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Caribbean MARITIME

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JANUARY - APRIL 2015

ALL CHANGE
FOR

Cuba

but what does it mean for
the region's maritime sector?

**THE COST OF MARITIME
SECURITY: COMBATING
PIRACY AND SUBVERSION**

PROFILE: DAVID JEAN-MARIE

YEAR AHEAD

ANTIGUA

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“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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STRONGER CASE FOR REGIONAL COLLABORATION

For several decades, Caribbean ports have talked around the need for regional collaboration in an effort to bolster their ability to compete in an increasingly competitive shipping environment.

While these discussions have resulted in little real action, developments particularly at competing ports in the United States are presenting opportunities for the Caribbean to leverage our collective advantages in response to the cries of shipping lines facing mounting challenges at some of their current ports of call.

Port congestion has become the Achilles' heel of US West Coast ports over the last six months, as they struggle to counter the growth of the All Water Route via the Panama Canal which, as expected, is bringing greater volumes from G6 Alliance members.

There have been reports of delays of up to three weeks, heightened by unstable labor relations and the unreliability of critical support from providers of trucking services.

Some are comparing the current situation with the lockout in 2002 of US West Coast port workers amid contentious contract negotiations – some of the darkest days in their recent history.

VOLATILITY

Chris Lytle, executive director of the Port of Oakland, has said that shippers on the US West Coast are the unhappiest he has seen them since the 2002 timeframe. "I hear every day cargo owners threatening to minimize their use of West Coast ports," Lytle was quoted as saying in a JOC online release.



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The time has come for ports in the Caribbean to join the global movement and proactively tackle environmental issues

This increasing volatility has resulted in the announcement of a port congestion surcharge, in November, by major lines including MSC, CMA CGM and Zim, who serve the US East, West and Gulf Coast trade. The fees, averaging US\$ 800 per 20 ft container and US\$ 1,000 per 40 ft container, are adding to the frustration of shippers who are already reeling from the effects of reduced productivity and costly delays.

As the Caribbean focuses on its own infrastructure and capacity strengthening, it is critical that we are alert to the opportunities arising in our market, especially where our competitors' limitations are among our strongest value propositions.

With an expanded Panama Canal as the centerpiece of our strategy, and the widening gaps in the US East-West Coast trade, the benefits of collaboration among ports in the Caribbean should become increasingly attractive to both industry regulators and terminal operators. We have the collective capacity to handle current and expected volumes efficiently; and ports in the Caribbean have a long history of stable industrial relations with employers and unions at regional ports, for example Cartagena and Kingston, signing progressive contracts that favor growth.

OPERATING COSTS

With complex alliance structures and mergers, such as the deal completed in December by Hapag-Lloyd and Chile's Compañía Sud Americana de Vapores (CSAV) being the order of the day as shipping lines seek to reduce their operating costs to match lowering freight rates, we in the Caribbean must contribute to this effort by increasing our own efficiencies and, as a consequence, keep the cost of doing business with us at attractive levels.

Some analysts are contending that the recent falls in oil prices and the resulting reductions in the cost of bunker fuel will be passed on to customers in an unsustainable manner that will ultimately add more pressure to the trade. Shipping lines will run even leaner operations and in turn demand lower rates from terminals as they struggle to maintain profitability.

There is, indeed, a strong case for our collaboration, one which we must recognize and act upon, against the reality that this joint approach has the potential to increase the region's competitiveness as a shipping destination and place us finally ahead of some of our

wealthier competitors in the United States.

Let me also use this opportunity to commend Barbados Port Inc on their recent announcement of plans to develop an incentive program geared at rewarding vessels based on their efficiency ratings. This is an important step in environmental sustainability and towards reducing the carbon footprint of the shipping industry.

The time has come for ports in the Caribbean to join the global movement and proactively tackle environmental issues.

As a body, the Caribbean Shipping Association continues to bolster its contribution to the shipping industry and its members in training development, advocacy and networking. Although our challenges are great, our members can be assured of our commitment and determination to this mission in the year ahead.

Isaac Newton said: 'If I have seen farther than others, it is because I was standing on the shoulders of giants.' Let us build on the CSA's rich and distinguished history and combine our efforts at heralding positive change in our region's future.

I wish you a happy and productive 2015.

Grantley Stephenson

**President,
Caribbean Shipping Association**





SKY'S THE LIMIT AS CARTAGENA AWAITS NEW CRANES



Take a long last look. This is Cartagena de Indias before the city's impressive harbor skyline is dramatically transformed in 2015 ahead of the port's hosting of the 45th Caribbean Shipping Association AGM in October.

Port operator Sociedad Portuaria Regional de Cartagena (SPRC) – a frequent winner of the CSA's coveted Port of the Year award – is due to take delivery in July

2015 of five super post panamax gantry cranes from the Chinese company ZPMC.

Of the five cranes, three will be installed at SPRC's Contecar facility (to the left of the photograph) and a pair will be added to the busy Manga terminal.

The port operator also hopes to take delivery of a new Liebherr mobile crane and aims to have completed a 300 meter

quay extension by the time the CSA rolls into town later this year.


SPRC's marketing director, Giovanni Benedetti, told Caribbean Maritime the port was expecting to handle around 2.3 million teu in 2014.



THE YEAR AHEAD >>>>

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bring us good
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So often in the past, the regular Year Ahead feature in Caribbean Maritime has warned, somewhat forebodingly, of dark days for the region's shipping sector amid an atmosphere of gloom and despondency. A glance back to, say, 2009 or 2010 will clearly show the prevailing downbeat mood at that time.

Yet, fast forward to early 2015 and rarely has there been a more optimistic outlook in the region. There may be a few blemishes on an otherwise cloudless horizon, but the future does look super rosy.

There are, of course, some concerns about the health of the global economy and especially in regard to those nations that so recently were the high flyers. Here we are talking about Russia, China, Brazil and South Africa, four of the five the so-called BRICS, all of which were experiencing economic difficulties of one kind or another as 2014 came to an end.

THREE FACTORS

On the other side of the ledger, the Caribbean optimists point to three factors that will ensure a prosperous year for the region: the falling price of oil; infrastructural development on an almost unprecedented scale; and – an unexpected Christmas present – good news in regard to Cuba.

First, the price of oil. How long oil will stay low is anyone's guess. But the recent fall in energy prices will help many Caribbean economies. For example, between January and December 2014 the price of benchmark West Texas Intermediate fell from US\$ 95 a barrel to below US\$ 55. Bad news for Venezuela and probably Trinidad, but good news, it seems, for just about everyone else.

THE YEAR AHEAD

At the same time, the shipping industry sees a direct benefit, with bunker prices tumbling throughout the past year.

It is unclear what impact falling energy prices will have on the Caribbean's nascent LNG/LPG market. Investment has been made in several new gas import terminals, but the lower cost of importing refined products could delay any decisions about switching over to imported gas for energy generation as the cost of power station conversion would outweigh any savings.

EXAGGERATION

It's a slight exaggeration, but is there a Caribbean nation without its own mega-port project? It seems not. While each of the many schemes may make sense in isolation and without the prospect of additional capacity elsewhere, they certainly don't do so collectively.

The project to top all projects is the US\$ 50 billion Nicaragua Grand Canal. The coming year should see more flesh on the bone of this global mega project along with some answers to the many remaining questions

Backed mostly by Chinese money, the list of recently completed or planned container hubs mooted in 2014 was a long one:

Antigua: Crabbs Peninsula/Rat Island (US\$ 2.3 billion)

Jamaica: Goat Islands, it's all gone quiet but maybe Macarry Bay is an option

Puerto Rico: Roosevelt Roads, but unlikely to go ahead

Nicaragua: Monkey Point, linked to the new Grand Canal project

Cuba: Mariel, already open and run by PSA (US\$ 900 million)

Costa Rica: Moin, finally getting under way in January 2015 with the backing of APM Terminals.

These are in addition to significant expansion plans at existing ports such as Freeport, Caucedo and Cartagena.

Clearly, not all of these new projects will see the light of

day and one or two of the schemes seem to have vanished almost as quickly as they came.

Then there is the project to top all projects, the US\$ 50 billion Nicaragua Grand Canal – again backed by the Chinese or, more precisely, by Chinese telecom entrepreneur Wang Jing. The coming year should see more flesh on the bone of this global mega project along with some answers to the many remaining questions, in particular those relating to finance from the canal's backers.

Whether this particular scheme ever gets built is still open to much speculation. All we can say is that it looked a lot more likely as 2014 closed than it did at the start of the same year, with 'work' commencing on 22 December. Excavation, though, was not due until the second half of 2015.

Anyone who listened to the truly remarkable presentation by Dr Paul Oquist – Private Secretary for National Policies for the Presidency of the Republic of Nicaragua – at the CSA AGM in Punta Cana could not fail to be convinced about the seriousness of those in Nicaragua associated with this world-scale scheme, as are those who listen to President Daniel Ortega's speeches on the subject. If and when completed, the 278 km transisthmus waterway will give real competition to the soon-to-be enlarged Panama Canal, which according to the latest estimate is set to be completed in early 2016.

KNOCK-ON EFFECT

In news elsewhere that is bound to have a knock-on effect in the Caribbean, China Shipping Container Lines (CSCL) has taken delivery of the world's largest container ship. The 19,000 teu newbuilding is powered by the world's largest diesel engine. So the ships get bigger and maritime facilities – especially canals – struggle to keep up. And this is where the Nicaragua Grand Canal can match or even surpass the ambitions of the global shipping industry.

Bigger vessels are, of course, a recurring feature of the cruise sector. We won't see the 5,400 passenger 'Oasis III' (still unnamed) as CM went to press) until mid 2016, but look out for these new mega



4,000-plus passenger ships in 2015: 'Anthem of the Seas' (which will be sailing the Mediterranean in 2015) and 'Norwegian Escape' (home-porting in Miami).

