strong desire to fill all of the vacancies, we spent the first week focused on hiring the very best captain. After reviewing over 400 candidates who had expressed an interest



in the position, the owner was presented with a short list of three excellent candidates. Each was capable of running the vessel, but each

brought a slightly different personality to the table. The first candidate that was sent to meet with our treasured client aced the interview. The formalities characteristic of job interviews soon morphed into a pleasant discussion about yachts and how he liked his yacht run.

He got the job.

Now, with the captain in place, the management style for the yacht was established. The rest of the crew roster began to fill rapidly. A chief

stewardess was flown in from Australia; a chief engineer was brought in from the UK; and a first officer was recruited from South Africa. Location of personnel was not a factor. If the person had the right credentials for the job, an interview was conducted online using video conferencing technologies. The selected few would then be flown to Germany on the first available plane to take charge of their duties.

What made these people right for their roles on board a luxury yacht? There are many reasons.

Personnel

Hiring crew for yacht work is not like hiring personnel for a nine-to-five job. The selection process is driven more by an assessment of personalities than a study of capabilities. Excellent qualifications and work history are not irrelevant; far from it. But just as important are the personality char-

acteristics that largely determine the type of crewmate he will be. Concerns range from whether he will get along with others to whether he will be a modern-day Fletcher Christian, causing friction and bad feeling onboard.

Backgrounds

The backgrounds of the crew are therefore rather diverse. Pre-yachting professions can range from a lifeboat man to a travel writer, a diving instructor, a Royal Marine, a hairdresser, a massage therapist, a nurse, a chef or even a ski instructor. Usually, more through luck than judgment, they have all found a way into the yachting industry and they've all developed a passion for top-notch service and a love of the sea.

Crew members remain the key component of any successful yachting programme. And the number of available crew is still high. Although many of those looking

for work have little or no experience, there are good opportunities for mature yacht crew. The strongest demand continues to be for experienced and licensed engineers. This is where the

his first week cruising on board his new yacht, which, mechanically, performed flawlessly. And the new crew is delivering an impeccable yachting experience to the proud new owner, who is

Crew members remain the key component of any successful yachting programme

best opportunities exist for Caribbean seafarers keen to get into yachting.

As I write this, our treasured client on board his beautiful *Solemates* is making his way from Naples, Italy, to Villefranche, France. He has enjoyed immensely

now making plans for a Caribbean winter on board.


I am budgeting about \$12,000 per day to run this yacht. This figure may change slightly once it is determined exactly how the owner uses it and the crew settles into a normal maintenance routine.

What is the impact of a typical yacht on a national economy?

Destination

The impact varies, according to destination. There are basically three types of destination:

- (i) Maintenance – where the yachts go without owners to refit and repair;
- (ii) Transition port – where the yachts transition guests, take on provisions and conduct light maintenance;
- (iii) Cruising destination – where the yachts have guests on board and are doing no maintenance.

Over half (51 per cent) of the annual expenditures went to land-based operators in the local area where the yacht was based. The rest is spent on crew salaries; insurance; annual dues and other payees (whose geographical location has no specific impact). So, for a Caribbean country like St Maarten, regarded as a transitional port, a yacht like ‘Solemates’ should spend about 18 per cent of its annual budget with local vendors when the yacht is in St Maarten. Otherwise, a cruising destination like Tortola would see five per cent of the annual budget reaching its shores for the days that the yacht is in the British Virgin Islands. 



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WORLD'S LARGEST CIVIL ENGINEERING PROJECT EXPECTED TO MEET ALL COMPLETION DEADLINES

From the time of its conception, the programme to expand the Panama Canal further placed the isthmus in the spotlight of international markets, attracting the interest of leading engineering and construction companies. And as the Panama Canal Authority (ACP) goes through the third year of one of the largest and most comprehensive engineering projects in the world, the landscape at the work sites continues to change drastically.

Dry excavation for the creation of the Third Set of Locks, Pacific Access Channel (PAC) – divided into four contracts because of the size of the task – is progressing at full speed. With the first (PAC-1) and second (PAC-2) dry excavation contracts – awarded to Panama-based Constructora Urbana, S.A. and the Mexican company Cilsa Panama Minera

María, respectively – already completed, the focus now is on the last two phases of the project.

PAC-3, being carried out by the Costa Rica-based company Meco, S.A., reported 81 per cent progress as of July 2010. This contract calls for the excavation of nearly 8.2 million cubic metres of material; further levelling of Paraiso Hill from 46 metres to 27.5 metres above sea level; and the clearing of 190 hec-

FIELD VISITS HAVE BEEN CONDUCTED PERIODICALLY TO VERIFY COMPLIANCE WITH ENVIRONMENTAL MEASURES

tares of land formerly used as a disposal area for Munitions and Explosives of Concern (so-called MEC areas).

Under PAC-4, the FCC-ICA-Meco con-

sortium began work on the first component of the project in May. This calls for the clearing of 80 hectares of MEC areas. The consortium is now deploying the heavy equipment for excavation of nearly 26 million cubic metres of material.

DREDGING

Dredging work on the Atlantic side, by the Belgian-based Jan De Nul N.V., has progressed well ahead of schedule. The

company reported 47 per cent progress as of July 2010. Earlier this year, six major pieces of equipment, painted in Jan De Nul's traditional colours of orange and grey, added a splash of colour to the local scenery.

