

JULY-AUGUST 2008



MARITIME REVIEW

A PUBLICATION OF THE MARITIME LEAGUE

FIRST FILIPINO MADE DOUBLE-HULLED TANKER SAILS

HERMA SHIPYARD
ROLLS OUT M/T MATIKAS

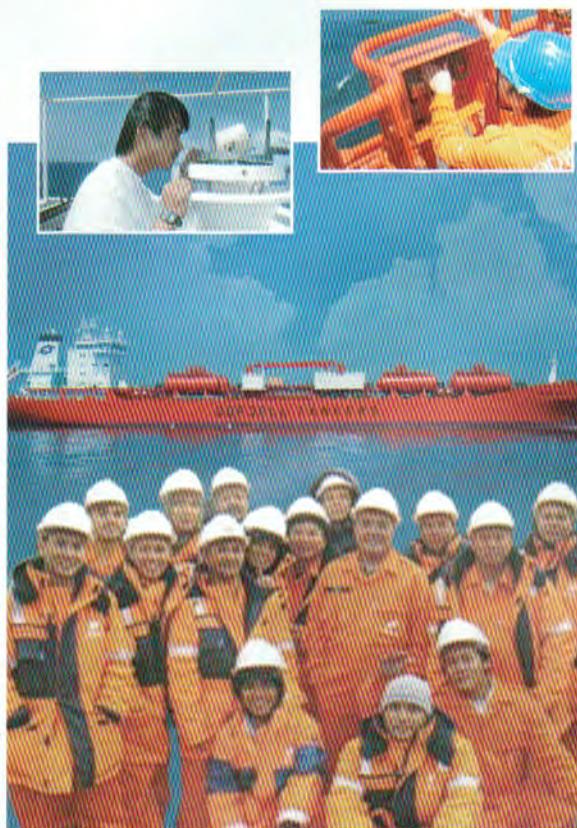


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The **Maritime Review** is published bimonthly on behalf of the Maritime League and is supplied to members as part of their annual membership package. The opinions expressed by the writers do not necessarily reflect those of the Maritime League.

MARITIME REVIEW

A PUBLICATION OF THE MARITIME LEAGUE

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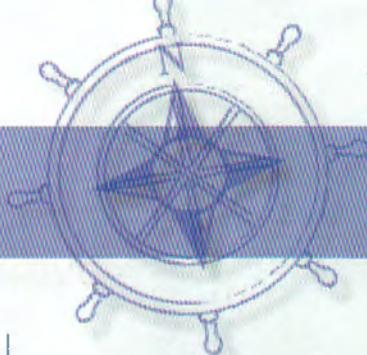
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THE MARITIME LEAGUE

AMPRI Building

Gate 3, Molave St., Bonifacio Naval Station,
Fort Bonifacio, Taguig, Metro Manila
Website: <http://www.maritimeleague.com>
Email: maritime.review@gmail.com
Direct Lines: 496-4229/496-5138/844-6918
Trunk Line: 843-4416 local 6374



Congratulations to Maritime League Trustee Herminio S Esguerra, Chairman of the Herma Group of Companies, for the successful launching of the first fully classed double hull tanker in the Philippines, the M/T Matikas!

A ceremonial launching of the tanker was held at the Mandarin Oriental on 17 June 2008. Gracing the occasion were former President Fidel V Ramos, Maritime League Chairman Emeritus, DOTC Secretary Leandro R Mendoza, Trade Secretary Peter Favila, MARINA Administrator Vicente T. Suazo, other officials and guests from the maritime industry and other business sectors.

The Herma Group owns the Herma Shipyard, Inc. (HSI) which acquired the right to operate the BASECO facility from the Bataan provincial government in 2002.

The Quirino administration in 1950 decided to enter the field of shipbuilding with the establishment of the shipyard site now leased and operated by HSI, to make the Philippines a major shipbuilding nation. "Yet for almost 4 decades after NASSCO established the Mariveles dockyard, we saw countries that dreamed of shipbuilding later than the Philippines bring their dreams to fruition much earlier than us, countries such as Korea, Taiwan and Singapore, which together with Japan displaced the pre-Korean War big players in shipbuilding", remarked Esguerra during the ceremonial launching.

Esguerra further added that there has been an influx of several key players in

international shipbuilding (such as Keppel in Batangas and Cebu, Tsuneishi in Cebu, FBM Babcock Marine also in Cebu and most recently Hanjin in Zambales and Misamis Occidental) in the past 2 decades, but this time "we show to the world that the indomitable Filipino spirit of innovation, hard work and competition is clearly manifested. Our M/T MATIKAS is a tangible, glorious affirmation of our people's unyielding spirit in the face of adversity. It is a resounding roar that tells the world that, yes, the Filipino can!"

Said Esguerra, "The HSI designed the ship from scratch with a very young staff of naval architects and engineers. The shipyard was used to performing repair rather than construction, more so new building. It had to develop its own processes for construction, train its people on the job, brought in a few experienced Filipino workers home to work in the shipyard, who joined hands with the less experienced staff in delivering the result."

Esguerra further added:

Yet I feel the compulsion to ask the question, where do we go from here? How do we take this singular success and make it an enduring victory? How do we take this moment and turn it into an in-

CHAIRMAN'S PAGE

By: Carlos L. Agustin



A first in Philippine Shipbuilding

strument of progress for the whole country? Allow me to direct this question to the whole shipbuilding industry. More importantly, allow me to direct this question to the Philippine government. Where do we go from here?

The maritime industry has contributed to our economic development, mainly due to the manning industry. There will be increasing competition in this field in the years ahead, but it is likely that we will maintain our lead in seafaring.

In other fields, such as in shipbuilding, as we develop new skills and capabilities, as we adapt and develop new technologies, we will certainly be able to compete. For in the globalized market of shipping, shipowners are free to purchase their ships from anywhere in the world wherever they can obtain the best deal.