It's an undeniable trend that more and more cruise operators are looking to create their own fully controlled destination somewhere in the Caribbean – Norwegian Cruise Line (Harvest Caye, Belize) and Carnival Cruises (Tortuga Island, Haiti) spring to mind. This concept began in The Bahamas and seems to be spreading. For many nations there are two options: to fight it and lose business or to go with it and at least retain some jobs and revenue.

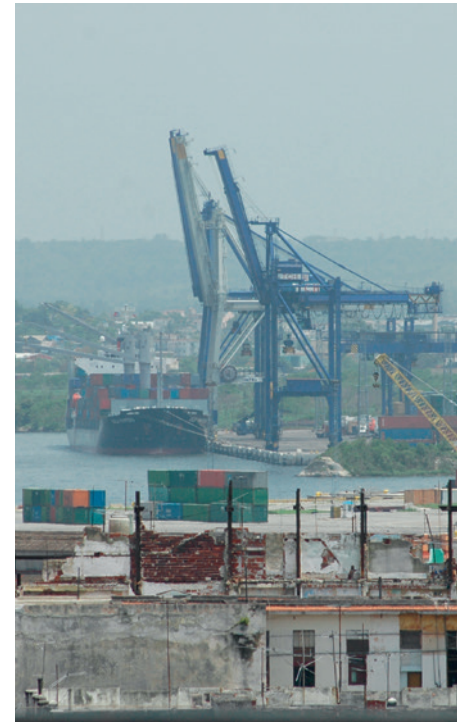
CURVE BALL

Finally, there is the curve ball that is Cuba. To continue with the baseball metaphor, this excellent news came out of left field in the closing days of 2014 and took nearly everyone by surprise. The decision of the United

States and Cuba to normalise diplomatic relations is more than a step in the right direction and was warmly welcome by a range of Caribbean leaders.

It goes without saying that the long-term implications of this decision are likely to be positive for the region's maritime sector. But in the short term it is worth noting that Washington has not immediately lifted a ban on US citizens visiting Cuba as tourists. So the south Florida-based cruise sector will have to wait before it can add Havana and other Cuban destinations to itineraries. Assuming goodwill on all sides, however, it must surely follow. In turn, this will mean a huge investment in cruise terminal facilities and the like.

All in all it should be a good year; but in life nothing is certain except death, taxes and, of course, the prospect of two great CSA meetings scheduled in 2015 for Tortola and Cartagena.



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DIPLOMATIC DELIGHT AND COMMERCIAL CAUTION

As Caribbean leaders weigh up effects of US-Cuba detente

December's historic announcement that the United States and Cuba were taking steps to normalize relations was warmly welcomed across the Caribbean and has profound and positive implications for the region.

It's still too early to appreciate the full implications of the Obama-Castro agreement and there are many loose ends to be tied. Expect some bumps along the way as these two great nations work out how best to repair the damage caused by over 50 years of animosity.

How the US-Cuba rapprochement will affect the region's maritime and tourism sectors – especially in regard to cruise ship-ping – it is too early to say.

For the time being, carriers operating out of south Florida are likely to be the first to adjust to changing circumstances.

ROLE OF MARIEL

There is also the question of what role Cuba's recently enlarged and refurbished port of Mariel – run by Singapore's Global Ports Management – might play in an increasingly crowded container transshipment market post 2015 and following the enlargement of the Panama Canal.

In the longer term, it will be interesting to see how Cuba shapes up as a cruise destination. It already is, of course. Official sources in Havana indicated that around 200 cruise ship calls were scheduled for winter season 2014-15. So, even with the US ban on its nationals visiting the island for the

purpose of tourism, Cuba is popular.

But the prospect of cruise ships calling at Havana from Miami, Port Everglades and Port Canaveral is something else. Let's not forget, though, that President Obama's announcement allows for a greater number

of US citizens to travel to Cuba; but, for the time being this relaxation excludes tourism.



WHAT THE POLITICIANS SAY

President Obama said: "Neither the American nor Cuban people are well served by a rigid policy that is rooted in events that took place before most of us were born."

Jamaica's Prime Minister, Portia Simpson Miller, said the Government of Jamaica enthusiastically welcomed the joint announcement in Washington and Havana.

Dr Ralph Gonsalves, Prime Minister of St Vincent and the Grenadines, said it was an event of "earth-shattering proportions".

According to Dr Denzil Douglas, Prime Minister of St Kitts and Nevis, "the half-century-old policy of the US toward Cuba advanced the interests of neither the United States nor those of the Cuban people".

Grenada's Prime Minister, Dr Keith Mitchell, said: "Today is a historic

day in the life of the Cuban people. Today, the US has answered the call of humanity. Today, the US has finally heard what Caribbean leaders have always said, and what has been proven: their decades-long policy of isolationism of Cuba has not worked. It is way past time to remove the embargo. It is the progressive, wise and right thing to do."

Kamla Persad-Bissessar, the Prime Minister of Trinidad and Tobago, welcomed the resumption of diplomatic relations between the US and Cuba and said that, over the years, Port of Spain had called for an end to the trade embargo.

The Government of Guyana welcomed the decision, which it described as "a progressive step towards the development of constructive relations between the US and Cuba which will redound to the



STRANGE BUT TRUE

The first cargo ship to operate directly between the US and Cuba since 1961 berthed in Havana in July 2012 – long before last December’s announcement – carrying agricultural products.

In the longer term, it will be interesting to see how Cuba shapes up as a cruise destination

benefit of these two countries and the hemisphere as a whole.”

Meanwhile, the Guyana-based Caricom Secretariat said it welcomed the thawing of relations between the US and Cuba and the move towards the re-establishment of diplomatic ties. Caricom’s Dominican Secretary, General Irwin LaRocque, said: “Caricom has long been an advocate for the normalization of these relations and has raised the issue repeatedly in its interaction with both parties.”

OUTLOOK FOR CRUISE AND TOURISM

- The Jamaica Gleaner: “What this means is that while US tourism (or more precisely the number of non-Cuban-American US visitors travelling to Cuba) will remain constrained for the time being, there could be a quite sudden opening in between two and four years’ time, but only if that is what Cuba wants.”
- “Cuba is poised to become the next hot spot destination which will attract tourists who now travel to Puerto Rico,” said Matt Dalton, chief executive, and Tamara Lowin, director of research, at New York-based firm White Plains.
- President Obama’s press secretary, Josh Earnest, said: “We firmly believe that allowing increased travel, commerce and the flow of information to and from Cuba will allow the US to better advance our interests and improve the lives of ordinary Cubans.”

WHAT LINER OPERATORS SAY

Regional liner operators had their own views on the US-Cuba detente.

- Crowley Maritime’s Jay Brickman cautioned: “It’s an extraordinarily important first step, but it really is just a first step. The embargo is still there. That continues to restrict a lot of things that can be done.”
- Roland Malins-Smith of Sea-Freight put it this way: “We don’t think that the trade will grow beyond the existing volume until Congress takes steps to ease the embargo. Non-US business with Cuba is also off limits for us until the embargo is removed. The recent policy pronouncement is in our opinion necessary but not sufficient to change the fundamentals for us.”

THE SPIRALING COST OF MARITIME SECURITY

Over the past decade the cost of maritime security has spiraled upwards. As well as the physical cost of extra equipment and additional personnel, the amount of time involved in planning and implementing these measures has pushed up annual expenditure on port facilities and shipping lines worldwide.

Before 11 September 2001 port security was an important but still a relatively minor activity. Today it has become perhaps the single most important element in the day-to-day operation of vessels and maritime facilities. It influences everything the port does, from admitting workers and vehicles to the port to tracking cargo, to checking vessel history and ports of call.

The International Ship & Port Facility Security (ISPS) Code is part of the International Convention for the Safety of Life at





Sea (SOLAS) and compliance is mandatory for the 148 countries that are part of SOLAS. For others it is a voluntary but very necessary requirement. Any port or vessel that is not ISPS compliant is at an immediate disadvantage when trading with some countries.

SET OF MEASURES

The International Maritime Organization (IMO) defines the ISPS Code as “a comprehensive set of measures to enhance the security of ships and port facilities, developed in response to the perceived threat to ships and port facilities in the wake of the 9/11 attacks in the United States”.

The Code was adopted in 2002 and came into full force in 2004. It has dramatically changed the way ports do business with each other and the protocols involved in the way cargo is transported by sea.

Compliant ports have had to make themselves more physically secure by investing in perimeter fencing, lighting, guards and access systems. Cargoes and vessels have become subject to more scrutiny and tracking than ever before. Cruise ships must comply with several additional levels of security requirements.

However, the ISPS Code can only do so much to reduce the chance of illegal or terrorist activities, large or small. There are many other areas that need constant attention and updating.

Security expert William Lusk, director of operations of Homeland Security Outlook, said: “Maritime security in the Caribbean region continuously faces threats, from small-scale petty theft at ports to situations of a more catastrophic nature like hurricanes, oil spills and terrorism. The challenge posed to ports and shipowners is investing time and resources to mitigate risks posed by these and other threats. The first step forward is to foster a culture of communication and cooperation with all security stakeholders, from law enforcement and government officials to community leaders and information technology specialists.”

CYBER SECURITY

Combating cyber crime has become a priority for shipping lines and ports as well as governments, although the full extent of the potential threat to the shipping industry is still unclear.

One school of thought is that global satellite navigation systems could be jammed in some way, causing widespread disruption.

Mr Lusk quoted an example: “In 2013 the University of Texas at Austin led an experiment to prove that seagoing vessels’ navigation systems could be hacked. A 65 ft yacht was diverted off course using a spoofing device that transmitted fake GPS coordinates to the vessel – and as such, the

Security has become perhaps the single most important element in the day-to-day operation of vessels and maritime facilities





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MARITIME SECURITY

vessel's crew altered course to 'correct' the vessel heading. The implications of this experiment are large, as GPS spoofing could be a method used by sophisticated hijackers in the future."