In May 2010 the company mobilised the hopper dredger *Filippo Brunelleschi* and the cutter suction dredgers *Marco Polo* and *Hondius* to complete tasks on the Atlantic side. Working alongside these dredgers were the clamshell dredger *Il Principe* and the self-propelled barge *Concepcion* as well as the hopper dredgers *Kaishuu* (with the largest capacity at 16,500 cubic metres) and *De Bougainville*. These units performed cutting and dredging work on the Third Set of Locks



approach channel and the navigation channel.

Meanwhile, on the Pacific side, the Belgian contractor Dredging International Panama reported 55 per cent progress at the end of July, reaching 5.2 million cubic metres of material dredged from the area.

NEW CONTRACT

On June 4 the ACP awarded Dredging International Panama the contract to dredge a series of reaches north of Gatun Lake, the man-made lake that supplies water to the Panama Canal. The work includes widening and deepening the existing navigation channel by dredging nearly 4.6 million cubic metres of material. This contract involves the excavation of some 30 million cubic metres of material from Gatun Lake and Culebra Cut (the narrowest section of the Panama Canal).

ACP's in-house forces are continuing to dredge the navigation channel along Gatun Lake and Culebra Cut with the dredgers *Rialto M. Christensen* and *Mindi*. In July the accumulated dredge volume for this component reached 7.8 million cubic metres of excavated material.

The contract for dredging the Pacific access channel's north entrance, the intersection between the new Pacific access channel, Culebra Cut and the channel's north plug, which defines the limit area for PAC-4, was awarded to Jan De Nul on August 17. The \$54.5 million contract is the final excavation and dredging contract of the Panama Canal expansion. It calls for the excavation and dredging of nearly 4 million cubic metres of material and includes widening and deepening work. Offers were also received from International Underground Corporation and the BKI-Meco consortium on August 6.

One year has passed since the beginning of operations by consortium Grupo Unidos por el Canal, the cluster of companies in charge of design and construction of the iconic Panama Canal expansion project, the Third Set of Locks.

With the wildlife rescue and relocation activities as well as the demolition of the few structures located within the footprint of the project already completed,




the consortium is focusing its efforts on the dry excavations and the installation and assembly of the industrial plant that will be required for the following stages of the project.

Grupo Unidos por el Canal recently implemented night-shift operations in an effort to speed up progress with the project, precisely at the time when it recorded the first million cubic metres of material excavated in the Atlantic site.

Field visits have been conducted periodically to verify compliance with environmental measures such as erosion and dust control, air quality monitoring, wildlife rescue and processing of archaeological findings.

EVALUATIONS

ACP's Locks Project Administration personnel recently participated in evaluations of the system's filling and emptying capabilities. This was done in the laboratories of the Compagnie Nationale du Rhône in Lyon, France, using a scale model of the locks chambers. The design team also participated in an evaluation of the final design for the locks' rolling gates in the Netherlands.

In summary, the Panama Canal expansion is making steady progress and, in some areas, is ahead of expectations. At this pace, the world's largest civil engineering project is expected to meet all its completion deadlines. 


GUPC COMPLETES FIRST YEAR OF CONSTRUCTION ON NEW LOCKS

THE consortium Grupo Unidos por el Canal (GUPC) has completed the first year of construction of the Panama Canal's Third Set of Locks, the firm has reported.

Up to the end of August, the consortium, which was awarded the US\$3.12 billion contract to build the locks in August 2009, had excavated 2 million cubic metres in the canal's Pacific and Atlantic entrances.

The group was in the process of selecting the gate manufacturer and installing the mechanical shops and storage rooms necessary to carry out the works.

GUPC is expected to finish building the locks in 2014. The group includes Spain's Sacyr Vallehermoso, Italy's Impregilo, Belgium's Jan De Nul and Panama's Constructora Urbana (Cusa).

Construction of the new locks is the largest contract in the canal's US\$5.25 billion expansion programme. 





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The photographs in this album were taken during the ninth annual Caribbean Shipping Executives Conference held in Willemstad, Curaçao, May 17-19, 2010

(1) General Council Meeting (l-r) Rhett Chee Ping, David Ross and Cyril Seyjagat, Group C chairman; (2) President Carlos Urriola, chairs the General Council meeting (3) David Ross, Group C chairman, (4) CSA's General Manager, Clive Forbes.

At the opening ceremony (5) CSA President Carlos Urriola presents the CSA's ship's decanter to the Governor of Curaçao, Hon. Lizanne Dindial after she delivered the keynote address. Present (6-15) were CSA members and observers from countries across the Caribbean region, Latin America, North America and Europe. CSA President Carlos Urriola (16) listens keenly as delegates introduce themselves to the conference.

Delegates gave Agustin Diaz (17) Managing Director, Curaçao Ports Authority (CPA) and Richard Lopez-Ramirez (19) General Managing Director of the CPA a standing ovation for their work and contribution to Curaçao and the CSA. They were presented with a plaque of appreciation by the CSA. Both retire at the end of October 2010. Marcelino de Lannoy (21) Counterpart Managing Director of the CPA will begin his stint as Chief Executive Officer on November 1. CSA and Caribbean Maritime Institute (CMI) representatives (18) express appreciation to the Southern Command/ US Coast Guard for a recent donation (of five container loads of furniture and equipment) to the Institute: (l-r) Clive Forbes, CSA General Manager; CDR Marcus Starks, US Southern Command; Carlos Urriola, CSA President; Lt. Scott Ziegenhorn; Capt Al Collins, US Coast Guard; Granitely Stephenson, CSA Vice President; Fernando Rivera, CSA's Immediate Past President; Fritz Pinnock, Executive Director of the CMI; and Harry Maragh Chairman of the Institute's Trust Fund. (20) CSA Group A chairman, Michael Bernard (left) and Group A representative Rhett Chee Ping.

