

Lloyd's List, 69-77 Paul Street, London, EC2A 4LQ

## Goodbye to private ports

**T**HIS IS an eventful week for the UK ports industry as the last publicly-listed ports group, Forth Ports, prepares to go private and publicly-owned trust port Dover is the subject of a referendum by local people who want to retain control of an historic asset.

The £16.50 per share and dividend offer from unlisted investment fund Arcus for the Scotland-based Forth Ports, a bid recommended by the target's board, is the culmination of a deal stretching back more than a year.

In 2010, Arcus was part of a consortium that made a final offer of £14 per share, only to see it rejected by Forth Ports, whose board had seen its business peak at just over £20 per share in the boom times.

It is interesting to note that Arcus is committed to maintaining Forth Ports' position as a key UK port operator headquartered in Scotland, and that Forth Ports group chief executive Charles Hammond expects the current management to play a role in the "new chapter" that lies ahead.

Mr Hammond, whose decision to turn down the original consortium offer has been justified by subsequent events, will no doubt watch with interest the events of this evening, when the good burghers of Dover pronounce on the £400m (\$654m) privatisation plans of the Dover Harbour Board.

Mr Hammond is an elegant advocate of private equity in UK ports, arguing that between 1990-2009, privatised UK ports saw a 22% increase in tonnage handled to 290m tonnes, compared with a 2% rise over the same period for all UK ports.

The Forth Ports boss has in the past 12 months stated that his group is "ripe for expansion", either to "acquire or manage" other port businesses, while also

"looking with interest" at Dover's unfolding privatisation process.

Of course Arcus, which owns the Euroports bulk-focused business in Continental Europe, is more likely to concentrate on investing in renewable energy and logistics opportunities across the Forth Ports asset base, rather than engaging in a Dover distraction.

But there will be others in the ports sector who will eagerly await the referendum result, which is not binding on the UK government.

## US needs to invest

THE contrast with our cousins across the pond could not be greater. The US is the home of the free market, yet its ports remain shackled by state agencies and often hostage to the whims of union leaders.

The American port system is one of the most unwieldy in the world. Ports controlled by democratic governments tend to be the clunky and bureaucratic; in

the US, especially so. You do not see state-owned Chinese ports having any difficulty in securing dredging funds, but the same mostly goes for large municipal ports in Europe.

US ports routinely receive far less money for maintenance dredging than either they need, or has actually been raised on their behalf. A \$6.5bn shortfall is no small beer, especially when so many ports are in such desperate need of having their approach channels and berths alongside deepened to meet growing vessel sizes.

This is something that should concern the wider shipping community. After all, it is shipowners' and operators' money that seems to be sitting unused in the Harbour Maintenance Tax Trust fund, in much the same way as it was shipowners' money that subsidised Ireland's lighthouses and navigation aids that so exercised operators in these parts.

If shipping is to shell out billions of dollars in taxes for the privilege of calling at US ports, then it would be nice to see that self-same money reinvested in those ports, resulting in some much-needed productivity improvements. ■

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### Industry Viewpoint



JOHN AC CARTNER

**If we are not careful, the use of port state control data will render maritime safety meaningless**

# The trouble with safety and security

**H**ERE is the conundrum: governments demand that we have secure operations. Governments demand that our operations be safer. Each is on their terms.

Which is more important in the face of governments tending to conflate safety and security?

First a distinction. Safety is reactive. Our courts act after negligence to apply the balm of money to the injured. Security is prescriptive. It tells us what we ought to do to perfect ourselves within its ambit and fines or sends us to prison if we do not.

For safety we agreed to weed out ships through Port State Control. The Memoranda dealt with safety, guided by prescription, a benign enough matter. From the 1985 hijack of cruiseship *Achille Lauro* to the events of September 11, 2001, we understood that tautening the system was beneficial. That is not prescriptive fiddlestringing, however. Thus safety cannot be security and security cannot be safety. Benjamin Franklin remarked: "He who's secure is not safe. He who's safe is not secure." How can this be?

Safety is the lack of negligence. Negligence relies on the vagaries of human nature. Extirpating negligence cannot happen prescriptively.

Prescriptive security is more slippery, especially national security. There is no concise definition of security, much less national security.

National security is the protection of the state as a sovereign entity from failing. That fits Somalia, whose national security is in doubt. Security requires a government supported by the population and the ability for the sovereign to defend itself against all enemies — foreign and domestic — and prescriptive programmes telling constituents how to act. But very few states are failing.

Others ponder: why are security and safety being conflated? The other side of the question is: "How much prescription is enough?" One can see signs of the prescriptive system failing.

There seem to be three reasons. The first is money. Governments have poured large amounts of money into national security in the past decade, especially into the domestic side. Large sums translate to sloppy spending which translates to applying money to any notion that comes along. Thus in some states we have everything from cyclones to oil spills to lorry drivers being national security "risks" or "threats". This leads us back to Franklin. It is difficult to see — except in broad terms — how an oil spill or a lorry driver's conviction three decades ago for a minor traffic charge affects national security.