Others speculate about the hacking of cargo tracking systems by smugglers. This includes the smuggling not only of narcotics and arms but also of nuclear and biological weapons aimed at the country of discharge. It doesn't take much imagination to see how port and customs software could be hijacked to allow a certain cargo to be moved through a port undetected by physical checks or scanning.

It is estimated that less than two per cent of the 12 million containers in use have their contents physically checked each year. To check more would be a hopeless and logistically almost impossible task; and even if it were possible, it would cause unimaginable congestion and delays. There are thought to be over 200 million container movements per year in the USA alone.

One result of this is the development of better and faster scanning technology, so that as many containers as possible can be effectively scanned in the minimum of time.

With improvements in scanning technology, the choice of equipment has also expanded. Today it includes everything from hand-held X-ray machines and radiation detectors to drive-through container scanners that allow a high volume of vehicles to be checked. For mobile operations, cargo scanners can be mounted on trucks to pass over the cargo to be scanned.

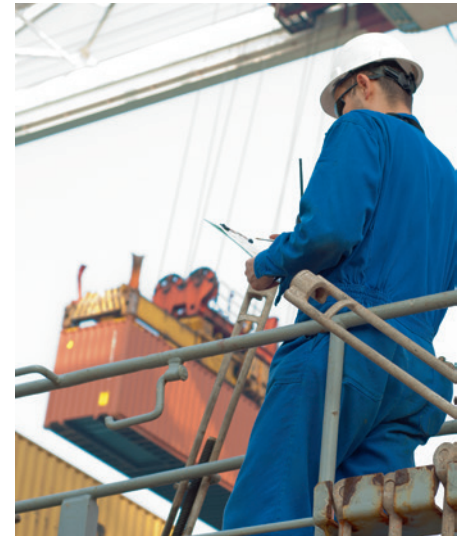
While cyber crime is a huge potential threat to the shipping industry, examples of infiltrations are quite rare so far. However, there are some.

One that reached the headlines recently was the hacking of cargo tracking systems at the Belgian port of Antwerp to assist in the smuggling of narcotics from South America. The substances were hidden in containers, and although the haul seized had a street value of US\$ 220 million, it is not known how many shipments had preceded the uncovering of the operation. It is thought the hacking had taken place over two years, with the hackers going to great lengths to cover their tracks.

PIRACY

While piracy is prevalent mostly in Asian and African waters, and although it has been reduced significantly in some areas thanks to a concerted effort by local security forces, it does exist in the Caribbean, albeit generally in the form of petty theft and assault.

Nevertheless, in terms of piracy prevalence, the Caribbean region is ranked sixth in the world, just behind South America. There is also a worrying increase in piracy off the coast of Brazil that is heightening regional fears. The fact is that vessels at sea have never been more vulnerable. Almost every ship that can be tracked is in constant danger of being seized by nefarious forces and raided or hijacked for ransom.



It is estimated that less than 2% of the 12 million containers in use have their contents physically checked each year

Mr Lusk said: "It is critical for ship owners and operators to have a plan. Although piracy occurrences in the Caribbean are low, the risk is not zero. Have a sound plan and drill frequently to help minimize piracy consequence to your vessel and crew."

National security forces play their part in protecting vessels passing through their waters or calling their ports, but there has also been a huge increase in the number of private maritime security companies (PMSCs) offering services such as armed escorts, routeing advice and threat monitoring.

Even though the number of piracy cases in the Caribbean is relatively small, the cost to shipping lines can be significant, both in PMSC costs and in extra fuel and possibly also time in order to bypass a danger zone or put on speed to reduce the chances of being boarded. In addition, there could be



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MARITIME SECURITY

higher insurance costs and vessel modifications such as security fencing and gun emplacements, plus training and equipment. This can add up to tens of thousands of dollars of extra cost per voyage, which of course is then passed onto the shipper and, ultimately, the consumer.

CASE STUDY – BAHAMAS

A good example of a nation investing in its own security is The Bahamas. The 'Sandy Bottom' project is one of the most advanced security planning projects under way in the Caribbean. Working with major Dutch companies Damen and Van Oord, the Royal Bahamas Defence Force (RBDF) is investing in nine new vessels and three port facilities to renew its naval infrastructure.

Representing the largest investment in the RBDF's history, the nine vessels are reported to be costing US\$149 million, while the port facilities represent a further US\$75 million.

Mr Lusk said: "This is an incredible undertaking to decentralize the RBDF. The project is well under way, with the Bahamas beginning to accept delivery of its vessels. The project should be completed in 2016."

The nine vessels include one Stan Lander 5612 ro-ro landing craft fitted with a 25 ton crane and disaster relief equipment for assisting with emergency operations, four Damen Stan Patrol (SPa) 4207 type vessels and four SPa 3007 patrol craft.

Intended to provide a more complete security network, the SPa 4207 vessels will be based in offshore waters. These vessels have a range of more than 2,000 nautical miles, a maximum speed of 20 knots and a voyage capacity of over 10 days.

The smaller, shallower draft, SPa 3007 vessels will work in the coastal waters and shallow waters areas.

Mr Lusk added: "To minimize the response time of these vessels, the RBDF is constructing forward operating bases at Matthew Town on Great Inagua and Gun Point on Ragged Island as well as improving the current infrastructure at Coral Harbour, on New Providence, with new docks and ramps and dredging the entrance to 15 ft."

TECHNOLOGY

Improved technology is a major aid in dealing with security matters. Ever more complex and faster scanners are being used in ports and by handling agents to reduce the need for time-consuming physical searches. Improved communication channels are a key part of the process, but upgrading the technical infrastructure can mean a significant outlay.

What is essential is that all security, communication and port operation networks should be integrated to provide a seamless overview of everything that is going on inside the port. This integrated approach will ensure that all components function effectively and will allow a quicker response to critical situations. In addition, most systems are web-based, allowing access at remote locations and continuous monitoring away from the main locations.

Intelligent CCTV is one of the latest developments, allowing pan tilt zoom (PTZ) cameras to capture information that can be tagged and tracked, for example individuals and vehicles, to assist real-time monitoring as well as traffic flow management to reduce congestion.

Mr Lusk described another project. "Turks & Caicos has invested in an incredible radar station which allows it to track the movements of search and rescue cases, drug smugglers, illegal fishermen and illegal immigrants from Haiti. The radar station has improved Turks & Caicos's maritime



Thanks for additional information from William Lusk, director of operations, Homeland Security Outlook (www.hsoutlook.com)

domain awareness, which has altered the police force's patrol tactics to make them more efficient."

The radar station opened in 2012 and is proving very effective, allowing Turks & Caicos to better monitor its surrounding waters.

"Since its inception, thousands of vessels have been tracked transiting waters surrounding Turks & Caicos," said Mr Lusk. "The station has assisted in 14 search and rescue events and the apprehension of 17 Haitian sloops bearing illegal migrants."

COST

Estimating the cost to the industry in just over a decade of improved security measures is no easy task. That the figures are significant is not in doubt, but they are also wrapped up with other general improvements at many ports.

A good indicator, though, could be obtained from the Federal Emergency Management Agency (FEMA), which provides an annual Port Security Grant. This is a main avenue for ports in the United States to obtain financing for capital security improvements in technologies and resources. The Port Security Grant Program "...reflects the intent of Congress and the Administration to create a sustainable effort for the protection of critical infrastructure from terrorism, especially explosives and non-conventional threats that would cause major disruption to commerce and significant loss of life."

Over the past decade these grants have totaled some US\$ 2.2 billion of investment.



TCM BREAKS GROUND

Costa Rica's environmental protection agency (SETENA) approved APM Terminals' "Environmental and Social Impact Assessment" (ESIA), an initial 18-month study by dozens of foreign engineers and professionals producing over 2000 pages of documentation, and a few days later the National Concession Commission issued the "Construction Start Order" clearing the way for the new Container Terminal of Moin. The construction started on January 19th, 2015, operation inauguration is scheduled for early 2018.

In 2011 APM Terminals won the public bid and signed a 33-year concession contract with the Costa Rican government to finance, design, construct, operate and maintain the TCM, which is part of the Caribbean port authority JAPDEVA's master plan to modernize the Limon /Moin port complex.

The ESIA was a major project milestone accomplishment in that the TCM was locally classified as the largest single private infrastructure investment to date, thus APM Terminals not only had to conduct an exhaustive and credible study but also win an 86% (and growing) public approval underscoring the benefits of boosting the country's international competitiveness, providing international investor confidence, and stimulating broad socio-economic development in the Caribbean region of the country.

FIRST PHASE

Operations of the first phase, scheduled to begin early 2018, calls for the access channel and turning basin to be dredged to 16.0 meters, construction of a 1.5 km breakwater with a 40 hectare container yard, 650 meters of quay and two berths equipped with six post panamax cranes.

On completion of the final phase, TCM will have an area of 80 hectares with 1,500 meters of quay, five berths, a 2.2 km breakwater and an access channel with a depth of 18.0 meters.

TCM will be a world class gateway terminal efficiently servicing fully cellular vessels of up to the new Panamax with 13,500 TEUs. As it is, Costa Rica is currently the world's largest exporter of pineapples and the fourth-largest exporter of bananas. Sugar and coffee are also key export products, while high technology is a trade component of growing importance.

STANDARDS

The TCM project represents an overall investment of around US\$ \$1 billion.

Captain Paul J. Gallie, managing director of APM Terminals Costa Rica, said: "APM Terminals is well aware of Costa Rica's dedication to environmental protection; and, consistent with our own corporate sustainability standards, we have complied with

or exceeded all environmental requirements, mindful of the local community in Limon and the people of Costa Rica."

The ESIA was completed by Centro Científico Tropical (CCT), a pioneer nature conservation group with a track record of over 50 years of study, research

and conservation of natural resources in Costa Rica and throughout Latin America.