Conference Delegates were taken on a tour of the port of Willemstad (22 & 23) in two groups aboard two of the newest tug boats in the Curacao Towing Company's fleet.

- Mike Jarrett photos



GRAPEVINE*

ZIM – BETTER 2ND QUARTER

Zim Integrated Shipping Services reportedly returned to profitability in the second quarter of 2010. However, this gain was not enough to reverse the losses chalked up in the first quarter. Zim Line's revenue increased in the second quarter by more than 25 per cent over the first three months to US\$933 million. This was due to a 9.4 per cent increase in cargo to 547,000 teu and a 10.7 per cent increase in the average freight rate to US\$1,328 per teu. This was largely in line with the performance of other carriers. This, according to reports, increased its operating profit to US\$87 million as compared with a loss of US\$33 in the first quarter, producing a return on sales of 9.3 per cent, its best result for many years. The result means that Zim Line is still lagging behind the recovery of other major ocean carriers.

Hapag-Lloyd's second quarter 2010 result put its half year performance even more firmly into the black due largely to a 17.7 per cent return on sales. The story was similar for A.P. Moller-Maersk's container division, which reported a return on sales of 16.9 per cent.

GLOBAL RECESSION HITS REGIONAL PORTS

TRADE VOLUMES in Latin America and the Caribbean fell by just under seven per cent during 2009. Nearly all of the 20 largest container ports experienced a fall in trade figures, according to the Economic Commission for Latin America and the Caribbean.

The decline is attributed to the global economic recession. The decline in trade volume was less than the value of trade, which reportedly declined by 11 per cent. Generally, Latin America's large ports had a better year than the rest of the world, where major ports experienced an average decline in trade volume of nine per cent. There were some notable exceptions. Trade surged in the port complex of Cartagena de Indias, Colombia, and at Caucedo, in the Dominican Republic. Both are among the top 10 ports in the region, as ranked by volume. The busiest port remains the complex of Santos, which serves the highly industrialised state of São Paulo. The reduction in activity did not significantly alter the ports' relative ranking in 2009.

PANAMA CANAL SEES INCREASES IN GENERAL CARGO

The Journal of Commerce reported that the Panama Canal's vessel traffic and total tonnage declined in the quarter ending June 30. It reports the Panama Canal Authority as saying there was a slowdown in the maritime industry's year of recovery, a conclusion based on operations from April through June 2010 (the third quarter of the authority's 2010 fiscal year) as compared with the corresponding third quarter of fiscal year 2009. Total canal transits declined slightly (by 2.8 per cent) to 3,476 transits as compared with the corresponding quarter last year. Transits of 'supers' – larger vessels that require more time and greater navigation skills to transit the canal – decreased by 3.1 per cent from 1,815 to 1,758 transits. However, general cargo and vehicle carrier transits increased. Transits of dry bulk, containers, refrigerated cargo, tankers and passenger vessels decreased.

**GRAPEVINE documents reports appearing 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 source of this information is quoted. The Caribbean Shipping Association, CARIBBEAN MARITIME and Land & Marine do not endorse these reports, neither do we take responsibility for their accuracy.*

ROYAL CARIBBEAN ENTERS BALMIER SEAS

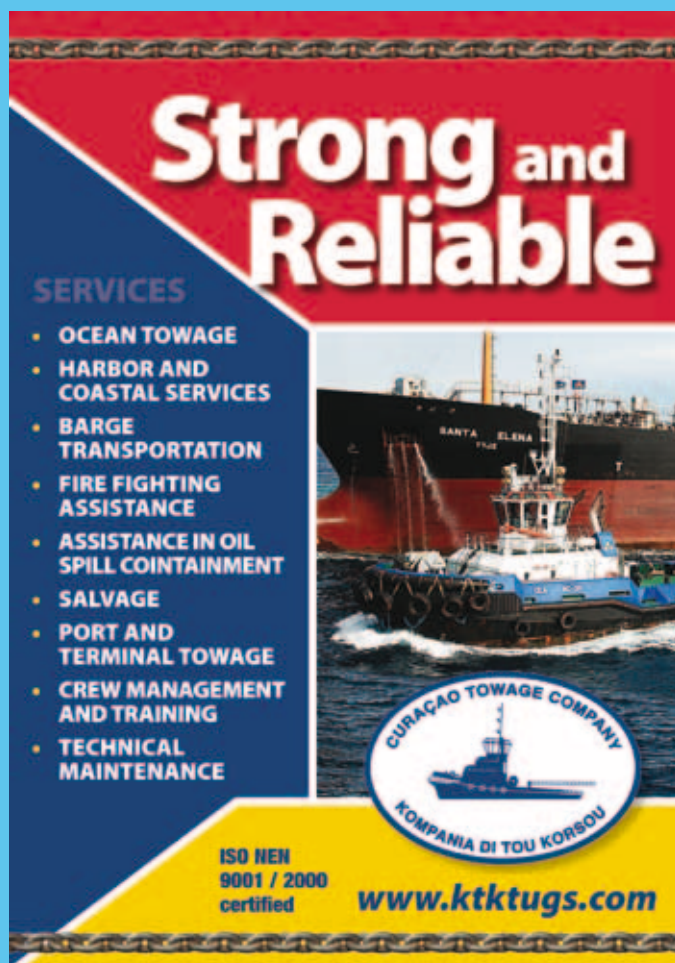
Royal Caribbean, the world's second-largest cruise ship owner, reported net income of US\$60.5 million for the second quarter of 2010. This is a turnaround from the situation at the end of the second quarter of last year when net losses of US\$35.1 million were reported. According to Fairplay, Royal Caribbean predicted its brands would increase capacity by 11.5 per cent in 2010, by 7.1 per cent next year and by two per cent in 2012.