I am proud today to formally launch the Matikas and give thanks to all of those who have been involved in its success. I am proud to be in front of you and hope that this vessel, built by and through the efforts of our Filipinos will set a new stan-

dard of excellence in our country. That is my challenge to our government. If the Herma Group can take on this challenge and can succeed how much better could we be with the support of our government?

Let us hope that government accepts the challenge, and really take a good look at how things should move in shipbuilding – and in the light of the recent loss of the largest domestic liner, the MV Princess of the Pacific – in shipping operations as well.

TYPHOON DOCTRINE

It is obvious that whatever typhoon doctrine we have, we have been taking quite lightly. Otherwise, the loss of the MV Princess of the Stars would not have occurred.

We have thus gotten together to review the doctrine – and see if we can improve on it. On 24 July, we will convene a workshop at the PPA Building at Bonifacio Drive, Port Area, to be attended by both government and shipping companies.

We hope to gather together regulators and the shipping operations people, hopefully the operations managers and the port captains of the shipping companies, members of PISA, PLSA and the PHILPESTA, among others. This will be co-hosted by the DOTC, the Maritime League, the NDCP, the PCG, the PPA and PISA.

The program, as agreed during the initial meeting on 26 June, will include presentations on the weather forecasting system by PAGASA, the PCG vessel control system during typhoons, a lecture on the need to improve the typhoon doctrine (which the Navy initiated in the early '80s), and a workshop proper for a "way ahead", which will be presented to Secretary Leandro R Mendoza of the DOTC during lunch.

Coincidentally, the National Disaster Coordinating Council also has its Disaster Risk management Strategic Planning Workshop on 22-24 July 2008 and maybe we can input as well whatever is taken up in the Typhoon doctrine workshop. ■

Philippine flag vessels to continue asking for carriage of bigger chunk of country's foreign trade

Philippine-flag vessels continue to bat for larger carriage share of the country's total foreign trade despite registering an increase in its business with the Philippine Government the past two years.

The operators of the international-going RP-flag vessels, claimed that they continue to be bumped aside in the carriage of the country's foreign trade and is not even in the top five of the list of carriers.

Latest figures from the Maritime Industry Authority (Marina) showed that from 2000 to 2005 international-going RP-flag vessels only carry 2.14% of the country's total imports and 2.45% of exports while the bulk was shipped through foreign-flag vessels.

However, from 2006 to 2007, their share in the import and export shipments from the Government increased by 58% and 96%, respectively or a total share of 5.11% but continue to be insignificant compared to cargoes ship using the foreign-flag vessels.

occupied by ships from Panama, Singapore, Liberia, China and South Korea," the date also disclosed.

According to Marina, the country's preference to use foreign-flag vessels in the carriage of the Government trade has likewise affected the fleet structure of the country downwards as well as the number of vessels getting special permits to carry such cargoes.

To date, Marina is strictly implementing Presidential Decree No. 1466 through proper coordination with concerned agencies which obligates them to use Philippine-flag ships under certain exemptions, to help secure a bigger share of the carriage by RP-flag ships for the import and export cargos of the country.

Since early 2000, the Filipino Shipowners Association (FSA) has been clamoring for the shift in the shipping terms of the country's foreign trade from CIF (cost, insurance and freight) to FOB (freight on board) to be more competitive with their foreign counterparts.

FSA claimed that unlike in CIF, FOB buyer takes upon himself the chance to nominate the ship that would carry his cargo. The FSA likewise clamor for the scrapping of the existing tax requirements provided under the Terms of Reference (TOR) when shipping freight on an FOB basis to be more conducive to bidding for Filipino overseas shipping operators

The group claimed that they could not match the offer of their foreign counterpart as their bid is already higher as it is already subject to 6% Value Added Tax (VAT) and 2% contractor's tax while the foreign-flag vessels are not. FSA said these taxes are inputted in the bid price, thus, increasing its final value. FSA also claimed that once they get the bulk of the trade, it could pave the way for the modernization of the country's international-going vessels as well as the increase in the country's fleet structure, which is already on a constant decline since the 1990s.

To date, an average of three RP-flag vessels joins the biddings of the country's foreign trade but in the end continue to be unsuccessful as foreign vessels lopsidedly corner the biddings. ■

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Government calls for more time to oversee safety measure in the country, including Hanjin

This statement was contained in a statement by Transportation Undersecretary Elena Bautista after another accident in Hanjin's Subic Shipyard recently which claimed two lives and injured four more others.

"With the latest technology being adopted in the shipbuilding industry, the government must be fully equipped with trained personnel to implement safety measures in the country's shipyards, including Hanjin in Subic," she said.

Bautista said the safety issues being faced by Hanjin Heavy Industries Corp. (HHIC) is being handled by the government.

She said the Subic Bay Metropolitan Authority (SBMA) is the one handling the issues regarding Hanjin, when it is supposed to be the DOTC, particularly the Maritime Industry Authority (Marina).

"Hanjin is being regulated by SBMA, because it is within the ecozone," she said.

But regardless of who oversees and



Hanjin's Shipbuilding facility in Subic

implement safety measures, she claimed that it is best that the government has people who had the capability to inspect.

"It's hard to just go there, make inspection see what you want to see, but you don't understand and you don't know what you're supposed to do especially if they are building large ships," she said.

She furthered that all they want to be

assured of is that safety measures is observed especially for the Filipino workers.

M/V Argolikos, Hanjin's first ship recently passed its test for seaworthiness and also performed "well beyond expectations," according to Pyeong Jon Yu, an executive of HHIC-Philippines.

The \$60-million container carrier successfully passed the required sea trial

Trained personnel all shipyards in

which was witnessed by representatives of Dioryx Maritime Corp., the Greek shipping firm that ordered the vessel, and Bureau Veritas, a Paris-based conformity assessment, certification and inspection and testing firm.

"It is worthy to note that the required speed as per contract is 24.5 knots, but the ship's actual speed is 24.6 knots," Yu said, adding that "We are pleased to inform you that the owner's representative on board, and Bureau Veritas remarked that the ship performed well beyond their expectations."