The Environmental License was issued in December and is valid for the life of the project. The Construction Start Order – issued at the same time by the National Concession Council



– states that construction must commence within 30 days of 19 January 2015. The first steps in the construction phase will be the new breakwater. This will be followed by the dredging work.

The Puerto Limón/Moín port complex is already the largest in Costa Rica, handling 1.05 million teu. The current facilities in Puerto Limón are limited to vessels of up to

2,500 teu capacity. The new deepwater TCM will increase the port's annual throughput capacity by 1.3 million teu at opening, with a potential to achieve 2.7 million teu. APM Terminals Moin is designed for fully cellular containerships under JAPDEVA's master plan. Containers carried on conventional ships will continue to be handled at JAPDEVA's existing Moin facility.

Rica's competitiveness"



INVESTING IN THE FUTURE

Costa Rica's extraordinary success in the past 25 years has gained it worldwide recognition as a must-visit vacation spot and an economic wonder with a consistent three to six per cent GDP annual growth, even during the global 2008-2009 downturn, writes Rogelio Douglas, TCM's manager, communications and PR.

While the country has successfully attracted over 300 foreign business operations during this period, the infrastructure has not kept up to par with the economic growth. There lies a pool of attractive near-term to medium-term PPP and DPI opportunities in relation to modernizing the nation's rail, road and port infrastructure.

APM Terminals has committed US\$ 1.3 billion plus of investment in financing, design, construction, operation and maintenance of the Moín Container Port. Complemented by planned modernization of a cruise terminal with a marina, two four-lane highways connecting the industrial central valley and northern farmlands to the ports and a new international airport, the Caribbean Coast is positioning itself as a modern multimodal logistics hub for the country.

In August 2014 the recently elected government of Luis Guillermo Solís, together with a dozen corporations, sponsored an international investor conference on the coast. Fifty or so executives were expected to attend, but in fact the event drew some 200 participants from Panama, Honduras, Mexico and the USA. These potential investors were interested in hotels and ecotourism, industrial and free zone parks, commercial office space and shopping centers as well as residential housing.

The government has a 2015 goal of 60,000 new jobs and a four per cent GDP growth. And the Caribbean Coast logistics hub region is poised to contribute the lion's share of that growth.

PORT AWARDS

JAMAICA AND MARTINIQUE TERMINALS WIN TOP AWARDS

The CSA's 44th AGM in Punta Cana, Dominican Republic, in October closed with the traditional Gala Dinner and Awards Ceremony.

These awards are much coveted, with ports and terminals across the Caribbean contending for the prizes in a range of categories. And 2014 was no different.

At the latest ceremony, Jamaica's Kingston Wharves Ltd (KWL) and Terminal de la Pointe des Grives in Martinique were declared the winners of the Caribbean Port Awards.

KWL received the Ludlow Stewart Multi-Purpose Terminal of the Year Award while Terminal de la Pointe des Grives won the Container Terminal of the Year award.

Five sectional prizes were awarded to other terminals in the region:

- Port Dependability and Flexibility: Grand Port Maritime de Guadeloupe
- Port Efficiency and Productivity: Sociedad Portuaria de Santa Marta, Colombia
- Growth, Development and Improvement: Manzanillo International Terminal, Panama
- Security: Kingston Container Terminal, Jamaica
- Port Environment, Health and Safety: DP World Caucedo, Dominican Republic.

Ports and terminals taking part in the Port Awards competition are judged on their performance over the previous calendar year – in this case 2013.

The Port Awards competition was established in 1987 with the aim of promoting the improvement of regional port operations.

The winning husband and wife pairing from Curaçao in the annual CSA Golf Tournament also picked up their trophy.







■ The CSA's 14th Annual Caribbean Shipping Executives Conference is to be held from 11-13 May in the British Virgin Islands.

■ Please contact the CSA Secretariat in Kingston (details below) or visit the CSA website www.caribbeanshipping.org for further details about speakers and to register for this key networking event.

■ CSA members enjoy preferential rates. There are also early-bird registration discounts and concessionary hotel rates.




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PORT COMMUNITY SYSTEMS

By Advantum

ADVANTUM

HOW PORT COMMUNITY SYSTEMS CAN BOOST SUPPLY CHAIN EFFICIENCY

For years, Caribbean trade partners have pondered strategies for increasing throughput velocity in the supply chain. With the need to remain competitive, our attention turns to improving communication and processes between the various trade stakeholders. **Are Port Community Systems (PCS) the answer?**

According to the International Port Community Systems Association (IPCSA), a PCS is a neutral and open electronic platform that

allows an intelligent and secure exchange of information between public and private stakeholders in order to improve the competitive position of seaport and airport communities.

A PCS is a single window for the port community that optimizes, manages and automates port and logistics processes through the single submission of data. The main objective is to allow a range of entities that fall within the supply chain to easily share logistics-related informa-

tion. This is accomplished by offering a standard method of communicating.

For example, carriers would make requests to terminals through the PCS, removing the need to have technical knowledge about its data or systems. The PCS collects, translates and distributes information via the internet, which is arguably the most accessible, reliable and cost-effective avenue.

The PCS provides a layer of transparency and inter-

The main objective is to allow a range of entities that fall within the supply chain to easily share logistics-related information

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operability that previously did not exist. Data sharing streamlines communication among various entities and helps to improve the flow of work within and across organizations, in turn getting rid of bottlenecks and enhancing efficiency.

OTHER BENEFITS:

- Single point of entry for lines, agents, terminals and other stakeholders

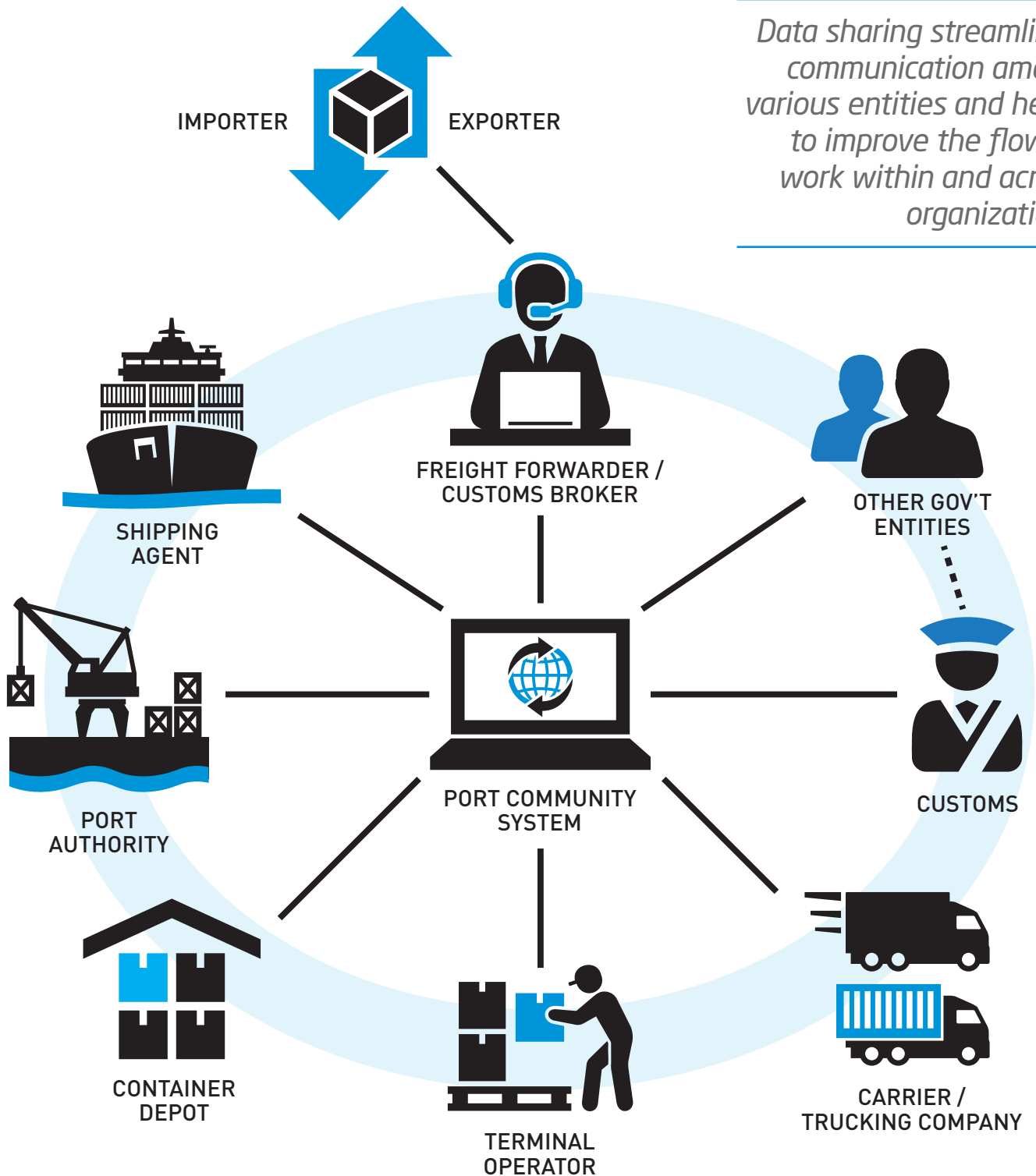
- Real-time tracking of cargo and container movements
- Reduced paper usage and processing times
- Performance monitoring.

Given the needs of global trade, the benefits provided by a PCS should extend beyond the

borders of a port, leading to the interconnection of ports at international level. The strategic aim of the IPCSA is to open the way to increased international trade through the worldwide adoption of PCS systems.

Ultimately, the decision to implement a PCS depends on a country's motivation to enhance trade, visibility to the global supply chain and the competitiveness of ports in the region.

Data sharing streamlines communication among various entities and helps to improve the flow of work within and across organizations



ST JOHN'S DEVELOPMENT COMING CLOSER?

