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On course for a showdown

WHEN such a leading shipping industry figure as Mediterranean Shipping Co chairman Gianluigi Aponte, whose public utterances are famously rare, starts talking about rerouting ships to avoid the growing threat of piracy attacks in the Indian Ocean, it is probably time to start taking the possibility seriously.

As the number of attacks has increased and the scale of violence and threats being used has escalated, there has been a rising crescendo of

industry noise that the situation is approaching the stage when shipowners will start avoiding the area altogether and seafarers will refuse to sail there.

It is tempting to dismiss this as mere rhetoric and part of the industry-wide campaign to persuade governments to take more positive action to address this menace. Indeed, various industry organisations have been making such arguments for some time. But so far, for the most part, trade has continued as normal, albeit with some judicious preventative action and careful route planning. The consequences of any large scale diversion of shipping from parts of the Indian Ocean would be enormous, especially on the countries and communities in the region that depend on such maritime business. Mr Aponte likened it to a closure of the Suez Canal.

For him to speak out in this way, as he did at this week's counter-piracy conference in Dubai, indicates that such a tipping point may be closer than many people think. It is no coincidence that he made his plea for urgent action, and not just focusing on long-term political solutions, at a conference attended by representatives of a significant number of national governments.

It is to be hoped that those governments hearing his warning will take the message seriously and communicate it more widely. The MSC chairman is not someone who can be easily dismissed as engaging in scaremongering or empty rhetoric.

If hundreds of innocent seafarers being held hostage are not enough to prompt decisive internationally co-ordinated action, perhaps the real prospect of major disruption to global supply chains and the huge costs associated with it might be more persuasive.

Margins to the fore

CONTAINER shipping league tables usually measure ocean carriers in terms of fleet size. But when lines are ranked by operating margins, a very different picture emerges.

Instead of Maersk Line in the top spot, followed by Mediterranean Shipping Co and CMA CGM, the European trio is displaced by Asian lines OOCL, Wan Hai and China Shipping, according to the latest Alphaliner analysis.

Maersk Line only comes in at number four, with CMA CGM down in eighth place. MSC does not figure in this particular list, since it does not release financial results.

The Danish carrier, of course, still produced the biggest profits with \$2.8bn made in 2010, followed by CMA CGM with net profit of \$1.6bn, compared with OOCL's more modest \$919m and Wan Hai's \$317m.

All lines were in negative territory last year, but again OOCL and Wan Hai were the best performers in terms of operating margin. So what does this say about the industry and corporate management?

Cost control and operating efficiency are the route to healthy black numbers. Every line would vouch for that. But in a business where size matters, CSAV has put on the most aggressive growth performance over the past year, racing up the rankings to number eight in the world in terms of ship capacity. Operating margins, though, only recovered to 8.7% last year and the line now appears to be in some difficulty again.

For peace of mind, shareholders would probably much prefer OOCL's focus on the bottom line than a drive for market share. ■

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Industry Viewpoint



JOHN AC CARTNER

Three cases show how the Transportation Worker Identification Credential is being administered by a misguided and misconceived bureau

THE maritime hobgoblin rears its head again. Work in maritime America is meted out to the worthy by the organs of state security. The Transportation Security Administration is the gatekeeper, with the detested Transportation Worker Identification Credential. If unworthy, no TWIC, no job. The TSA airport voyeurs, frotteurs and X-irradiators say who can be chosen. These are the maritime hobgoblin's puppet-masters.

As I have written in this journal, the TWIC premise is based on a bizarre expensive fallacy and control ju-ju. John Pistole, former FBI deputy hack, is the head ju-ju man of the hobgoblin — incredible, nefarious, bizarrely self-justifying, comically combative, a pompous caricature risible if he were not dangerous. TSA managers work to transfer abuse from passengers to seafarers. The grounds are specious, questionable legally, morally scurrilous. Secretary of Homeland Security Janet Napolitano, former empress of the Arizona dunes and self-appointed maritime expert, wants to spread further the TWIC rat's nest to anyone vaguely related to commercial transportation. Take heart, though. If denied you can likely get a TWIC — if you can afford American legal fees. No money, no TWIC; no TWIC, no job.