Bautista said based on the information given by Hanjin, the past accidents that claimed the lives of some Filipino workers, was the responsibility of its subcontractor. She claimed that they have agreed that Hanjin is responsible to whoever they hire as workers.

Bautista said, while the government is strengthening the country's shipbuilding and ship repair industry, they are also enhancing the capability of Marina people.

"We will keep our personnel up to date with the recent technology, so that they can attend to the technical aspect of the shipbuilding," she said.

"We can do this through bilateral exchange," she added.

Marina Administrator Vicente Suazo said the Marina personnel is well trained and equipped to conduct their jobs. He explained that before the ships are made the builder has to submit the ship plan,

which the Marina approves. He added that they conduct regular inspection to check whether they comply with the specifications. However, he admitted that they do not conduct inspection in Hanjin's shipyard.

The SBMA has issued a notice of violation to Hanjin in connection with the fatal accident that killed 2 workers and injured 4 others at the company's shipyard on January 18. ■



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Government announces plan to upgrade 9 airports nationwide to world standards



The new Iloilo Airport

The Government is upgrading at least nine airports nationwide to world standards in the next two years in its bid to increase efficiency and reduce logistics cost. It is also aimed to put the country in the international radar of both tourism and trade to lure more foreign investments to the country.

Department of Transportation and Communications (DOTC) secretary Leandro Mendoza, at the 2nd Philippine International Logistics Expo, said that the nine airports would be upgraded to handle larger aircraft

both for logistics and tourism in a 24/7 basis.

"We are not competitive due to the current state of our airports. We need bigger and better airports to compete," Mendoza said.

"Government is starting with the nine strategically located airports in Luzon, Visayas and Mindanao to upgrade it to world standards to accommodate bigger capacity for airlines to land and operate at a 24-hour basis," Mendoza added.

"By 2010, the Philippines will have nine airports in international standards to compete in the global tourism and trade arena,"

Mendoza said.

The nine airports include Davao, Iloilo, Silay-Bacolod, Laguindingan in Cagayan de Oro, Panglao in Bohol, Busuanga in Palawan, Zamboanga, Clark and the NAIA Terminal 3.

Improvements, on the other hand, include the construction of larger passenger terminal buildings, cargo areas, longer runways, proper lighting facilities to provide night operations and the installation of proper security facilities.

Out of the nine, Government is already in the finishing touches for Davao, Iloilo and Silay-Bacolod airports and all airports would be put into full commercial operations before the end of the year.

Panglao, Busuanga, Zamboanga and Laguindingan, on the other hand, will be finished by next year while the remaining will be completed in 2010.

DOTC is also looking at completing the upgrade for NAIA Terminal 3 this year and tentatively scheduled to open it in the second semester of the year. At least 8 firms, including foreign airport developer have expressed intentions to bid for the P600-million upgrade in Terminal 3 after Government terminated Japanese contractor Takenaka.

Clark, on the other hand, is doubling the capacity of its passenger terminal building and set to build a third runway.

Earlier, shippers in Visayas and Mindanao asked the DOTC to provide cargo terminals in the airports in both areas as current airport facilities bugs them as they are forced to transport their cargo to other areas resulting to higher transportation expenses.

It added that if the airports are equipped with proper cargo terminal they will be able to take in and ship out more cargo volume. ■

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First Filipino-made tanker sails



Herma Shipyard. Inc., a wholly Filipino-owned company involved in ship repair and shipbuilding, launched recently the first Filipino made internationally classed double hull petroleum tanker- a feat never before achieved by a local shipbuilding company.

M/T MATIKAS sailed out of Herma Shipyard for its maiden voyage last April 2008. The 3,710 deadweight ton product carrier is the company's first foray into new building. The tanker, so called because it echoes the Filipino adjective used to describe "one with handsome qualities, a dignified persona and a commanding presence that hovers above the rest," is a symbol of pride for many Filipino shipbuilders.

All of 87.3 meters wide and draft of

5.95 meters, M/T Matikas is powered by a 2565.68 HP Hanshin marine diesel main engine and 2 Yanmar auxiliary engines and is capable of 12.5 knots speed. The M/T Matikas is classed by the American Bureau of Shipping and is SIRE compliant to carry persistent oil. M/T Matikas conforms to the MARPOL regulations requiring all tankers carrying heavy grade oil products to be double-hulled to prevent the occurrence and adverse effect of oil spills to the environment.

During the launching of M/T Matikas last month at the Mandarin Oriental, Herma Group of Companies Chairman and CEO Herminio Esguerra said "the launching of M/T Matikas answers my nagging question whether we Filipinos are ready to build tankers for the global market. I stand proud, because instead of importing a tanker, we said yes to the challenge.

With Filipino skills and talents we built M/T Matikas to international design and construction standards, all by ourselves".

M/T Matikas is chartered by Petron Corporation for the transport of black fuel products from the Petron refinery to their various depots and terminals across the country. More tankers are soon to roll out of the Herma Shipyard in Mariveles, Bataan as the demand steadily increases.

Its competitive pricing, quality and conformity to international stan-

e double hull

dards have already attracted the attention of companies with heavy shipping requirements. M/T Matikas is the first of four units Herma Shipyard is building for its sister firm Herma Shipping and Transport Corporation.

Esquerra, during the launching called on for an honest to goodness partnership with the government to allow steady supply and reasonably stable prices for steel and other materials, financing packages and policies that will spur the growth of a vibrant and world class indigenous shipping industry and provide employment to thousands of our skilled workers that would have otherwise gone abroad". ■



The human factor continue to be the biggest reason why vessels sinks despite the influx of sophisticated technologies to aid the vessel navigate safely from point of origin to its point of destination.

Such is not only happening in the Philippines but worldwide. The only difference, however, is that the 'human factor' is more glaring in Philippine sea tragedies compared to other maritime nations.