Much speculation surrounds the progress of the much anticipated, much needed but often doubted port development projects in Antigua.

It has become a hot topic in maritime circles as conjecture grows about the sources and reliability of the project's promised and extensive foreign investment. In recent months the Antiguan government has made a series of announcements and signed a few memorandums of understanding, but many of them have not materialized.

The scope of the proposed investment is significant. Figures of up to US\$ 2.3 billion of potential investment have been bandied around, mainly by the US-based Kylin International Group, which presented its plans in conjunction with the Las Vegas design company Friedmutter Group in October 2014.

Kylin's proposal includes relocating the cargo facilities at the Port of St John's, extending the wharf at Deepwater Harbor, developing three new finger piers and dredging the harbor channel and turning basin to 60 ft to accommodate the largest

cruise ships now in operation. There will also be investment in new buildings and equipment.

The proposal includes a redevelopment of the port's operational areas to ease congestion and allow the port to receive larger cruise ships. The cruise terminal project includes warehousing, retail outlets, Mediterranean-style restaurants, a modern promenade from the ship and a designated taxi stand.

FREE ZONE

The government also plans to create an Economic Free Zone within the port that will act as a center for trade, manufacture and assembly warehousing. This is expected to transform the economic fortunes of Antigua and create several hundred new jobs.

In addition, there are plans to make English Harbour a duty free port. The aim is to offer cruise passengers an enhanced

shopping experience and thus help stimulate the economy.

Working with the Chinese state-owned energy company PowerChina, Kylin proposes to complete the Rat Island dredging; to move the cargo port to Crabbs Peninsula; to extend the Rat Island wharf by several hundred feet westward; and to develop the north side of the inner harbor with shops, hotels, a marina and a boardwalk. Developments also include construction of a dedicated container terminal with several gantry cranes, to modernize the operations of the port.

The government also plans to create an Economic Free Zone within the port that will act as a center for trade, manufacture and assembly warehousing



However, as this issue of CM went to press the only confirmed details were that the Kylin Group proposed to undertake a hotel development and golf courses on an offshore island.

The Antigua Port Authority has recently signed a financing agreement in January with China Civil Engineering Construction Corporation (CCEC) to commence the 'sweeping of the harbor' at the beginning of February 2015. This is maintenance dredging to remove silt and debris from the seabed in the harbor. It was revealed at the signing agreement that the Trinidad and Tobago-based group Ansa McAl would be undertaking the maintenance dredging.

Another and possibly conflicting agreement – between the Chinese government, the government of Antigua and Barbuda and CCEC – to provide more than US\$ 200 million covers the port development project and includes a new cruise berth, marine and cargo and logistics areas. Further news is awaited on the details.

Pledging support for joint initiatives between the cruise lines and the government – initiatives aimed at returning the destination to its former status as a leading cruise port – the Hon. Molwyn Joseph, Minister of Health & Environment, said earlier in 2014: "The overall development of Antigua and Barbuda's cruise industry will be against the backdrop of ensuring that there is sustainability in the destination's strate-

gies and day-to-day management and marketing. This will improve our future prospects and our ability to compete effectively in the cruise industry."

The government and its partners are working with cruise operators to build a long-term relationship. The goal is to provide cruise passengers with an enhanced visitor experience and to enable the larger vessels coming into service in the near future to be accommodated at the island's port.

LEADING DESTINATION

Fifteen years ago, Antigua was one of the Caribbean's leading cruise destinations. It was the first Eastern Caribbean destination to have four dedicated cruise ship berths. But economic decline and falling numbers have left their mark. Antigua and Barbuda is now reported to have some of the lowest passenger disembarkation rates in the Caribbean, while Heritage Quay is one of the most poorly rated cruise terminals in the region.

It is not all bad news, however. Antigua and Barbuda still welcomes some 600,000 cruise ship passengers each year, with an expected increase of 20 per cent projected this year to almost 700,000 passengers.



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A US\$ 1.7 million loan from the Caricom Development Fund is already being used to enhance and beautify Heritage Quay, including a new sea wall.

General improvements include collection areas for waste run-off, road repairs and renovated sidewalks and gutters to enhance the general appearance of the locale.

The President of the Antigua and Barbuda Cruise Tourism Association (ABCTA), Nathan Dundas, says he is confident that this long-awaited development of the cruise tourism product will position the twin island state to return to the forefront of the cruise industry in the Organization of Eastern Caribbean States and the Caribbean as a whole.

While dredging and other engineering work is due to commence at the end of the tourism season in April 2015, the beautification program is expected to be completed during the 2014-15 tourism season that began in November.

At Caribbean Maritime, we will watch these developments with interest.



Swings and roundabouts in the fuel price game



It has been judgment day for the region's bunker market. January heralded in a new era as strict low sulfur emission rules came into force for those operating to, from and in the Caribbean.

Strangely enough, then, it's not the falling oil prices that were exercising the minds of shipowners. Welcome though these falls may be, it's the cost of buying expensive Marine Gas Oil (MGO) instead of Heavy Fuel Oil – even its pricier, cleaner, lower sulfur variant – that's making life tough. So at a time when it might be imagined that the shipping industry would be gaining dollars from lower operating costs, 'low sulfur' is snatching back these gains.

The Caribbean is at the forefront of these tough new restrictions. The United States Caribbean Sea Area is one of the four IMO-designated Emission Control Areas (EMAs), where the output of sulfur oxides is restricted.

The phasing out by the IMO of dirty, viscous and relatively inexpensive HFO is

the catalyst for the change. And it's easy to see why HFO is the bad guy here. HFO is estimated to be responsible for around eight per cent of the world's global sulfur dioxide (SO₂) emissions as well as a large slice of the local particulate matter found in some busy port cities.

UPSIDE

But 0.1 per cent MGO is nearly two and half times more expensive than, say, 380 cSt Low Sulfur Fuel Oil (LSFO), which is still available across the US Gulf and the Caribbean. The upside is that MGO enables ship operators to easily meet the new low sulfur emission rules.

At time of writing, and emphasizing the difference in prices, benchmark Houston-delivered LSFO was selling at US\$ 270 compared with US\$ 627.50 for MGO.

It might be argued that if all operators are compelled to buy MGO then there is no competitive disadvantage is using gas oil. So what's the problem? Some are concerned

about enforcement and regulation across the Caribbean and question whether those at the margin will be able to circumvent the new rules.

In any case, much uncertainty remains in the wider shipping market about the medium- to long-term impact of low oil prices. The oil market is notoriously volatile and impossible to forecast, so while the industry may be enjoying 'cheap' fuel today, there is no guarantee that bunkers will be 'cheap' tomorrow. No hasty and potentially expensive moves are likely to be seen from one fuel type to another.

Analysts say the current low oil prices are unlikely to deter sales of a new generation of so-called eco ships now being built in South Korean and Chinese yards. Again, this is because the ever-tightening sulfur regulations mean that most operators will have to switch to pricier MGO and away from HFO, thus negating much of the current benefit from low bunker rates as additional EMAs are established.



It's one thing for the IMO to introduce low sulfur regulations in the Caribbean; it's quite another for the market to ensure there are sufficient supplies of MGO.

In fact, as a consequence, there are very real concerns that regional MGO production, for example, will fail to keep up with growing demand as operators move away from LSF0. As a consequence, market forces will push MGO prices higher – even at time when energy costs are dropping overall and elsewhere. This means that the drive for ever more fuel-efficient vessels continues and this is the reason why orders for eco ships are not falling away.

ABUNDANT OPTION

Liquefied natural gas (LNG), newly abundant in the US and relatively affordable, could be an option for some shipping companies, although the lack of bunkering points in the Caribbean together with future uncertainty about prices have put the damper on a quick switch to gas as a means of propulsion.

The same goes for slow steaming. There seems to be no appetite for putting the pedal to the metal and there is no immediate sign that deepsea liner operators are going to ratchet up schedules on the basis of what may prove a short-lived downturn in bunker prices.

There is also the issue of CO2 emissions – something that seems to trouble some European carriers concerned about the industry's image and about the perception that operating ships is somehow environmentally unfriendly. It's a perverse view given that moving goods by ship by far outstrips any other method of transport in terms of its relatively low impact on the environment.

Yet the recent formation of the Trident Alliance – a mostly European ship owner/operator group eager to see sulfur regula-

tions properly implemented and policed – is a clear example of the prevailing mood among the industry's bigger hitters and their tacit support for the IMO's new rules.

The Trident Alliances seems to take the

It might be argued that if all operators are compelled to buy MGO then there is no competitive disadvantage is using gas oil

view that the EMA's are a welcome first step toward a global shift away from HFO (even LSF0), that the rules have major environmental benefits and, in any case, if all owners and operators have to pay a higher price for bunkers then it's a price worth paying. It remains to be seen whether everyone in Caribbean shares this view.

PORT BRIEFING

ST KITTS



BOOST IN CRUISE FIGURES

Cruise passenger arrivals continue to increase at Port Zante in Basseterre, St Kitts.

During the 2014/15 season St Kitts

is expected to welcome 1 million cruise passengers for the first time – an increase of more than 30 per cent over the previous season. It represents a growth of some 500 per cent over the past eight years.

The growth has been helped by the scheduled six calls from Royal Caribbean's new 'Quantum of the Seas' as well as the return of Disney Cruise Line for the first time since 2009.

BERMUDA

NEW MARINA

Bermuda's Fairmont Hamilton Princess resort has just opened a new 59 berth marina as part of a US\$ 90 million redevelopment of the iconic property.

It will be the only full-service marina in Bermuda with integrated pump-out facilities and custom-metered electricity and water.

With regular events like the Bermuda Big Game Classic and the biennial

Newport to Bermuda Race in 2016, the marina is a major asset for Bermuda's vibrant boating and sailing community.

The economy of Bermuda can expect a significant boost, put at more than US\$ 300 million, over the next three years following the announcement in December 2014 that the 35th America's Cup will be held on the island in June 2017.