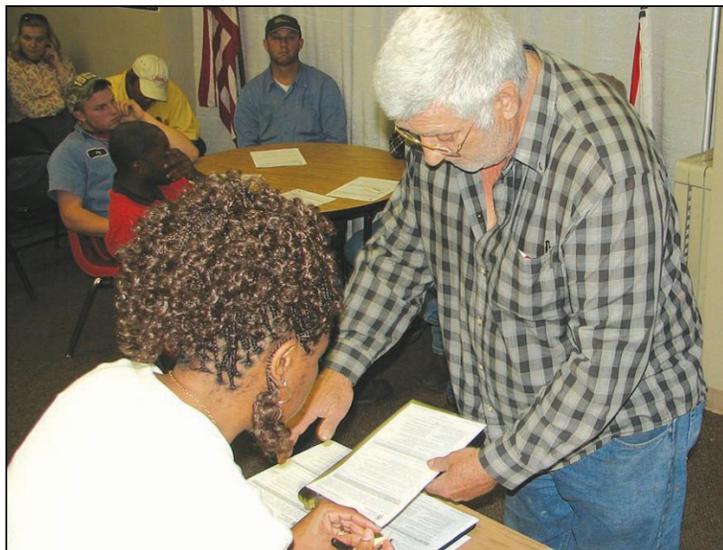
The TSA has posted a list of sins delaying or denying a TWIC: violent felonies, for example. Of course it does not matter that the US Coast Guard and the states screen before issuing their documents. The TSA has money to burn and contractor Lockheed Martin to tell it how. Three cases tell how the TSA-DHS hobgoblin keepers are arbitrary, capricious, and wholly self-righteous. **Case 1:** An unrestricted master mariner, commanding ships of the Land of the Free for 30 years, was denied a TWIC. He had been vetted by the US Coast Guard for decades, issued continuous certificates, had nothing on the list, was entrusted with lives and ship and cargo, enforced flag state laws on board, held a naval reserve commission and security clearance. He was not born in the US. The conclusion: if a birth certificate does not meet a TSA factotum's concept of Americanism then no TWIC, no job — no matter how unspotted or shriven.

After appeal, delay and legal fees the master got the gatepass. Now there is a new secret criterion for Americanism. One supposes that the TWIC twits feel that he should be grateful.

Case 2: Another US master was assaulted and battered by a TWIC contractor employee. He seriously erred in command judgement when he pointed out that his name was stated wrongly on the face of the TWIC. The investigation was whitewashed; the criminal complaint was "lost".

The government issues criteria for things such as TWICs. One rule even makes sense: the name on the card must match the name on the credentials presented for the issuance. The TSA and its

US security rule is a curse on seafarers



No TWIC, no job: registering for a Transportation Worker Identification Credential.

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contractor exempt themselves from any rules for national security (read TSA and Lockheed job security). Name hyphenated? More than one middle initial? Apostrophes? Cedillas? Umlaut or accent grave? Spelled uniquely? What kind of name is that? Un-American. No TWIC. No job.

One marvels at the rodent TSA mind: The maritime hobgoblin punishes with unemployed time while the jobless and voiceless await the decisions of the polyester-suited twits. This TWIC victim was told by an arrogant DHS faceless voice: "If that is your name you do not get a TWIC." Any fool except a DHS one can see that the TWIC issued with a TSA made-up name is false identification. What good is an unconfirmable TWIC except on its face when the database cannot be accessed by a card reader?

The foundational fallacy strikes again in this wholly corrupt programme. Where do they get these bully-boy oafs minding the hobgoblin? Answer: from the line of otherwise unemployable wannabees, poseurs and PhD-lites.

Case 3: A lorry driver vetted for commercial and hazardous materials service delivered goods to ports for 25 years with no blemish. He was denied for a three-decade-old second-order misdemeanour conviction. He had paid a fine.