So many security and safety measures have been done but the cycle still continues. Observations vary from what was not done, what should have been done and what needs to be done. However, after the tension has died down, almost all of us begin to lose concern on the subject with those directly involved in the incident left to carry the responsibility until the next accident occurs. This cycle has long been present in the country's maritime industry for so many years now.

The table below provides a list of the major maritime accidents in the country for the past 20 years which claimed thousands of lives and destroyed billions worth of properties while at sea. Based on records, almost 85% of the causes can be attributed to human error.

YEAR	VESSEL	CAUSE
1987	MV Doña Paz and MT Vector	MT Vector's failure to follow rules of the road or collision regulations
1988	MV Doña Marilyn	Sinking due to force majeure.
1991	F/B Toroshita	Capsizing caused by big waves, not for night navigation, not allowed to carry passengers, no crew permit.
1991	MV Emerald	Sinking caused by entry of seawater at open port door, flooding of car deck
1994	MV Cebu City & MV Kota Suria	MV Kota Suria's failure to follow rules of the road
1995	MV Kimelody Cristy	Fire from canteen, failure to conduct fire fighting and abandon ship procedures, unlicensed crew
1997	M/L Gretchen I	Grounding and sinking when battered by strong winds and waves
1997	F/B King Roger MV Kalibo Star	Capsizing caused by big waves Bad weather causing listing and Sinking
1998	MV Princess of the Orient	Sinking due to bad seamanship during typhoon signal no. 1, failure to conduct abandon ship measures
2002	MV Maria Carmela	Caused by fire and failure to conduct firefighting and abandon ship procedures
	M/B Nilode-A	Caused by excess passenger and sudden shifting of the center of gravity of the vessel
2003	MV San Nicholas and SF 12	Caused by crew incompetence and failure to use aids to navigation properly

The findings on the burning of Superferry 14 in 2004 as well as the sinking of MT Solar I in 2006 continue to remain at the hands of the Department of Justice pending prosecution of those liable.

The Government, to date, is busy finding the culprit of the sinking of MV Princess of the Stars in the wake of typhoon Frank in June.

Human error in Philipp

The collision between the passenger vessel Doña Paz and tanker Vector was the worst sea accident ever to occur in the country that left 2,903 persons dead or missing brought about by a raging fire when Vector spilled 8,800 barrels of oil off the strait of Tabias.

The 1994 MV Kota Suria-MV Cebu City collision, on the other hand, left 150 persons dead or missing while an estimated 150 persons departed in the sinking of MV Princess of the Orient in 1998. The country also recorded 3 major maritime incidents in a span of 1 year involving the MV Carmela which was burned and sunk in 2002 leaving 73 individuals dead or missing. Weeks after, M/B Nilode-A sunk due to excess passengers and sudden shift of the center of gravity resulting to 19 passengers dead or missing. The latest of which is the sinking of M/V San Nicholas when it slammed into the gigantic SuperFerry (SF) 12 killing more than 50 passengers and 10 more still unaccounted.

Consider the following statistics of maritime incidents from 1996 to 2000:

Year: 1996
Number of Accidents: 119
Casualties/Missing Persons: 120
Persons Rescued: 1,434

Year: 1997
Number of Accidents: 59
Casualties/Missing Persons: 68
Persons Rescued: 347

Year: 1998
Number of Accidents: 210
Casualties/Missing Persons: 335
Persons Rescued: 1,389

Year: 1999
Number of Accidents: 263
Casualties/Missing Persons: 350
Persons Rescued: 3,828

or, still a prominent figure in maritime mishaps

Year: 2000
Number of Accidents: 261
Casualties/Missing Persons: 279
Persons Rescued: 2,771

From 2000 to 2003, the country has recorded some 371 sea-transport accidents with an annual average of 123 incidents. Although the number has decreased from 2001 to the present, with the numerous major maritime incidents resulting to numerous casualties, a would-be sea traveler will always worry on how safe sea travel is in the Philippines.

From the statistics, on the average, at least 1 sea accident occur every 2 days, 19 persons per incident and 2 persons are declared dead or missing per incident. Although, based on statistics, the numbers is only third compared to other Asian maritime country such as Japan and Indonesia (ranked 1 and 2 respectively in terms of maritime incidents), what is alarming is the magnitude of lives lost in such incidents which put the country on top.

Root causes of the incidents

The water cluster group of the Department of Transportation and Communications (DOTC) composed of the Maritime Industry Authority (Marina), the Philippine Coast Guard (PCG), and the Philippine Ports Authority (PPA), has identified possible root causes of tragic maritime incidents.

The group said that one of the root causes of maritime incidents can be traced to the history of the vessel.

The country has more than 5,000 merchant vessels of varying types and sizes providing basic transportation services throughout the country's island calling at more than 1,000 commercial, municipal, and fishing ports with a steady in-

crease in the total domestic passenger movements from 33.7 million passengers in 2000 to 42.8 million in 2003 and a total cargo throughput of 58.82 million metric tons in 2000 to 74.04 million metric tons in 2003.

Most of these vessels plying the country's domestic trade are second hand vessels bought from Japan or Korea.

Based on records from Marina, almost three-fifth of the operating fleet in interisland shipping are wooden-hulled with an average age of 6 years while steel-hulled vessels totaling to about 3,000 as of 2002 are averaging 28 years old, with the bulk of these vessels built in the early 70s. Five years ago, the average age of Philippine vessels is 25 years old. The PCG said the records showed that the maritime industry has been stagnant in modernizing the merchant fleet.

For comparison, Japanese vessels have an average lifespan of 10 to 15 years after which it will be replaced with newer fleets that are built in compliance to newer standards set by the International Maritime Organization (IMO). The phased-out Japanese vessels are sold to countries such as the Philippines.

The PCG said the importation of such vessels give credence to the term "floating coffins" because older vessels are prone to sea accidents since their construction is not attuned to new regulations from the IMO that further enhances maritime safety.