DOMINICAN REPUBLIC

FIRST CALLS AT AMBER COVE DUE IN OCTOBER 2015

The first calls at the new cruise terminal at Amber Cove are expected from October 2015. Carnival Cruise Lines' newest port is on the north coast of the Dominican Republic, close to the resort of Puerto Plata. The 'Carnival Victory'

will be the first of eight Carnival vessels to call Amber Cove. In all some 37 calls are planned between October 2015 and April 2016, bringing more than 100,000 passengers to the country. The Amber Cove terminal has two berths that can accommodate up to two large post panamax cruise ships simultaneously.



NICARAGUA

WORK SET TO COMMENCE ON CANAL DEVELOPMENT

Despite the skepticism among shipping industry experts and resistance by local people, construction of Nicaragua's US\$ 50 billion Interoceanic Grand Canal (as reported in CM23) commenced on 22 December 2014.

The suggested route for the 172 mile (278 km) canal was approved in July. Construction will be led by the HK Nicaragua Canal Development Investment Co Ltd (HKND Group), of Hong Kong. The canal is expected to be completed in five years and to be operational by 2020.

The plan still has many opponents concerned about its effect on Lake Nicaragua and its impact on poorer communities.

The HKND Group has been awarded a 50-year concession to build and operate the canal, which will be able to accommodate vessels of up to 18,000 teu capacity. Already, some US\$ 110 million has been spent on viability studies. The HKND Group is reported to be actively seeking investors to help finance the project.

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PORT BRIEFING

THE BAHAMAS



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NEW CRUISE PIER GETS FIRST CALL

A new cruise pier on Bimini received its first visitors in the fall of 2014 as Resorts World Bimini's SuperFast cruise ship called there in the course

of a sailing from Port Everglades, USA. The pier, which includes customs and immigration services, replaces the tender boat system formerly used to ferry passengers from ship to shore across the shallow waters of Bimini.

The new service was launched in 2013 from Miami. Resorts World Bimini is a cruise destination resort on North Bimini Island with 750 acres of luxury beachfront property including a casino.

PUERTO RICO

PORT OPERATOR PARTNERSHIP

The Port of the Americas is looking for a major international port operator to partner with as it seeks to win a slice of the growing market in the Caribbean in the run-up to the opening of the expanded Panama Canal in 2015.

The Port of the Americas in Ponce covers some 121 hectares and offers ample scope for development and expansion. The Puerto Rico government – which is positioning the island as a global business hub – has already invested more than US\$ 285 million in upgrades to the port, including dredging the entrance channel and berths to 15.0 meters depth. The port is already equipped to serve panamax and post panamax vessels.

SOUTH AMERICA

JOINT INFRASTRUCTURE INITIATIVE

A joint infrastructure initiative worth an estimated US\$ 130 billion has been launched between some of South America's largest economies. Brazil, Chile, Colombia and Peru will offer investment opportunities for a wide range of infrastructure projects.

The Latin America Herald Tribune reports that projects, funded through direct investment or public private partnerships, will primarily involve road development but will also include ports and railways.

There is expected to be \$25 billion of investment in port construction in Brazil, \$1.8 billion in Chile, \$1.6 billion in Colombia and \$300 million in Peru.

USA

NEW CRANES FOR PORT TAMPA BAY

Port Tampa Bay is spending US\$ 24 million on two new gantry cranes. The 65 tonne cranes will have a reach of 174 ft, capable of handling containers across 19 rows and will enable the port to deal with post panamax vessels.

The purchase is part of the port's strategy to expand its container capacity to 1 million teu a year. The handling area will be increased from 24 to 64 hectares.

The cranes will be built and delivered by Shanghai Zhenhua Heavy Industries Co of China.

USA

NEW SERVICES FROM PORT MANATEE TO MEXICO

A weekly container service between Port Manatee in Florida and the Port of Coatzacoalcos in Mexico has been launched by World Direct Shipping. It is being touted as the quickest shortsea link between Mexico and any US port. The largest part of the cargo is expected to be fresh fruit and vegetables.

The two and a half day voyage will significantly reduce the existing transit time between the two ports and will run alongside Port Manatee's existing container services.



DUTCH-BUILT TUGS FOR T&T OPERATOR



Two more Damen ASD 2810 tugs are on their way to ARC Towage in Trinidad & Tobago – the last of a four-vessel order.

The azimuth stern drive tugs 'Manatee' and 'Atlantic Legacy' departed Damen Shipyards Galati (Romania) on 13 November and, following bunkering in Las Palmas, they will increase speed for an expected arrival in the port of Chaguaramas, Trinidad, where they are due to start work on 1 January.

All four tugs have a bollard pull of 60 tonnes and a maximum speed of 12.9 knots. They have been delivered in under 18 months – one of the reasons ARC Towage chose Damen Shipyards Group.

The four sister vessels have been adapted to comply with international

LNG handling regulations. They will provide towage, escort, berthing and unberthing services for LNG carriers under a long-term contract for a leading energy company.

The tugs are equipped with 'rig savers' on all engines: remote shut-off valves, remote-closing air intakes, gas detection systems and explosion-proof lighting.

Damen Shipyards is also responsible for the commissioning and handover of the tugs. The first two vessels, 'Kairi' and 'Guapo Warrior', are already in service. They are being used for crew training and familiarization.

Damen will provide after-sales support from its service hub in Curaçao, just a one-hour flight from Trinidad.

END OF PANAMA CANAL EXPANSION IN SIGHT

With the last four of the 16 huge lock gates having been delivered to Panama, the canal expansion project is entering its final stages. The gates, each weighing 3,300 tonnes, are 10 meters wide and 29 meters high and were built in Italy by Cimolai. Eight gates will be used in each lock complex.

In other news, DP World is in discussion with Panama about building additional infrastructure to meet the expected demand once the expanded canal opens in January 2016. The government has shown interest in cooperating in the business model proposed by DP World, one of the world's largest port and terminal operators.

The expanded canal will accommodate vessels of up to 13,500 teu capacity.

NEW OIL AND GAS EXPLORATION BEGINS IN JAMAICA

Exploration for oil and gas began off the south coast Jamaica on 1 November 2014 after a production-sharing agreement was signed between the Petroleum Corporation of Jamaica (PCJ) and Tullow Jamaica Ltd.

PCJ has received an exploration license after committing around \$60 million to undertake oil exploration activities off the island's south coast. The agreement is initially for a period not exceeding 25 years, but with scope to renew for a further 25 years. Conducted in several phases, it is hoped the project will initially pinpoint locations suitable for more detailed seismic work.

STARBOARD BRIEFING

SHIP REGISTRY COOPERATION

A collaboration between Antigua & Barbuda and Jamaica is under discussion with a view to increasing the Caribbean's market share of the ship registration sector. Antigua is the second-largest ship registry in the Caribbean, behind The Bahamas; but the Caribbean holds just six per cent of the global share and this collaboration is looking to exploit the opportunities for growth.

OIL REFINERY SET TO REOPEN IN ST CROIX

The Hovensa oil refinery in St Croix, US Virgin Islands, is set to reopen after a tentative operating agreement was reached between its owner, Venezuela's PDVSA and Hess Corporation, and a new buyer in the form of Atlantic Basin Refinery.

Until it closed in 2012 the refinery was the largest in the Caribbean and its reopening would be a welcome and much needed economic boost for the island.

The agreement requires the new

owners to rebuild and restart the refinery, employ Virgin Islanders and make fixed payments to the government totaling over \$1.6 billion.

Atlantic Basin Refining has been established specifically to take over the site. After restarting, more than 700 workers are expected to be employed at the refinery. Without an agreement the current owners are required to dismantle and clean up the site.

MAIDEN VOYAGE OF NEW ROYAL CARIBBEAN SHIP



Royal Caribbean's 'Quantum of the Seas' made its maiden voyage from England to the United States in late 2014, followed by its first cruise, to the Bahamas from Cape Liberty. It is the world's third-largest cruise ship.

The new ship is regarded by many as a game-changer for the cruise industry, with a focus on cutting-edge technology including virtual balconies and robotic bartenders.

The 'Quantum of the Seas' can

accommodate 4,180 guests and 1,500 crew, with innovative amenities including bumper cars and skydiving simulations and the 'North Star' capsule that ascends 300 ft above sea level.



