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Shunning a good idea

BELIEVERS in the axiom that markets see all might take pause at the scaling back of the Hoegh initial public offering on Monday.

The Norwegian company is one of the first to attack the problem of blocked and crowded liquefied natural gas delivery by building dedicated floating storage and regasification units.

These units are usually converted from classic LNG vessels. Hoegh's specially designed FSRUs are more efficient at the transfer of LNG cargo, which can then be stored or transferred to shore with greater facility.

As LNG ports clog with waiting ships and \$100,000 per day rates persist, FSRUs are likely to be in greater demand.

There had been high hopes for the Hoegh IPO. The Norwegian owner, part of the Leif Hoegh Group, planned to raise \$150m-\$175m on the Oslo Exchange. Instead, the deal will likely bring in \$124-\$150m.

The proceeds will be used partly to finance two 170,000 cu m FSRU newbuildings ordered at Hyundai Heavy Industries, with an option for up to four more. One of the FSRUs may be used in Indonesia, where Hoegh has won a contract to put in FSRU as well as associated moorings and pipelines for the Medan Project in East Sumatra. A reluctant mood in the market has now thrown the exercise of the options for additional ships into question.

In the category of long-term bets, the good outcome of FSRUs has to be winner. A recurring problem in the rise of LNG is the lack of infrastructure to deliver it in a conventional way. Regasification vessels allow delivery into ports that might otherwise be unable to take LNG, making strong growth in their use a likelihood for Asia, where demand is highest.

Investors in Norway have shrugged off a strategy that features an innovative form of delivery of energy to energy-hungry nations. No matter. They could look to Hong Kong, where last week Tibet 5100 — a Chinese mineral water company that touts a high-altitude boutique bottled water — scored \$177m for its initial offering.

Market, where is thy wit?

Bolting the door

LOOKING into a glass of water will not tell you how pure it is. The same is true of ballast water.

The industry has got to find a way of determining if the often huge volume of water in a ship's ballast tank is void of life to prevent spreading aquatic species around the world.

This is a problem for the port state inspectors, who will need to send samples away for biological checking when vessels become subject to ballast water rules. It is a problem for a vessel as crews have no way of assessing a treatment system's

performance until any port state checks are completed. It is also a particular problem if port state inspectors then take a hard line approach to enforcement.

This is the latest in a long range of challenges the industry has had to put up with as the ballast water convention has developed.

There are now too many systems approved for the market, and more are on their way. None have had years of active service on a ship to prove their reliability, but very soon the whole shipping industry will be subject to any weaknesses these systems have.

Guidelines for port state inspectors are being developed but there needs to be the flexibility to ensure that commerce does not come to a halt as a result of this rush to market.

For some marine waters the ballast water convention rules come too late. The barn door is about to be closed, but the horse bolted a long time ago. Taking too draconian an approach to ballast water rule enforcement by port and flag states will not solve the problem. ■

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Industry Viewpoint



JOHN A C CARTNER

Transportation Worker Identification Credential has failed and cannot Lazarus-like rise. It has no saviour

Believers try to push TWIC through Congress

THE US citizenry rejects a national identity credential. Congress tried to sneak one by as the Transportation Worker Identification Credential, managed by the Transportation Security Administration. Seafarers in the US are among the guinea pigs for this ill-conceived plan.

TWIC is dying. However, there are TWICster obstructionists: Homeland Security Secretary Janet Politanio of maritime Arizona, maritime expert 'Airport' Johnny Pistole, and TWIC manager John Schwartz. They are Eric Hoffer true believers adamant that the TWIC toxin be spread. They forget Mr Hoffer's day job was long-shoring. The thundering hooves you hear are the accounting cavalry: TWIC will die fiscally — but not before a whining, mewling, whimpering guerrilla rearguard is posed by government and industry partisans.

At Congressional hearing on March 31, the TSA was predictably petty power in the House of Representatives Subcommittee on Environment and the Economy. It argued to merge the useless TWIC and a successful chemical plant access programme. I hope that good money will not follow bad and ruin the successful programme.

Ambition in power is self-feeding. The Great TWIC Plan was instigated and funded by the US Congress. It pandered to the core of American need, expressed profoundly and clearly by several of that body: Americans have too many plastic cards in their wallets and need a solution now! We need one wallet card to permit or deny everyman! This dim-bulbed notion was clearly born in the back room of a Junior Chamber of Commerce meeting.

The Congress started with ports. Congressional maritime credentials typically extend to knowledge of late-night mafia waterfront cinema. It convinced itself after September 11, 2001 that it was time to get all those lazy, low-life, unionised, pay-gouging and therefore unpatriotic and untrustworthy seafarers, truck drivers, longshoremen, and anyone else in the port business under control. The august body knows that ignorance is never a bar to action. Congress was thus educated by defence lobbyists. All this pesky paranoia can be managed easily — for a few meagre billions — in the TWIC. After that it could later be applied to everyone. Even better, after some seed money the maritime industry would pay for most of it. Much as locking everyone onto arriving ships, this will be easy.