The enforcement agency added that Philippine shipowners have resorted to buying second hand vessels because the RP government does not provide for incentives in acquiring new vessels. The incentives should include tax exemptions, loan facilities with lesser interest and other incentives to import new vessels and make domestic marine transport a worthwhile economic business.

Also considered as a root cause of tragic maritime incident is the Philippine Vessel Registration. Although most of the imported second-hand vessels are provided with security requirements such as stability booklet and loadline assignment, the problem arises when a vessel has to change accommodation areas or conduct major or minor conversions on the vessel.

Ship operators will convert these vessels into more seating and sleeping accommodation and will deploy the vessel for long voyage when it is originally designed for short voyages. To make the vessel more profitable, additional capacity is requested as well as request for additional provisions for the carriage of cargo.

The conversion of the vessel, be it minor, affects the safety consideration of the vessel such as stability of the vessel, load line, center of gravity and weight.

If these kinds of vessels are allowed to sail in domestic trade, the PCG said, there arises the problem, particularly if the safety consideration are not properly addressed and checked since it violates the standards of vessel safety such as passageway measurements.

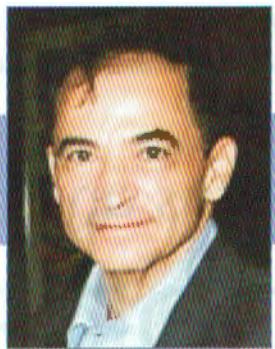
"In our domestic fleet, you see accommodation spaces that have double or triple deck beddings resulting to narrow passage way making it very difficult for passengers to fit through during emergencies," the PCG said.

Thirdly, is the vessel operation. In the domestic trade, there is prevalence of untrained or unlicensed crew manning the ships. You will see vessel with crew issued dispensation permits or special permits for unlicensed officers as a way of getting around the minimum manning requirements.

To be continued.

MARITIME SECURITY UPDATE

By: BGen Joseph V. Medina, USMC (Ret)



Superior Port Security:

Port security must also enhance operations being conducted within the port, and can optimally do this if integrated and planned during the design phase. A port derives revenue from the quayside cranes that deliver cargo at contracted levels and ensures ships do not require extended dwell time to deliver designated cargo.

Our port security systems (infrastructure, people and processes) must be fully integrated with port operations to complement the specific opera-

tional systems and process of the port facility.

In the past, port security was often seen as an overhead cost to be minimized wherever possible and was often a "last minute add-on" to existing operational infrastructure or procedures. It is clear that today port security must be fully integrated with port operations, enhancing throughput and productivity rather than adding operational "overhead". In this way security measures that ensure regulatory compliance and enhance operations can be applied as revenue gen-

erators.

Certainly port security methodologies today, as in the past, must provide superior asset security. Moving beyond that, applying a systems approach to port security, our integrated port security system must also: ensure regulatory compliance in this global environment; enhance, not detract, from port operations; provide confidence in the integrity of our system to transporters; and aid in revenue generation for the port. This is the black in our target for port security in the Philippines! ■



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Focus on Crew Development

ODFJELL Strengthens Presence in the Philippine

For the past 23 years, Norway-based shipping company Odfjell SE and Odfjell Ship Management have maintained a low-key approach to promoting itself in the Philippines even if the company is reputed globally as a major player in the transport of liquid chemicals, edible oils and special products all over the world.

In the Philippines, Odfjell Ship Management has long made its presence felt in the local crewing industry since 1985 with the assistance of a local maritime human resource agency.

Today, being a restructured, highly-focused organization leveraging market opportunities both in the Philippines and in the region, Odfjell is currently consolidating its operations as part of its proactive strategy to enhance its crew development programs. All set to transfer to its new, brighter and bigger location at #2315 Leon Guinto Street in Malate, Manila, Odfjell's new home is a testament of the company's commitment to setting the benchmark for crewing excellence.

According to Odfjell SE VP for Personnel Capt. Kjell Johansen, the company's decision to invest in training and education of Filipino seafarers, will strengthen Odfjell's presence in the Philippines and at the same time complement the company's global manpower needs.

"As Odfjell takes a bigger role in investing in the human resource complement of its fleet, clearly, we in the Philippines take on the parent company's well-built reputation in order to emphasize and highlight our strengths as a leading niche player that provides safe, efficient and cost effective services to our customers," says Johansen.

He added that having a permanent home—coming from a diminutive space from their old office along Kalaw—finally gives Odfjell the corporate flexibility, autonomy and the same time enjoy the advantages of being one of the landmark towers along Leon Guinto street.

With a more pronounced presence in the Philippines, Johansen shares that Odfjell's decision to strengthen its direct presence in the Philippines demonstrates the company's leading position as a hub for professional, well-rounded and competent ship officers onboard their fleet, which is being complemented by Odfjell's training and cadetship programs.

Beginning the third quarter of 2008, as the company expects to cover the constantly growing demand of its parent company and their customers, Odfjell Ship Management will be transferring its full operations at its Leon Guinto offices.



The seven-storey tower has a total floor area of more than 3,000 square meters that will soon accommodate the operations of the company including administration/finance, recruitment and crewing.

The Odfjell tower likewise serves as a one-stop-shop for applicants and its crew as it houses a commercial bank, a travel agency and state-of-the-art modern diagnostics clinic. ■

IMEC to provide more funds for training Filipino seafarers to become officers

A group of ship owners said it will allot more funds for training of Filipino seafarers to become officers as fears of shortage continue to stalk ocean-going vessel operators.

Officials of London-based International Maritime Employers' Committee said that they would hand out as much as \$3.6 million between now and 2011 for the education of students to become ship officers and attract those competent seafarers to move up the management position.

According to Bon Goodall, IMEC vice chair and a trustee of the International Maritime Training Trust, that a third of that amount will be given for the group's grants program, and the remaining will be equally divided to the cadet training program and the project of turning ratings into officers.

"The \$3.6 million is a sizable amount that enables us to do the projects that we are talking about (for years)," Goodall said.