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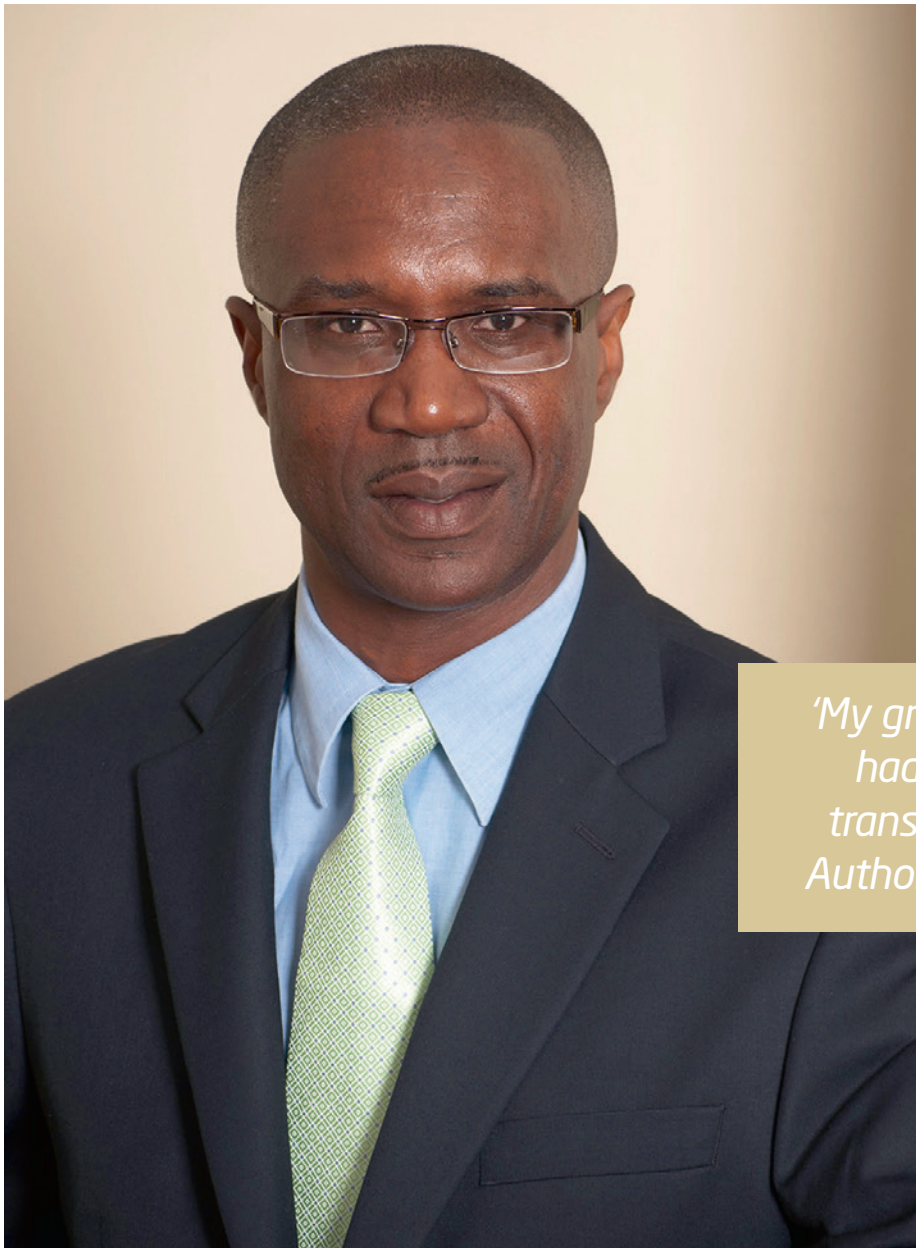
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NIMBLE MIND AT THE HELM OF BPI

The reputation of Barbados and the port, Bridgetown, has been greatly enhanced in recent years by the decision in 2004 to create a limited liability company, Barbados Port Inc, in place of the old Barbados Port Authority. One man who has been closely involved in this transition is David Jean-Marie, now chief executive of BPI, who talked to Caribbean Maritime about his job and his aspirations for the country's maritime sector.



David Jean-Marie clearly enjoys a challenge. When he joined the staff of Barbados Port Authority in 1987 it was a public-sector organization with an old-style attitude to commerce and revenue.

Although the port authority was starting to see the benefits of computerization in the mid 1980s, the physical infrastructure and cargo handling equipment of Bridgetown Port were becoming out of date and inefficient.

Mr Jean-Marie has always had a clear vision of the way ahead. His background is in computer engineering, while his higher education achievements also include degrees in finance and accounting. He has also seen something of the world outside the West Indies – having studied both in the UK and in the USA – and over the years he

'My greatest achievement at BPI had been playing a key role in transitioning the Barbados Port Authority into Barbados Port Inc'



FAMILY MAN

Life outside the world of work is never dull for David Jean-Marie, who has a wide range of interests. He reads a lot and likes to keep himself up-to-date on current affairs and business. He also has a keen interest in sport – not only the classic West Indies game of cricket, but also European and English Premier League soccer.

Above all, he is a people person, for whom family and friends mean a great deal. “As a family person, I enjoy participating in my teenage daughters’ development. I also maintain and cherish relationships with colleagues in the shipping industry across the region through the CSA, [Caribbean Shipping Association], CMI [Caribbean Maritime Institute] and PMAC [Port Management Association of the Caribbean].”

has acquired a valuable network of friends and contacts in the maritime sector.

Having served the former Barbados Port Authority in various key roles – interspersed by a time as general manager of the Barbados Transport Board – he had a clear idea of his key objectives when he took over as chief executive of BPI in September 2012. They were:

- To streamline the company’s operations
- To contain cost
- To enhance revenue
- To build staff morale.

Speaking to Caribbean Maritime, Mr Jean-Marie said he thought his greatest achievement at BPI had been “playing a key role in transitioning the Barbados Port Authority, a statutory corporation, into Barbados Port

Inc, a limited liability company established to be a commercially focused business entity, characterized by nimble decision-making”.

He described some of the vital steps by which BPI was able to bring about this transition.

FINANCIAL EXPERTISE

One of them was to acquire a “comprehensive suite” of modern cargo handling equipment for Bridgetown Port.

Another was to have all port staff – including pilots, stevedores and equipment technicians – certified to international standards using the services of the Caribbean Maritime Institute.

Mr Jean-Marie brought his financial expertise to bear on the revenue-earning aspects of BPI. “We were able to restructure the financial position of the company by debt consolidation, strategic tariff modifications and rationalized labor practices,” he





told Caribbean Maritime.

A temporary setback for Barbados has been the long recession that the country has endured along with many of its neighbors across the region. But Mr Jean-Marie finds reasons for optimism in the forecast traffic figures for 2014. Pointing out that, as a destination port, BPI handles cargo primarily for the domestic market, with little trans-shipment cargo, he said:

“The total tonnage handled last year [2013/14] slightly exceeded 1 million tonnes and this is expected to increase by approximately four per cent as the country strives to climb out of a long recession.”

He also sounded an upbeat note in regard to the cruise sector. “We expect to receive an increase in cruise passengers, particularly home-porting arrivals. We therefore project a three per cent increase of total passengers this year [2014/15] and a further five per cent to reach approximately 750,000 passengers for the 2015/16 period.”

A vital asset for the cruise sector that has been much talked about is the proposed new cruise terminal at Sugar Point, Bridgetown – projected to cost around US\$ 250 million – and here again Mr Jean-Marie spoke in a positive way. He said the Sugar Point cruise facility had been fully designed and all the regulatory and planning permissions were in place. A financing model involving an equity/debt arrangement was being proposed to the various industry stakeholders.

“We remain optimistic that the construction phase could begin during the second quarter of 2015,” said Mr Jean-Marie.



‘We expect to receive an increase in cruise passengers, particularly home-porting arrivals’

CAREER AT A GLANCE

BORN:

12 December 1963 in Barbados.

HIGHER EDUCATION:

Attended University of Manchester, UK, as a Barbados Scholar, graduating with a B.Sc. (Hon) in Computer Engineering.

Attended University of New Haven, Connecticut, as a Fulbright Scholar, graduating with an MBA concentrating in Finance.

Obtained Certified Management Accounting (CMA) designation at graduate school

Fellow of the Institute of Chartered Accountants of Barbados.

FIRST JOB:

Joined the newly established Management Information Systems (MIS) Department at Barbados Port Authority as a computer programmer.

CAREER AT BPI:

Returned to the newly corporatized BPI in 2004 as financial controller and corporate secretary.

Became acting CEO on the retirement of Everton Walters in 2011.

Appointed CEO in September 2012.

CSA:

Elected Vice President of the Caribbean Shipping Association at its 42nd AGM in San Juan, Puerto Rico, in October 2012.

WHAT’S IN A NAME?

The reason for his French-sounding surname lies in the fact that David Jean-Marie’s parents are both St Lucian by birth. They migrated to Barbados as young adults.

CSA'S 44TH AGM

BARCELÓ BÁVARO BEACH HOTEL PUNTA CANA

October 2014

Delegates from around the Caribbean and beyond gathered at the fabulous Barceló Bávaro Beach Hotel in Punta Cana in October 2014 for the CSA's 44th AGM.

As always and as Caribbean Maritime's photo montage clearly reveals, the AGM was a mix of excellent presentations, hard work and a series of highly enjoyable networking events.

The impressive Barceló Bávaro Beach Hotel complex with nine à la carte restaurants and its own 18-hole golf course provided the perfect location for the conference, exhibition, cocktail parties and the AGM-closing Gala Dinner and Awards night.









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UNSPECTACULAR end to 2014



As far as the chartering of container tonnage is concerned, an unspectacular year ends. Feeder tonnage of 900, 1,100 and 1,300 teu, within their respective clusters, kept rate levels stable until the end of the year, with minor corrections only either way.

Vessels of the 1,700 teu class, however, have been on a roller coaster for the last four to five months and are ending the year on the downhill section of the ride.

For the 2,500 teu class vessels, the market is divided. The layer of average specification vessels with low reefer intake is closing the year at levels well under US\$ 8,000 while vessels of 550+ reefer plugs are fixing rates in levels of US\$ 9,000 to 9,500 p/d for as long as the service is related to reefer cargoes.

The reason for higher specification 2,500s enjoying a firmer market was the opening of the joint service of GWF and MSC and a new reefer-heavy service by Hamburg Süd between Caribs and North Europe.

Early December 2014 the New ConTex is only 12 points above the level of January 2014 which, however, is a result of 3,500 teu

and 4,250 teu vessels enjoying a significantly stronger market than at the beginning of the year.

Shortly before Christmas 2014 the USA announced the end of its over 50 years old policy towards Cuba. While elsewhere there is little incentive for positive outlooks, these positive political developments could actually stimulate new trades once the sanctions end.

SALE & PURCHASE / NEWBUILDINGS

Recent sales of container tonnage are mostly bank driven or fire sales, very often shortly before the vessels are to go to dry

dock. Besides predominantly equity-fund backed buyers, a few Greek and Asian cash buyers picked up tonnage, mainly from the German market. Huge concerns to chartered containership owners are created by the newbuilding order book. Deliveries in 2015 and 2016 of tonnage of 10,000 teu and larger will add massive capacity to the already existing overcapacity in a very young segment of mega ships.