How does that relate to port or national security? It does not. He cannot get a TWIC to ply his trade. He was punished as a sinner by the hobgoblin true believers for his Americo-Adamic fall from grace and the shortcomings of his soul three decades

In each case a person otherwise qualified and with security vetting by governments could not earn a maritime wage temporarily or permanently

earlier. Conclusion: the TSA hive is now morally perfected — in its internal view. To quote: "The other was a softer voice, As soft as honey-dew: Quoth he, "The man hath penance done, And penance more will do." The maritime hobgoblin's voice is as also as soft as honey-dew: No money, no TWIC and no job — for an unworthy you.

The maritime job listings in America are an education. If you drive by a port you will one day need a TWIC, hopes the hobgoblin.

The TSA abuses the maritime industry. In each case a person otherwise qualified and with security vetting by governments could not earn a maritime wage temporarily or permanently. Each was denied by secretive desk-warmers not meeting payrolls or working productively and wrapping themselves in the American flag to cover their intellectual, moral and judgmental bankruptcy.

The question arises, always begged by the TSA: How does this panic-driven billion-dollar TWIC opera buffa increase port security? It does not. It cannot. It will not. The hypocritical pseudo-moralism is disgusting and ethically and economically wrong. It reminds one of the US Attorney General draping naked statues.

Who controls these farceurs? Clearly not Secretary Napolitano. Her underling lackey Pistole was too yellow to attend and explain himself and his failed agency to Congress last week.

Answer, Mr Pistole: How are port security — a matter of property right and trespass — and the denial of a TWIC and a wage on parochial, idiosyncratic, chauvinistic and pseudo-moralistic grounds to otherwise qualified maritime people related? Do not try. You will make a further fool of yourself, your misguided and misconceived bureau, the farcical hobgoblin for which you are shaman. ■

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Maritime Blogspot

Bad bargains: a cautionary tale of two container lines

GAVIN VAN MARLE

COLIN Shipper was getting seriously worried. For three days in row Geoff Boulderbottom had not returned a single call. There was no news about the consignment of luminescent portable fans that whirr the tune of Lady Gaga's latest hit.

Two 40 ft containers were supposed to have been loaded on the Mighty Box Shipping Lines ship in Shanghai a few days before, but he had no notification. He knew the ship was a big one, named after some place in China whose name he could never remember and never pronounce when he saw it written down.

It had recently entered service and could carry 13,000 containers, but shortly after all the fanfare and smashed champagne bottles, ugly rumours about the company's limited cash flow began to appear in the trade press.

This morning, those murmurings had been picked up in the Financial Times sitting on his desk when he arrived at work. He broke into a cold sweat and called Geoff. It went through to voicemail and he left a message. He sent an email.

Later that day, Geoff Boulderbottom called him with the news that he had feared all along.

"I'm sorry Colin, but Mighty Box Shipping Line has had to limit the number of containers it can carry. A ship was arrested last week over an outstanding debt and some of its sailings have been affected. At the same time a lot of the other carriers have laid up ships because the rates were loss-making. A lot of export boxes are now piling up in Shanghai as space has suddenly become very short."

"And my boxes?"

"I'm afraid they have been rolled over. I don't know when I'll be able to get them onto a vessel. That rate is just too low — I have no idea why Mighty Box offered it."

The consignment is worth thousands of pounds and Plastic Gizmos' sales department is beginning to panic. After triumphantly announcing the bargain-basement freight rate to his chief financial officer, Colin sees himself going from hero to zero in a matter of weeks.

In desperation he calls Ken Slim from Boutique Logistics.

"Colin, what a surprise," Ken does not actually sound in the least surprised after Colin explains his predicament, "I could say 'I told you so'... but I'll see what I can do."

After a few very nervous months business is picking up once more at Boutique Logistics. Its two owners kept good relations with their preferred carriers even while freight rates were desperately low and their clients were disappearing — but many are returning, disappointed with poor service standards coupled with the rapid upswing in freight rates. ■

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