IMEC created IMTT to handle all the training initiatives of the group. The funds also come from the members, which should only be spent for the creation new officers in the next five years.

Goodall said that they still do not have the said funds at the moment since it will come from the members' contribution for the trust fund, which they have increased early this year from \$10 per cadet to \$30 per cadet.

He said that the grants and the cadet training programs are already underway, but they also want to attract ratings to become officers.

Goodall explained that according to their estimates there are about 40,000 ratings who can easily go up the management level given the proper training and support. These people are those competent crew members that either do not have money to undergo training to move up to the management level or simply decided not to pursue to become officers even if they are holding a

valid officer license.

"But the companies themselves would need to put these people forward and tell us that they want to become officers," he said when asked on how would they implement the program.

"We do not have a target on how many (ratings) we can attract this year," he said, adding that they have allotted some \$300,000 for the conversion project for this year alone.

The Filipino seafarer

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This year, the group has given scholarship grants to 50 selected Filipino cadets, who will all undergo training courses at the University of Cebu. The number of IMEC scholars will be increased to 250 in 2009.

IMEC said its membership had increased to 128 full members and four associate members, operating over 7,200 ships. It employs over 185,600 seafarers, primarily from the Philippines, India, and Eastern Europe.

The members are individual shipping companies, both owners and managers, large and small, operating all types of ships, including dry bulk, container, cruise liners, livestock carriers, reefers and tankers. The ships they operate are registered in more than 40 different countries. The group is pouring money to the Philippines as a result of the worldwide shortage of officers. ■



Bon Goodal during a press conference recently with maritime reporters. Sitting beside him is David Dearsely



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Sulpicio defers acquisition of 2 more vessels this year at the wake of Princess of the Stars mishap

Sulpicio Lines, Inc. (SLI) has deferred its acquisition of two vessels after its flagship, Princess of the Stars, capsized in the wake of typhoon Frank towards the end of June.

SLI said they decided to shelve the plan considering the huge amount of losses brought about by the sinking of the ship.

SLI vice president Salvacion Buaron, in an interview at the sidelines of their press briefing involving the ill-fated ship, explained that the loss of the ship—which services the Cebu-Manila-Cebu route—would definitely impact their revenue generation capacity and eventually their potential to pay in loan repayment.

"We will restudy our plan to acquire two more vessels, one dedicated freighter and one combo vessel," Buaron stressed.

"Also, maybe if the next couple of months, we will reevaluate if our finances will allow us to pursue our refleetting program within the year," Buaron added.

SLI has already secured the necessary import permit from Marina for the two vessels.

Prior to the sinking, Princess of the Stars has increased the market share of SLI in the Manila-Cebu-Manila route by 5% to a total of 30% in both passage and freight as the vessel—the largest in the local trade with almost 24,000 gross tons—it plugged the lack of tonnage experienced by the company in the last couple of years as it provides additional capacity to carry at least 200 twenty-foot equivalent units (TEU) per way and carry almost 2000 passengers resulting to higher revenues.

SLI's biggest shippers, meanwhile, include San Miguel Corporation, Del Monte and

soft drink company Coca-Cola Bottlers Inc.

Meanwhile, the Maritime Industry Authority (Marina) on Monday restrained the remaining 10 Sulpicio passenger vessels to sail pending the completion of a thorough audit of the seaworthiness of the vessel to prevent similar incident like what happened to Princess of the Stars which sank off the coast of Romblon with 862 onboard including the 111 crewmembers.

Marina, however, allowed Sulpicio's seven dedicated freighters to continue with their scheduled voyages.

According to Marina administrator Vicente Suazo, Jr., they did not include the freighters as of this time to prevent delays in the movement of cargoes in the country.

However, Suazo added, the vessels will undergo tests after Marina completed its audit on the passenger vessels.

Marina started the audit of the passenger vessels last Monday and expects to complete the audit in about 30 days and decide from there if they would lift their suspension order.



SLI Second Vice President Edgar Go stressing the company will face all eventual inquiries that hound them with the sinking of the "Star" and gave assurance that their foremost concern is extending help to the grieving families of all those who went down with the ship. With him during the first press conference of the company at the Casino Espanol were SLI's Jordan Go and VP for passenger Sally Buaron

Sulpicio owner Edgar Go, on the other hand, has assured the relatives of the passengers of the ship proper assistance and guaranteed that the company will not back down from their liabilities brought about by the incident.

"This is an unfortunate event that nobody wanted and had left hundreds of grieving families but for now, we cannot focus on anything yet except to make sure that we extend all possible help we can to the families", Go added.

■

East Asian Seas Congress 2009 Tackles Maritime Issues

The maritime sector today cannot afford to ignore the environmental and social challenges facing the industry anymore.

In this spirit, the East Asian Seas (EAS) Congress to be held in 23-27 November 2009 in Manila, Philippines will look into some of the emerging issues such as the impacts of climate change on the maritime industry; integrating regional, national and local efforts in oil spill preparedness and response; ballast water management; establishment of particularly sensitive sea areas (PSSA); and implementing an integrated management system to address safety health and environmental regulations relating to port operation, among others.

Carrying the theme, "Partnerships at Work: Local Implementation and Good Practices," the EAS Congress 2009 will be a venue for reviewing and sharing on-the-ground experiences in the management of coastal and marine resources

and environment.

The EAS Congress features an International Conference that will highlight six major themes: a) Coastal and Ocean Governance; b) Natural and Man-made Hazard Prevention and Management; c) Habitat Protection, Restoration and Management; d) Water Use and Supply Management; e) Food Security and Livelihood Management; and f) Pollution Reduction and Waste Management. A full line up of seminars and symposia will be organized under each workshop theme, providing the more than 1000 participants from the region and other parts of the world with access to a wealth of experience and expertise in improved governance of the regional ocean and its resources. Key issues pertaining to the maritime sector will be featured and discussed under the theme on Natural and Man-made Hazard Prevention and Management.