UPWARD TREND CONTINUES AT MAERSK

A.P. Moller-Maersk's container division again saw profits increase significantly in the second quarter of 2010 as compared with the first quarter. This continued a trend that started at the end of 2009, reports Containerisation International (CI). The improvement was due largely to increased freight rates rather than cargo growth. Average freight rates in the second quarter were up by 8.6 per cent compared with the first quarter, to US\$1,556 per teu, whereas cargo carried remained constant at 900,000 teu. Interestingly, CI reports, other carriers such as Hapag-Lloyd, OOCL, APL and Hanjin experienced similar freight rate increases, ranging between eight per cent and 12.9 per cent, but they generally saw an increase of about 10 per cent in cargo carried. So the implication is that Maersk's wider geographic coverage went against it, CI concludes.

OUTLOOK ROSY FOR EVERGREEN

Evergreen (Taiwan) recorded a net profit for the first half of this year compared with a loss in the corresponding period last year, CI reported. Net profit reached US\$122.4 million, in contrast to a US\$147.4 million deficit posted for the corresponding period in 2009. Revenues went up by 11 per cent to US\$268.8 million, although operating income (EBIT) declined by 54 per cent to US\$5.3 million. CI speculated that the reason could have been that operating costs increased by 16 per cent year on year to US\$240 million. A return on sales of two per cent was recorded. These results are only for Evergreen's Evergreen Marine Corp. division and do not include vessels of theirs which are registered outside of Taiwan.



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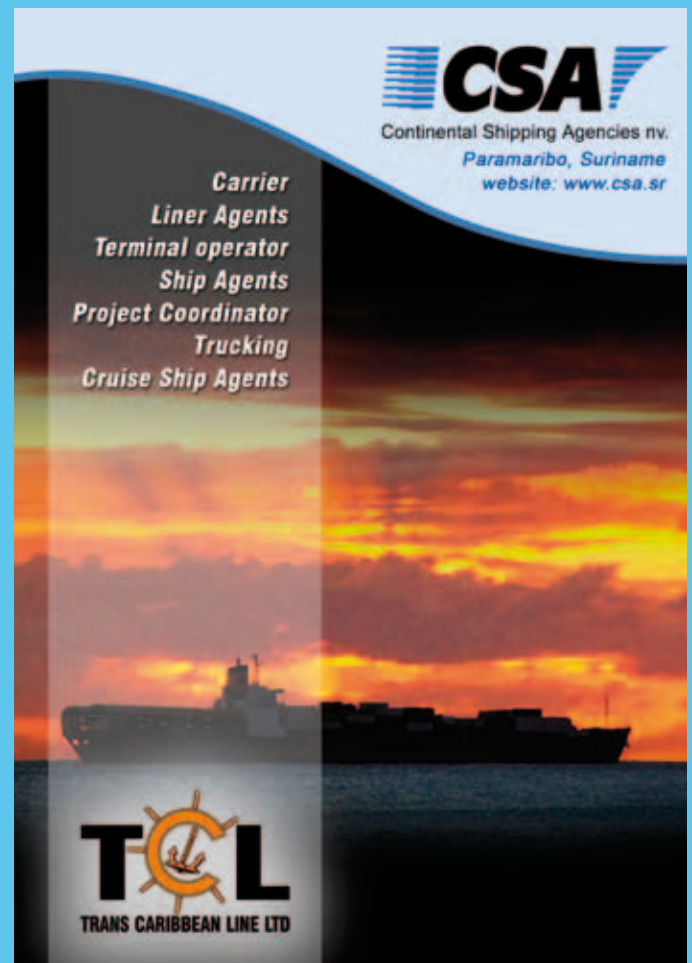
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INFORMATION TECHNOLOGY RAISES THE BAR IN PORT OF KINGSTON

Deploying labour in the 21st century

Investing in appropriate technology can propel growth in an industry through the efficiencies and the competitive edge that are gained. Strides are being made in the Caribbean that will result in the region being a major competitor on the world shipping stage as the Panama Canal is expanded and new opportunities flow.

TECHNOLOGY

In Jamaica, technology has been instrumental in establishing the Port of Kingston internationally. The Shipping Association of Jamaica (SAJ) has contributed in many

with the labour deployment system.

The SAJ was established over 60 years ago. One of its prime responsibilities is to provide efficient workers for the Port of Kingston on a timely basis. There have been periods when more than 600 workers were being managed by the recruiting arm of the association.

Until a year ago, the process of deploying labour was largely a manual effort. The wharf companies would call in, fax or email labour requirements on a daily basis, including number and type of workers required for the respective shift.

UNTIL A YEAR AGO, THE PROCESS OF DEPLOYING LABOUR WAS LARGELY A MANUAL EFFORT

areas, one of the most critical being the management and deployment of labour. This has been revolutionised over the past year with the integration of an Interactive Voice Response System

The SAJ Recruiting Centre then referred to a list of all stevedores available for work. The listing was generated by the deployment system. The agents at the Recruiting Centre would then assign

jobs manually. The Collective Labour Agreement at that time required that persons physically report to the Recruiting Centre for job assignments and deployment. Registered stevedores were guaranteed pay once they were present. Those in the supplemental labour pool were paid only when jobs were assigned and they actually worked.