Secondly, security thinking is not rocket science. Once the minds are set and fuelled by a little paranoia, an army of bureaucrats and contractors looking for easy government money can turn out billions of reams of paper and terabytes of data focused on security. Nowadays we even have university degree programmes in the subject and doctoral stipends to increase the army of 'PhDs lite' online.



Safety and security: separate issues that tend to merge in people's minds.

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The third reason is that the very nature of prescriptive security is mechanistic. We have been trying to perfect humanity prescriptively with various mechanisms since history began. We have found that moral and ethical philosophy, religion, political movements, eugenic surgery and bribery do not work. We are and will be imperfect. One suspects that the security movement is another doomed effort to perfect by prescriptive mechanism.

So safety — never glamorous because it deals with human nature — is being consumed by security. Security is glamorous. It makes the news. Its players can get catchy titles and play spy. It sounds vaguely mysterious, which is exciting. It has allowed governments to create full employment bureaus to stave off economic disaster and to devise more prescriptive cures. Essentially then governments have been demanding — not asking — that their constituents trust them as they prescribe 200 or so Leviathans around the world.

We see the trends. In port state control, data is now collected from vessels in ways

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not envisioned by the Memoranda. Those data feed the security organs which use prescriptive paradigms. This brings us closer to maritime safety being meaningless and state maritime security being paramount. This is a bad trend toward a secular Hobbesian existence which should worry us all.

Who will bell this cat? The signs are arising that the bell is helped by our dear friend money. The government bubble, swelling since the end of the Second World War, has burst. Recently in the US Congress, the House of Representatives voted to reduce funding for

security in New York City by great sums. The reason: the US cannot afford to be Leviathan.

Fortunately, hysterical outbursts go away after a while — they take too much energy to sustain. The harder reality for governments is the little money to spend on some of the foolishness. It is hard for a bureaucrat to sustain the emotions of hysteria long-term if he or she is not funded. More subtly, in the inchoate business of security, even the worst of governments ask for some justification for funding. When every camp shouts equally loudly, the tragedy of the commons requires that no one gets what he or she wants. Security, as it is practised today in the medium term, is going to be hard to maintain as a mindset — much less sustain programmatically at the scales we have seen.

The Super Beller stands before us. It will do far more than any legislature not spending money. It takes no fool to understand that a person in poverty, by merely logging onto the internet, can see that those in the first world are not so impoverished. The inevitable: "If they can have that, why can't I?"

This question is being answered in North Africa and Somalia. It will continue elsewhere. We saw the election of the US president by the California techies and internet billionaires. The stage is being set for another such campaign. The common theme is the internet. It is a machine with the extraordinary power to make information freely available at light speed. Not even governments can stop it.

Information and internet power are neither reactive nor prescriptive, but reflective. This is the best of safety and security. The internet will eventually bell the cat and save the world and you and me from our latest round of perfecting. ■ *John AC Cartner is a maritime lawyer practising in Washington DC. He holds the US Coast Guard's unrestricted master mariner certification and is the principal author of The International Law of the Shipmaster (2009) Informa/Lloyd's. jacc@shipmasterlaw.com*

### Maritime Blogspot

## A good time to make money from being green

CRAIG EASON — STOCKHOLM

I HAVE been at the Green Ship Technology conference this week. It is a big affair, never been bigger, and certainly growing in stature since its beginnings eight years ago when only about 50 people turned up.

I am not sure whether people turn up out of fear or opportunistic hope, but its growth gives testament to the focus environmental technology has taken over the last five years among legislators, shipowners and the main marine suppliers.

It really is difficult to talk about ship technology without thinking about what impact any idea will have on the environment, even if its impact elsewhere may be tremendously beneficial. The most useful tool in the world will be ignored if it cannot be painted green.

If ever there was money to be made from pushing shipowners to be cleaner, it is now. Whole markets have developed due to the ever increasing amount of legislation.

Owners really are looking at all the rules, all the technical solutions and all the added services and thinking, 'Oh my (or perhaps something more profane), what am I to do?'

Take the low sulphur rules. If P&O Ferries opts for putting scrubber technology on all its fleet in North Europe to cut its SOx emissions, it would need 70 units — that would be a \$210m investment over the next four years.

Retrofitting dual fuel gas engines on a small tanker in Sweden is likely to cost over \$3m.

The environmental industry is awash with expensive solutions, many of them untried. New coatings are coming on the market to help vessels glide through the water more efficiently. These cost a fortune.

All these issues make GST an important annual event and probably explain why Andreas Chrysostomou, chairman of the International Maritime Organization's Marine Environmental Protection Committee, is happy to chair it every year.

He is the figure for the IMO body as it sets environmental regulations, and also the figurehead for the event that is the annual meeting place for the industry to find the solutions to the rules he helps set.

I am not trying to plug the green ship technology conference per se — after all, it has been supported by Lloyd's List since day one — but to point out that it, and the other conferences that look at the development of environmental technology, are an important facet of the industry, where it can discuss the challenges and try to work out cost-effective solutions as quickly as possible.

Mr Chrysostomou appears to be carrying the carrot and the stick. ■ *Craig Eason is technical editor of Lloyd's List*