A number of regional and international or-

ganizations and institutions will be joining the international conference as co-conveners, co-sponsors and resource groups for the various technical workshops. The Oil Spill Response and East Asia Response Limited (OSRL/EARL) has already expressed interest while International Maritime Organization (IMO), International Petroleum Industry Environmental Conservation Association (IPIECA) and the National Oceanic and Atmospheric Administration (NOAA) are a few of the organizations that have been invited in the maritime industry workshops.

The EAS Congress 2009 is hosted by the Government of the Philippines, organized by the Partnerships in Environmental Management for the Seas of East Asia (PEMSEA) and the Department of Environment of Natural Resources (DENR) of the Philippines and supported by the Global Environment Facility, United Nations Development Program, and United Nations Office for Project Services and Coastal Management Center.

To register and access further information and regular updates on the conference programme, please visit www.pemsea.org/eascongress. ■

It's a typical Philippine scenario when government agencies supposedly in-charge with maritime safety and regulations are thrown into shambles when a maritime accident happens. This cannot be truer with the recent sinking of Sulpicio Line's M/V Princess of the Stars. The glaring fact that there is an overlapping of functions among concerned agencies is just too obvious with the media frenzy that follows, sometimes muddling the real issue which is why such accidents still occur in the first place. In all these, the real victims remain unprotected, and this is the riding public.

Prompted by this, the National Defense College of the Philippines (NDCP), headed by its president Commodore Carlos L. Agustin recently spearheaded a series of meetings with all the agencies and associations concerned aimed at drafting a typhoon doctrine for the maritime sector in a workshop tentatively dated for July 24 at the Philippine Ports Authority Conference room. The group includes the Philippines Coast Guard (PCG), Philippines Ports Authority (PPA), Maritime Industry Authority (MARINA), Philippine Regulations Commission (PRC), Philippine Navy, private shipping companies and other maritime organizations.

Commodore Agustin explained that the NDCP aside from its academic function has interest in crisis and other security related research, training and conducting public fore on disaster

NDCP spearheads Typhoon Doctrine Workshop

and emergency management through the NDCP-Crisis Management Institute (CMI). The workshop aims to bring all the major maritime stakeholders/key players and have leveling off workshop exercise that would draft an updated Typhoon Doctrine for the maritime sector and shipping industry.

Agustin had reiterated the need for the government to update an effective Typhoon Doctrine which is an important basic document in the mitigation of the harsh effects of typhoon which often visits the country. ■



NDCP President and Maritime League Head Commodore Carlos L. Agustin presiding over the meeting at the PPA

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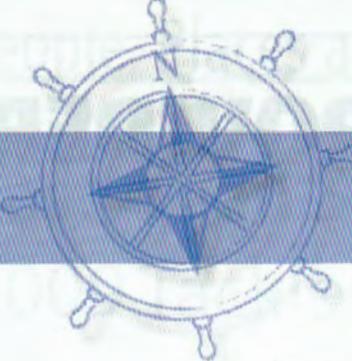


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(1st of 2 Parts)

LOGISTICS CENTER PHILIPPINE OP

Last June, I keynoted the international conference on "Modern Logistics and Freeport Development" in Ningbo City, Zhejiang Province, China.

Ningbo is a major port, tourism center, and economic hub located at the south end of the Yangtze River Delta. It has among the most highly developed economies in China, with 93,000 domestic and foreign enterprises, a GDP of 343 billion RMB (43 billion USD) in 2007 (or 1/3 of the entire GDP of the Philippines at USD 117 billion), and an export-import volume of 56.5 billion USD.

The port of Ningbo, ranked 4th busiest in the world, is the largest Transshipment hub in China for crude oil, petroleum products, and chemical materials.

In May 2008, the Hangzhou Bay Bridge which connects Ningbo to Shanghai was opened. With a length of 36 kilometers, it is the world's longest sea-crossing bridge, built

within a record-time of 4 years, and considered an engineering marvel.

Zhejiang Province, with a population of 51 million, is one of the best developed in China with a GDP of 1,863 billion RMB (233 billion USD) in 2007 (or twice the 2007 GDP of the Philippines), and a per capita GDP of 4,600 USD, roughly 5 times China's national average.

MODERN LOGISTICS: NINGBO-ZHEJIANG-CHINA STYLE

The logistics conference was organized by the Boao Forum for Asia (BFA), the largest Asia-based non-government, non-profit intellectual resource center, which I chair. The U.N. Development Program (UNDP), Zhejiang Provincial Government, and Ningbo City Government co-sponsored that international gathering with some 500 participants, including senior officials, logistics experts and port administrators from Asia and Europe, as well as top executives of transport giants, notably Nippon Yusen Kaisha (NYK-Japan),

Moller-Maersk (Scandinavia), China Overseas Shipping Company (COSCO), UPS (U.S.) and DHL (U.S.). Concurrently, the 10th Zhejiang Investment and Trade Symposium, and the 7th China International Consumer Goods Fair took place in adjacent venues.

Logistics is the process of planning, implementing, and controlling the efficient, effective flow and storage of goods, services, and related information from point of origin to point of consumption in conformity with customer requirements.

This includes inbound, outbound, internal, and external movements, and return of waste/used materials for environmental purposes, (Logistics World 1998). The Wikipedia adds: "Logistics is considered to have originated with the Military's need to supply themselves with arms, ammunition, and rations from their base to a forward position." Among the major subjects at Ningbo were new approaches in freeport operations, government-private sector coopera-



WORD FROM FVR

S AND HUBS: OPPORTUNITIES

tion, and models of competitive international ports.

Given high priority was capability-building in "emergency logistics" for timely and effective responses during natural calamities and other disasters in the wake of the massive earthquake in Sichuan Province last 12 May which China's Central Government -- with the support of the U.N. and donor-countries -- has handled with admirable efficiency and, for the first time, with unprecedented transparency.