CHANGES

With the changes in global shipping, the worldwide recession and increased competition, the SAJ took a close look at existing processes as it had to do business differently – like many of its partners and clients. The question was asked: how can the process of deploying labour be improved while ensuring that the needs of the clients – terminal operating companies and port workers – are met? There was also the rationalisation of space. Prime real estate was used as a 'Recruiting Centre' and stevedores had to travel from all over the Kingston metropolitan area and beyond to sit there and wait for an assignment. Work



By Frances Yeo

was not guaranteed; but, those present were given priority.

Port Computer Services (PCS) was asked to provide a solution that would adhere to the rules agreed by the unions, port management and the SAJ; a solution that would provide cost savings to all players and rid the system of inefficiencies and opportunities for fraudulent activities. The resulting solution was ADVANTUM E Labour.

LABOUR

The process of assigning work has now changed. First, all the rules governing deployment of labour were set in the system. Some were as simple as report-

ing periods for work to be issued; but others were more complex – for example, regulations governing priority listing of stevedores for work to be assigned. The priority is given, subject to a range of conditions that were inputted as foundational rules of engagement. System rules also took into account the safety of stevedores. Certain shifts cannot be assigned back-to-back by the system. So, if a worker were assigned to the night shift, the system would not assign that person for the next two succeeding shifts.

Wharf companies and other entities now submit labour requirements electronically and make changes to the requirements electronically.

The main feature of the system enabled the stevedores to call an assigned telephone number during the agreed deployment period, input the SAJ Identification number (the MAN #) and receive their work assignment, including time, wharf/berth and type of work. If no work was assigned, the stevedore would be notified


at this point as well. These and several other features have simplified the process of assigning work to over 400 stevedores in the Port of Kingston.

The SAJ was then able to sell the building which had served for many years as a holding area for stevedores.

EFFICIENT

There is now a more efficient system with greater audit trails, quicker deployment of personnel, a reduced margin of error in information passed to the payroll system and a better work/life balance for stevedores. At the same time, communication with clients and delivery of services on

many levels is faster, while accuracy is maintained.

The Port of Singapore made an investment in IT in the 1970s which, when coupled with the investment in infrastructure, laid the foundations for the shipping giant that is Singapore today. It is not inconceivable that, 30 years from now, small Caribbean states could share a piece of the pie, investing wisely in IT. Initiatives like that taken by the SAJ lay solid foundations for future success. 

Frances A. Yeo is executive director of Port Computer Services Ltd.

BECCA


ELECTRONIC FREIGHT EXCHANGE FOR CABOTAGE AND SHORTSEA SHIPPING

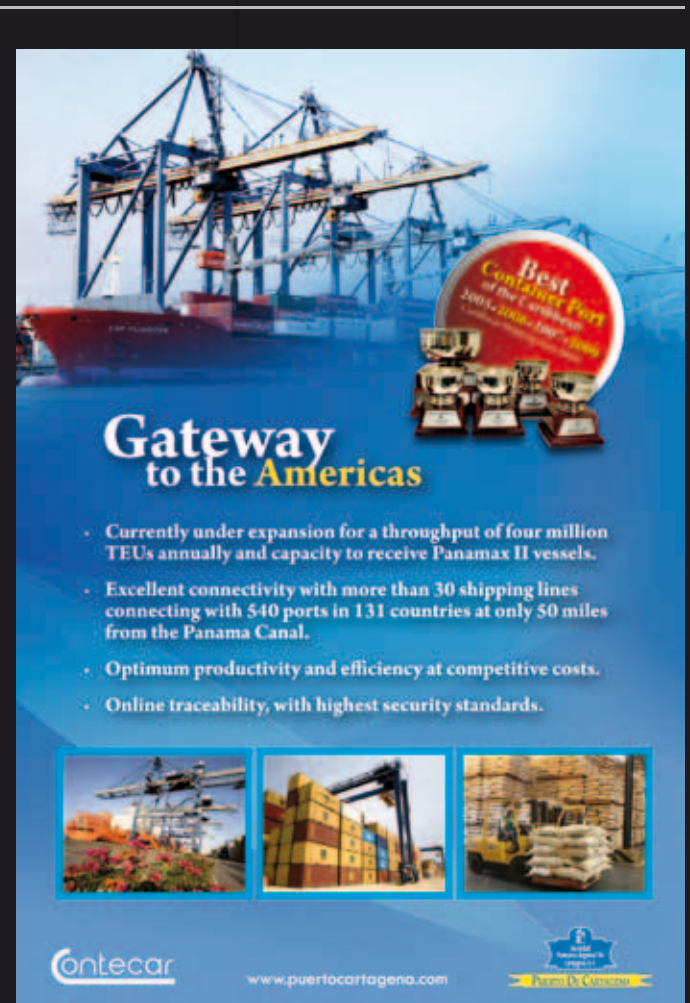
The internet platform BECCA, www.becca-exchange.com, developed by CEI.BA and now facilitating the Cargo Community System of Guadeloupe, was designed to connect shippers (industrialists, exporters and private individuals) with Caribbean-based shipping professionals including carriers and forwarders.

BECCA's search engine provides information about available services (for breakbulk cargo and containers) connecting Caribbean states. It gives a summary of services, including possible transshipment, and supplies the information necessary to implement maritime transport.