The concept was dead on arrival. It was conceived by the ignorant, funded by the unknowing and applied by those who care not beyond increasing the bureaucrat power of an obscure agency practising security theatre because it can do nothing else competently. The TSA wants everyone: today ports, tomorrow America, then the world. After all, everyone uses transport. The blatant and crass Caesarean ambition of John Pistole and his ilk is unlimited.

The reality: the US government does not have the money to deal with such ego-



A US Coast Guard officer checks crew passports during a security boarding of a cargo ship. USCG

gratifying frivolity. There was another hearing in Congress a little later.

On April 14 the House Transportation and Infrastructure Committee, representative John Mica chairing, invited Airport Johnny to speak. He, former hack of the FBI machismos in black suits blanching yellow, turned tail and failed to show.

Mr Mica and a few others are not of the maritime ignorant. Afterwards, Mr Mica stated: "The Transportation Credential [is] a dangerous and expensive security experiment.

"Nearly half-a-billion dollars has been spent since TSA was directed to issue

TWIC will die fiscally – but not before a whining, mewling, whimpering guerrilla rearguard is posed by government and industry partisans

biometric security cards to transportation workers... yet today, ten years later [there is] no approved biometric reader, [therefore] TWICs are at best no more useful than library cards."

Mr Mica noted that the Government Accountability Office found that "a TWIC can be readily and fraudulently obtained".

The root of this problem, he found is "as in many other TSA programs [that] this agency still does not conduct risk assessments and cost-benefit analyses of its security programs." Wrong-headed self-evident Cartesian truths are alive and well in the TSA.

So much for the TWIC. Yet the true believers fight on. They ignore the foundational fallacy of TWIC's existence, are infused with righteous beliefs motivated by the zealots of the national security cult, love their own paychecks and think lobbyists looking for contracts have no other motives than God, apple pie and country. They ignore the empirical reality: TWIC has failed and cannot Lazarus-like rise. It has no saviour.

The hope? Pseudo-security theatre becomes realistic within a hard-hammered budget. This Pirandello TWIC absurdity has been exposed by competent authority as wasteful and useless.

In failure the thoughtful stop, step back, reflect, try something else, move on. Not the dysfunctional TSA. Forget the direct and indirect billions sunk in the TWIC fiscal opera bouffe. Stop the funding, close the doors, remove the money, swing the mace, the axe and the shillelagh; wield the blue pencil, fire the leadership.

TWIC defenders are increasingly irrelevant in the zeitgeist. They yap as dogs in the moonlight, as said HL Mencken. The pack includes self-serving, self-appointed maritime security experts, PhD-lites and otherwise unemployable lawyers. They ply the Dark Side blogosphere and ineffectively justify the unjustifiable.

The professional and experienced US Coast Guard should manage all US port security. It does so well and has done it well. More importantly, it can neither afford politically nor fiscally to recreate another nationally embarrassing TWIC. ■

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Maritime Blogspot

Using 3D technology to build your own ship

JULIAN MACQUEEN

CHINA'S rise to shipbuilding giant status within a decade is an established shipping narrative. If there are any gripes, it will be on the quality side of the argument but, other than that, China is a top three player, period.

The reason for its meteoric rise — in strict economic terms, at least — is pretty straightforward: economies of scale. China, with a sixth of the world's population, is seemingly able to make anything that much cheaper than anywhere else.

It is very rare, indeed, exceptionally rare, to come across anything that might point in another direction. But there is something — a new technology called three-dimensional printing which has been described by The Economist magazine as possibly having "as profound an impact on the world as the coming of the factory".

But those two terms, printing and shipbuilding, are as about as far apart as a yacht and a very large crude carrier. How can the one possibly have any impact on the other?

Yet it can, since 3D printing, which is also called additive manufacturing since it achieves its goal by adding layers, could be used to build parts of ships, according to Adam Clare, of Nottingham University, who is something of an expert in this field.

The Economist describes the system as working by pulling up a blueprint for what it is you want to produce on your computer. That image can then be played with and finessed to produce something to your liking.

After that, press Print and the image is sent to a machine which "builds up the object gradually, either by depositing material from a nozzle, or by selectively solidifying a thin layer of plastic or metal dust using tiny drops of glue or a tightly focused beam".

Clearly, such technology is eminently useful in developing prototypes but, equally, it could have a role in the manufacturing process itself — with the crucial difference that the factory system of production is no longer required.

The method reduces waste and allows the creation of parts in shapes that conventional techniques cannot achieve. It is, says The Economist, "a technological change so profound [it] will reset the economics of manufacturing".

Croatia's shipyards have highlighted the role technology could play if its shipbuilding sector is to thrive. Turkish shipbuilders are also pinning their hopes on a technological future. While 3D manufacturing has yet to come into the mainstream, when it does, traditional manufacturing will be turned on its head.

You will still need a shipyard — a space — to put the ship together. But everything else? It could come from anywhere. ■

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