And yet some top carriers are seriously considering adding their tally to the rat race by ordering more mega ships, to be equally competitive on the slot cost. At the same time, the order book for feeder tonnage under or around 1,000 teu is negligible

SELECTED CARIBBEAN/SOUTH AMERICAN FIXTURES OF 850/950 TEU VESSELS

11,500 dwt, 957-966 teu, 604 teu @ 14 t, 250+ rp, 18 k - 35 t IF380, shgen, geared 2 cr 45 t

Aug 14	Vega Beta	5-7 months	p&c
Sep 14	Falmouth 862 teu, 585 @ 14 t, 204 rp, 18.5 on 38	6 months	US\$ 6,900 p/d
Oct 14	Georgia	3-5 months	US\$ 7,000 p/d
Nov 14	Loulia/SeaCon	5-7 months	US\$ 6,850 p/d

RUSSBROKER CHARTER MARKET COMMENTARY

SELECTED CARIBBEAN/SOUTH AMERICAN FIXTURES OF 1,100 TEU VESSELS

13,700 tdw, 1,118 teu, 700 teu @ 14 t, 220 rp, 19.3 k - 42 t IF380, shgen, geared 2 cr 45 t

Aug 14	Asian Moon	5 months	US\$ 7,200 p/d
Sep 14	Vega Saturn	5 months	US\$ 7,200 p/d
Oct 14	Frisia Inn	4 months	US\$ 7,250 p/d
Nov 14	Stadt Bremen	2 months	US\$ 7,300 p/d

SELECTED CARIBBEAN/SOUTH AMERICAN FIXTURES OF 1,300 TEU VESSELS

abt 1,8000 tdw, 1296 TEU, 957 TEU@14 t, 390 rp, 19.5 k - 47 t IF380, geared 2 cr 45 t

Aug 14	Warnow Whale	1 month	US\$ 8,750 p/d
Sep 14	Warnow Whale	1-3 weeks	US\$ 8,000 p/d
Oct 14	Stadt Gera	3-4 months	US\$ 8,300 p/d
Nov 14	Vliet Trader	6-8 months	US\$ 8,450 p/d
Dec 14	Arian	12 months	US\$ 8,200 p/d
	1,338 teu, 925 @ 14 t, 449 rp, 19 on 43		delivery Far East

SELECTED CARIBBEAN/SOUTH AMERICAN FIXTURES OF GEARED 1,700 TEU VESSELS

Melbourne Strait	6 months	US\$ 8,050 p/d
1,795 teu, 1,312 @ 14 t, 319 rp, 20 on 58		
Hermann Hesse	9-12 months	US\$ 8,200 p/d
1,732 teu, 1,299 @ 14 t, 378 rp, 20 on 60		
BF Copacabana	1 month	US\$ 7,625 p/d
1,794 teu, 1,312 @ 14 t, 319 rp, 20 on 58		
EM Hydra	5-6 months	p&c rumoured under 7
1,736 teu, 1,300 @ 14 t, 300 rp, 20 on 62		

with 19 units, most of which are ordered by small Asian liner companies for local trades. A little more will be on offer up to 2,600 teu, partly with LNG propulsion. Some segments, especially the smaller end to 2,600 teu, has an average age of 10 to 11 years, so tonnage with modern features will divide the segment in two tiers and give advantage to vessels with an attractive miles-per-ton ratio.

MULTIPURPOSE

Tweendeckers in the Atlantic had a difficult summer, and these difficulties continued throughout the autumn. The market levels have been largely depending on vessels with the right features in the right spot at the right time, when rates have been attractive. Otherwise, vessels have faced some waiting time before picking up the next employment.

REEFER

After the summer doldrums on the larger units, the market finally started to become a bit active as of mid October with a surplus of bananas for shipment from ECCA. At the beginning of November operators began to arrange positioning of tonnage for Chile and, combined with the start of the potato season from the Continent as well as citrus from Spain and Morocco, the market tightened considerably over the space of four weeks. Considering supply and demand, the market will remain firm and tight until the week before Christmas. For the smaller segment of reefershops a very good year ends. Con-

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tinuous requirements of frozen fish in West Africa create a tight supply and keep rates at strong levels.

SERVICES

The US-FMC has approved 2M, the joint service network of MSC and Maersk Line.

Cagema has revamped its service to go weekly New York, Savannah, Miami, Kingston, Point Lisas, Port of Spain, Rio Haina and back to New York with 3 x CV1100.

MSC/GWF's 5 x 2,500 teu/600 plugs reefer and feeder service to Florida is up and running since October. World Direct Shipping (WDS) started its new service Port Manatee/Coatzacoalcos and v.v. with the 862 teu 'Falmouth', also focusing on reefer cargoes.

Hamburg Süd has begun a feeder service from Mexico to Mariel with the 657 teu 'Birk'. The carrier also took a number of high reefer 2,500 teu vessels for a Caribs/ North Europe service backed by reefer volumes from the banana industry.

King Ocean takes slots on Crowley's Florida-Cuba-Guatemala and Honduras service, going Port Everglades, Mariel, Santo Tomas de Castilla, Puerto Cortes and back to Port Everglades except for the calls at Mariel. Three units of 974 teu work on this service.

Horizon's service to Puerto Rico will close after 56 years of operation following the sale of Horizon's activities to Matson (for the USWC/Hawaii service) and Pasha (for the USWC/Alaska service).

SELECTED CARIBBEAN/SOUTH AMERICAN FIXTURES OF GEARED 2500 TEU VESSELS

14 Aug	ULF RITSCHER 2,526 teu, 1,950 @ 14 t, 394 rp, 22 on 74	6-8 months	US\$ 8,100 p/d
14 Sep	Ocean Promise 2,550 teu, 1,850 @ 14 t, 600 rp, 21.9 on 87	12 months	US\$ 8,500 p/d
14 Oct	Rio Ardeche 2,490 teu, 1,868 @ 14 t, 370 rp, 22 on 88	2-4 months	US\$ 8,000 p/d
14 Nov	Antwerp Trader 2,490 teu, 1,868 @ 14 t, 566 rp, 22 on 88	3 months	US\$ 9,000 p/d

NEW CONTEX		1,100 TEU 12 MONTHS	1,700 TEU 12 MONTHS	2,500 TEU 24 MONTHS
7 Jan 2014	360	6,237	7,607	8,898
4 Dec 2014	372	6,565	7,496	8,205
2014 average	365	6,391	7,588	8,544
2014 low	356	6,151	7,493	8,111
2014 high	375	6,600	7,659	8,901

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NEWBUILDING CLUSTER	DELIVERY 2015	DELIVERY 2016 & 2017
600 to 1,069 teu	8	11
1,070 to 2,599 teu	57	76
2,600 to 7,999 teu	32	14
8,000 tp 13,499 teu	77	42
13,500 to 20,000 teu	47	45
Total	221	188

TWEENDECKER	SELECTED ATLANTIC FIXTURES		
Aug 14	12,000 dwt/2 cr 80 t	30 days USG tct Lakes	US\$ 8,250 p/d
Sep 14	12,400 dwt/2 cr 35 t	50 to 70 days Cont/F East	US\$ 9,000 p/d
Oct 14	12,400 dwt/2 cr 240 t	180 days WW	US\$ 9,000 p/d
Nov 14	28,000 dwt/240 t cr	90 to 150 days Atlantic	US\$ 12,050 p/d

REEFER - ALL OVER	424,000 CU FT (370 TO 540,000 CU FT)	265,000 CU FT (235 TO 365,000 CU FT)
AVG. RATES FIXED		
Aug 14	US\$ 0.38 per cu ft/30 days	US\$ 0.95 per cu ft/30 days
Sep 14	US\$ 0.39 per cu ft/30 days	US\$ 0.90 per cu ft/30 days
Oct 14	US\$ 0.35 per cu ft/30 days	US\$ 0.84 per cu ft/30 days
Nov 14	US\$ 0.64 per cu ft/30 days	US\$ 0.89 per cu ft/30 days

New cruise pier for BVI beset by delays



The continuing growth in passenger numbers has led inevitably to ever-larger cruise ships, with some vessels now capable of carrying more than 4,000 passengers and crew.

Of course, in order to remain an attractive destination, some ports have also had to develop their facilities to accommodate these larger vessels. A case in point is the British Virgin Islands (BVI), which is embarking on an ambitious cruise pier expansion project.

Originally due to be ready by summer 2015 – after first breaking ground in March 2014 – it has now been rescheduled for

completion by the end of this year as a result of construction delays.

Further delays were announced in January when the BVI Ports Authority wrote to the contractor, IDL Projects and Meridian Construction Joint Venture Company Ltd, to say it had failed to comply with the agreed deadline of the contract. The BVI Ports Authority could claim delay damages of up to 0.1 per cent.

EXPANSION

The project involves an expansion of the existing Road Town pier along with a five acre landside development that will include commercial, retail and entertainment zones as well as plenty of green space. The first vessels are expected to dock by 1 March 2015.

In Phase 1 the pier will be lengthened from 230 to 398 meters and

widened from 9.9 to 18.3 meters. Additional mooring dolphins will be installed on both sides of the pier, while planned expansion on the landside includes the Terminal Building and Merchant's Walk Buildings 1 and 2.

Phase 2 will involve a more extensive landside development under the banner of 'Tortola Pier Park: the Gateway to Your Getaway'. This will consist of more than 20 new buildings in British colonial style. In addition to the Royal Customs House, the Black Swan Tavern and The Exchange, there will be retail village buildings, a market, a chapel with a garden, a boat museum, a pool bar, merchant kiosks, boardwalks (east and west), a cricket lawn, a waterfront swimming pool, a maintenance area and a trolley line.

According to BVI Ports Authority data, the BVI is expecting to welcome 297 cruise ships between October 2014 and April 2015, bringing in more than 610,000 passengers. Of that total, Road Town will receive 169 calls and 450,000 passengers.

The British Virgin Islands and its Ports Authority expect to welcome 297 cruise ships between October 2014 and April 2015

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