MAIN FEATURES OF BECCA:


- Search engine identifying liner services in the Caribbean classified by country and ports and, where applicable, transshipment possibilities
- Tramp opportunities
- A directory of ports, operators (including shipping lines and agents) and vessels; geolocalisation of ports and maritime services.

A multi-language platform, BECCA allows shipowners/operators looking for freight to optimise their voyage. It also allows shippers to identify transport options including regular services and tramping as well as consolidation. 



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SUPPLY CHAIN MANAGEMENT: *the challenges are clear*

Many of the cherished manifestations of our modern life owe their emergence and maturation to the by-products of the Second World War. The manufacturing sector rapidly converted from war production to accommodate the insatiable demand for goods and services by an ever-growing number of two-income families.

This was particularly so in the USA. Elsewhere in the hemisphere, countries were shedding the yoke of colonisation and pursuing an accelerated adoption of an industrialisation strategy. Manufacturing systems with

to oil rigs, across thousands of miles. Of necessity, a revitalised shipbuilding and ship service industry was spawned, resulting in vessels capable of carrying well over 10,000 cargo containers.

Yet no single entity was able to aggregate resources capable of handling the volume and diversity of product and geography. As a consequence, an amalgamation of transport providers, computer software providers and capital developed the practice of logistics.

Magic

Hence, McDonald's, KFC, Toyota, General Electric, Hewlett-Packard, Nestlé and

rial and information affordably with precision, economy and timeliness.

Logistics encompassing traffic, transportation and distribution – with accelerated advancements in technology, communications and transportation – has since morphed into the global supply chain.

Study

According to a recent IBM study, the amount spent on the global supply chain is about US\$3 trillion. It is also, arguably, the most complex and yet fragmented market in our day, tended by a growing cadre of supply chain management professionals.

Today's global supply chain, at least at the macro level, claims to be a well oiled machine. But it is not always so. Despite significant advancements, the micro world of day-to-day operations continues with the daunting challenge of ever-rising customer expectations.

Supply chain

For decades, the building blocks of the modern supply chain – purchasing, operations, traffic and data processing – were regarded



By Joseph Cervenak*

as peripheral to corporate success and were viewed top-down as redundant, non-value, back-room expenses.

These functional departments, enjoined to reduce operating expense and make do with less, were cloistered defensively behind procedural mysteries and without an incentive to change the *status quo*. Many department managers saw change in terms of budget constraints, increased labour costs and operating capital drain. Others, who were unskilled, unknowing, risk averse or simply lazy, were reluctant to accrue costly technological advances or take on the risk of process changes. The inventiveness of re-engineering, outsourcing, enterprise resource planning,

Today's global supply chain, at least at the macro level, claims to be a well oiled machine

complex support mechanisms found it a challenge to create production processes capable of satisfying the need to move everything from flip-flops to flat-screen televisions, and from bananas

Mini Marts became ubiquitous because the world suddenly, if not accidentally – or perhaps in spite of itself – discovered the magic and ability of logistics to meet the need to move people, mate-

radio frequency identification technology and the like were, and continue to be, a sombre challenge to their *status quo*.

A number of progressive companies, and their managers, recognised that the 'Same Stuff on a Different Day' syndrome would no longer be productive or capable of serving the continued prosperity of the enterprise.

Concept

Globalisation, though at best an imprecise concept, forced an undeniably vigorous competitive environment on many companies. Once dominant and secure in a turtle-paced business arena, many here-

competition and enabled by advanced information technology, many companies have revamped their supply chain to reduce costs and increase responsiveness to changes in the market.


The likes of Wal-Mart, Colgate, Procter & Gamble, Target, Johnson & Johnson, Motorola and Apple are setting the standards by matching production and procurement to customer requirements as well as relentlessly pursuing efficiencies throughout the chain, less reluctantly than in the past. These chain forgers are looking towards academia for help. Such efforts have

Novack, Agryris, Bertrand and Bowersox – who over decades offered their works in pure research, model building, surveys, case study research, action research, quantitative modelling and experimentation. In turn, their works fostered a growing interest in specialised higher learning. In 2004 the Graduate Management Admission Council ranked Operations Logistics as the sixth most requested area of specialisation for an MBA. Taking specialised learning to the next level, the noted MIT academic and consultant Yossi Sheffi, who is also director of the MIT Center for Transportation Logistics, is drawing the attention of US industry with the MIT-Zaragoza International Logistics Program, which fosters partnerships among academia, industry and government to advance the supply chain. Forward-looking companies are subscribing to academic journals and exploring scientific and quantitative techniques to advance the value calculus of the supply chain.

Attempting to predict catastrophic events is best left to the black-box phenomena researchers. A critical, albeit aggressive, look at pattern projection, frequency and probability statistics and the application of risk management techniques, coupled with hire and promotion of creative people with right-brain ideas, will provide the framework to mitigate service and supply disruptions in the future.

With the three forces identified here, strategic alignment, in-house silo elimination and integration, partner collaboration and synchronisation within the supply chain will be necessary to meet the challenges posed by an ever-dynamic world economy. The growth in business logistics systems in recent years has been dramatic.

As Dominic Obrigkeit, vice-president of Evergreen, one of the world's largest shipping companies, notes: "Survival for today's global player requires inventive thinking followed with quick and decisive action. The arena is fast-paced and challenging. And it is not at all forgiving. The wrong action – or, worse, inaction – causes the movement of goods to stop [and] that is fatal."

The challenges for today's supply chain management professional are, indeed, clear. 

**Joseph Cervenak is managing principal of Kemper-Joseph, LLC, www.kemperjoseph.com Email: info@kemperjoseph.com*

The growth in business logistics systems in recent years has been dramatic

tofore giants of industry had been rendered irrelevant by the new world order – to wit, the demise of such venerable names as Rover, Polaroid, Pan Am, British Leyland, Atari, Daewoo, F.W. Woolworth, Xerox and more.

Challenging and changing times

Consider three independent forces that significantly affect the supply chain process and frame industry's ability to respond to the forces of globalisation:

1. Corporate inventiveness

Supply chain management is about the management of the material and information that flows in multi-staged production and distribution networks. Since these are driven by fierce global

improved the modern supply chain's ability to deliver a sustainable competitive advantage to firms by bringing value to the consumer. Thus, these companies are ensuring their continued success, at least until the 'Next New Thing' rears its head.

2. Academic research

The history of formal supply chain study is well documented, generally in scholarly journals. Supply chains, characterised by multiple dependencies, complexities and fragilities, have provided ample research material. In the late 1990s and early 2000s, the practitioners, seeking alternatives to the tried and true, turned to the archetypal 'blue bloods' of research – Mitroff,

3. Disruptive events

Catastrophic, episodic and unexpected events have captured headlines since the first days of print. Now, with instantaneous high-tech communications networks and social media tools, we are real-time witnesses to disruptive events. Each event – whether a natural catastrophe, a political convulsion, an economic crisis, or a terrorist attack – frequently and severely strains each link of the supply chain.

Business transformation and the need for change: *a way of life and not an option*

A business transformation was formerly seen as a once-in-a-lifetime event, a sort of fundamental reset prompted by a rare, short-lived disruption such as a new technology, a devastating scandal or a dramatic shift in costs. But if the recent economic upheaval reveals anything, it is that companies of all sizes, in all industries, are operating in a more volatile, less predictable environment and that change has become a way of life. To navigate such a rocky landscape, companies must be ready to repeatedly transform themselves.

There is now a need to institutionalise capacity to alter strategies again and again as business conditions require. However, few companies are competent at doing this.

Review

A review of businesses faced with enterprise-threatening events would reveal that most have failed to make the transformation that situations demanded. For example, Circuit City, once a hugely successful electronics big-box store, attempted to remake itself numerous times as it faced competition from newcomers like Best Buy (in physical stores) and Amazon and others (on the internet).

But there was a limit to that company's capacity to respond to new challenges with a broad-based, enduring plan that could involve, for example, simultaneously targeting electronic gamers aggressively; carrying a deeper inventory of product lines, renegotiating leases in out-of-the-way locations, improving customer service and promoting a robust and attractive website.

Proactive

The problem is that most companies do not have an adequately proactive road map for transformation. Instead, they attempt to change on the fly, reacting to business disruption with equally explosive responses that may not be useful six months down the road or perhaps even sooner. A more carefully crafted strategy to manage internal or external change may seem beyond a company when it is actually facing a new obstacle or crisis; but if an organisation prepares for transformation at a time when it is not occurring, steering through it is far less difficult.

Strategies for transformation

Each company's strategy for approaching transformation falls into one of three categories. These categories

in turn determine the level of transformation, the timing and the magnitude that the company can support.

Reactive approach:

This is a difficult transformation strategy. Although minimal, it has become second nature to the most seasoned executives. A change in circumstances provokes a short-term response – generally, abrupt shifts that require little cross-company co-ordination or follow-up. In fact, this strategy is an essential management tool only when incremental change from the *status quo* is required. Unfortunately, it is also the most limited and unsustainable. Problems arise when executives try to apply this approach to situations that call for more sweeping and highly detailed transformations.

Too often, executives rely on reactive techniques they know well, even when the situation begs for a more structured, thoughtful plan that will yield more lasting change.

Programmatic approach:

This strategy is more comprehensive and is appropriate when major change is required and a company has sufficient lead time. In such circumstances, the company launches a widespread change initiative across the lines of business that are



By Fritz H. Pinnock

most affected. In this case example, a cross-functional programme office is set up, with tactics identified, milestones established, executives assigned to oversight, a communications programme launched and progress tracked. The programmes can be effective in dealing with a contained effect of threat such as a new competitor or a new product from a rival. And their potential to reward is greater than that of the reactive approach because they are more forward-looking. But, as the name of this category implies, the transformation is a programme.

Activities

With a systematic, planned sequence of activities designed to achieve specific goals within a specific period of time, the outcome, however, takes longer than a reactive transformation.

Sense-and-adjust approach:

This is the most long-term and sustainable strategy. However, only a few companies have implemented it successfully. Unlike the first two approaches, sense-and-adjust is dynamic, constantly and consistently smoothing

out volatility in areas of business that are subject to swift and dynamic change, such as research and development or frontline operations like manufacturing and logistics.

Effort

Sensing is an ongoing effort to gather and analyse data on current and future business conditions and, more important, translate it into likely outcomes. The sensing process should leverage baseline planning information – what is captured in strategic and operating plans – and synthesise it with key performance data to form a single ‘dashboard’ of actionable information that can be used by business unit heads or corporate leaders in functions like information technology, human resources or marketing. A high-quality sensing dashboard offers an early organisational indicator of future business conditions. The dashboard


mapping software and the like. That goal would determine how and when to start applying these technologies to businesses (and how to avoid being blindsided by a competitor).

Adjusting approach:

This is the process of altering business strategies on the basis of sensed outcomes. In this phase, done in tandem with sensing, business unit or department heads assess data to determine possible resource and capability trade-offs. They explore the impact on people, processes and technology and then develop a consensus on the plan that is most appropriate for building or maintaining a competitive position. In the case of an unexplained drop in unit prices, the adjustment may be an emphasis on marketing, innovation or layoffs. And, if a company has learned that it could outpace its rivals by implementing a GPS system, a

The problem is that most companies do not have an adequately proactive road map for transformation

flags data indicating that an operational adjustment is needed. For example, a business unit head may use a dashboard to reveal unanticipated decreases in either product unit price or volume that could translate to an overall decline in revenue. On the other hand, a logistics firm may place its sensing system on alert for changes in pricing and functionality of handheld computers, wireless communications,

slate of new training programmes that could teach new employees how to use the technology may be just as important as purchasing the equipment itself. As adjustments are made, the sensing capability picks up and continues the cycle, both scanning the horizon for market shifts and monitoring the execution of these strategic responses. Sensing does little good in the absence of adjusting, and vice versa. 

IN CASE YOU MISSED IT:

Cruise shipping and land-based tourism in the Caribbean tied the knot some time ago

Some relationships are definitely not built on ‘love at first sight’. They develop over time, often from a rocky start, through growing understanding and accommodations and then into trust and mutuality. Such long relationships often have long engagements which resolve into a marriage no less tumultuous than the engagement. So has it been with cruise shipping and land-based tourism in the Caribbean.

I was reminded of this when I travelled recently and overheard a conversation on the past tension between the two. Happily, the discordant notes of that tension have faded into the past and the Region has seen the mutual-ity in rather stark terms.

Depending on the source of information, the Caribbean accounts for between 40 and 50 per cent of the international cruise destination market. That is a significant chunk of the ever-growing industry which in 2006 had worldwide demand of 16 million potential passengers (Lighthouse Foundation). The numbers game is not insignificant. With the Caribbean still in the grip of the worldwide recession, the need to boost arrivals is



By Milton Samuda

extremely important, even in the face of deep discounts on product prices.

So what else can the Caribbean do?

Just like any marriage, the relationship between cruise tourism and land-based tourism must operate within the bounds of some legal framework. I suggest that this framework cannot be left merely to the application of common law principles, the implications of international treaty commitments and the details of deals between governments and cruise lines. I wish to suggest that, while our heads of government grapple with the deep-seated governance issues which have stymied the growth of Caricom, they should also ensure that the issues surrounding the implementation of the dream

embodied in Protocol VI (now a part of the Revised Treaty of Chaguaramas Establishing the Caribbean Community, including the Caricom Single Market and Economy) be resolved quickly so that a comprehensive regional transportation plan may be developed which will include the legal framework required for encouraging and securing the growth of cruise shipping to the mutual benefit of land-based tourism and cruise ships and on the basis of a responsible and sustainable environment. In that regard, Caribbean municipal laws must be harmonised and intra-Caricom agreements struck in a manner which ensures that encouragement and that securing of growth.

Of necessity, the cruise lines would have to be integral to the discussions throughout; but the ties are already there and the need to base the resultant legal framework on some sensible commercial premise means that realistic negotiations must be held. At the time of writing, Jamaica is in the disciplining grip of an International Monetary Fund

(IMF) programme in which the word 'incentive' has to be whispered. However, in a highly competitive market, Jamaica and the Caribbean dare not take their unfair share of the cruise shipping pie for granted. On the contrary, they should seek to secure it and expand it as part of recognition of the importance of tourism to the entire Region and the important role which cruise shipping plays in that regard.

Investment

Governments use many economic tools to encourage investment in targeted industries. These tools are usually given legislative underpinning and framework. Tourism as a whole, and cruise shipping in particular, is an industry in which the Region has a competitive advantage and still untapped potential. Every effort should be made to encourage robust growth in these areas.

In a previous article, I wrote of some 'Legal Considerations Concerning Cruise Ships' and identified both some personal and global considerations. I opined then that "the cruise shipping

industry is a vital partner of Caribbean tourism" and that the evolving municipal and international legal frameworks would result in "greater intrusion by lawmakers and foreign ministers around the globe." Although that last comment was made in the context of environment implications, it is generally true and I therefore suggest that Caricom be proactive rather than reactive.

Our failure to be proactive has already manifested itself in the neglect of an air and sea policy (for the transportation of goods) which has hindered the development of the Caricom Single Market. Are we to suffer the same fate in relation to the carriage of persons by sea?

Footnote on the Gulf of Mexico Disaster

Some lawyers must be salivating. This disaster encompasses criminal and civil law violations and implications. It has a number of potential criminally accused. It has a multiplicity of potential plaintiffs and not just one potential defendant, BP, as is commonly thought. Its legal

implications are not constrained by time but could run past the usual statutes of limitation if resultant injury and damage manifest themselves at a later date. It will cause municipal and federal legislatures to review applicable legislation and pull in legal draftsmen to either amend or craft new legislation. It is going to consume more billable hours, more court time and more legislative time than any other environmental catastrophe in history. And it will spawn more books and movie deals than may at first be imagined.

Yes, for sure, the Gulf of Mexico Oil Spill Disaster is a lawyer's dream; but all lawyers know, too, that the disaster has been an absolute nightmare for so many people whose lives have been disrupted with devastating effect. On behalf of lawyers everywhere, including those who will 'profit' from the disaster, I have offered a prayer for those many. ☹

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

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