LINKING UP THE PHILIPPINES AND CHINA

In my keynote address, I highlighted RP's efforts to link with the major markets in the Asia-Pacific region in order to benefit from our favorable geo-strategic position at the center of East Asia. I emphasized: "The Philippines is investing a great deal of capital and human talent to link our vast archipelago with regional markets and industrial powerhouses. Only through these investments in

logistics systems can the Philippines take advantage of its strategic location at the heart of East Asia -- with easy access to China, Japan, South Korea and other huge markets." Indeed, there are great opportunities in the logistics sector for the Philippines!!!

In the light of President Hu Jintao's commitment "to further open the three-decade old bilateral ties between our two countries, which have entered a new phase of all-around development," in his message to PGMA last 12 June, the Philippines must continue to maintain favorable relations with China -- as other Asian countries are doing. It is in logistics facilities and operations where new opportunities lie for the expansion of RP-China trade, investment, tourism and other forms of economic cooperation.

In relation to China's fast-developing Xiamen-Ningbo-Shanghai axis, choice Philippine locations are those along the South China Sea corridor, principally Port Irene-San Vicente,

Cagayan; Poro Point, La Union-San Fabian, Dagupan, Sual, Pangasinan; Iba, Masinloc, Zambales-Agno, Alaminos, Bolinao, Pangasinan; Subic-Clark; Bataan-Manila Bay-Sangley Point, Cavite; Batangas-Mindoro Occidental; and Palawan.

The Ningbo/Zhejiang authorities manifested to our delegation their interest in pursuing trade, investment and joint venture opportunities in the Philippines, seeing the synergy that could result from such partnership. In fact, a delegation led by Guo Zhengwei, President of the Ningbo People's Association for Friendship with Foreign Countries and Deputy Party Chief of Ningbo, is due in Manila next week to survey opportunities for bilateral cooperation.

UPDATES ON PHILIPPINE SHIP-BUILDING

Recent developments in the Philippine maritime industry augur well for expanded RP-China economic cooperation. Last 17 June, a landmark

WORD FROM FVR

(continued)

achievement took place with the inaugural launch of M/T Matikas -- the first wholly Filipino-made international-class, double-hull, double-bottom tanker produced by the Herma Group of Companies chaired by Herminio Esguerra. The Herma story records that the challenge to undertake tanker-building arose with new regulations of the International Maritime Organization requiring ships operating in Philippine waters to transport oil products only with double-hull tankers. M/T Matikas, rated at 3,700 dead weight tons (DWT), lives up to its Filipino name as it embodies "handsome qualities, a dignified persona, and a commanding presence that hovers above the rest."

At the M/T Matikas launch which was graced by DOTC Secretary Larry Mendoza and DTI Secretary Peter Favila, Chairman Esguerra announced that it is the first of four similar ships -- each worth 15 million USD -- for inter-island transport of petroleum products. Already, the Herma Group owns 20 other vessels including M/T Matikas' namesakes M/T Maginoo, M/T Makisig, and M/T Masikap.

In a congratulatory message to the Herma Group, I said: "This singular achievement means we are moving forward in the higher technical and competitive field of shipbuilding. It has long been our dream to establish the Philippines as a maritime power knowing that since the early 1600s, we have built in Cavite, Manila

and elsewhere galleons that sailed between the Philippines and Mexico, manned mostly by Filipino seafarers. Truly significant is the fact that the facility where now the Herma Shipyard is located is the very site wherein the dream to enter the field of shipbuilding was launched by the Philippine Government in 1950."

According to the Philippine Daily Inquirer (17 June): "Chairman Esguerra has called for 'an honest-to-goodness partnership with the Government, which should strive to create an environment conducive to shipbuilding similar to those countries with mature and flourishing shipbuilding industries. From a small company with one barge and ten employees 23 years ago, the Herma Group has now become a multi-billion peso conglomerate with over 2,000 employees who carry forth the Filipino spirit of innovation and hard work. Indeed, this is cause for celebration and national pride."

OCEAN-GOING VESSELS MADE IN THE PHILIPPINES

Relatedly, Jon Aboitiz of the prominent Filipino shipping and shipbuilding company, the Aboitiz Group, informed me in a February 2007 letter that: "After the successful launching of our first locally made ocean-going vessel 'Sea Amelita' (named after First Lady Ming) in January 1997, the Aboitiz Group in

partnership with Japan's Tsuneishi Heavy Industries, has constructed and launched some 75 ships. Ten years ago, our capability was for ships of 23,000 DWT like 'Sea Amelita.' Today, we can build vessels of 52,000 DWT at our Balamban ship-building facility.

By 2010, this will be expanded to double its size to enable us to build 200,000 DWT vessels." In July 1994, at the inauguration of the Aboitiz Group's pioneering ship-breaking subsidiary in Balamban, I averred: "This joint venture of Japan's third largest shipbuilding company and one of the pioneers of Philippine shipping helps us pursue sustainable development. Our goal is to industrialize with the least cost to our environment. We are aware of environmental sacrifices entailed by sloppily-planned industrialization, and we do not want this to happen to our beloved Philippines. Sustainable development and environmental protection are primary concerns of this nation."

BEYOND THE RO-RO SYSTEM

With the entry of South Korea's Hanjin Heavy Industries at Subic, it is time for our decision-makers to strategize beyond the inter-island RO-RO system and capture a bigger slice of the regional maritime market. Don't we already have the pre-eminent position in providing English-speaking seafarers around the world?

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 - 1. Transfer Credential/Honorable Dismissal.
 - 2. Transcript of Records.
 - 3. Certificate of Good Moral Character.
 - 4. Two 1x1 I.D. Picture (Latest).
 - 5. Must pass the entrance examination

- Ranked 3rd – 2007 PJMCC National Maritime Schools Assessment Program
- Topnotchers in PRC Board Exam for Customs Brokers
 - 2007 – 6th & 9th Place
 - 2006 – 6th & 10th Place

SOON TO RISE!

Another Four-Storey School Building
(Fully-Airconditioned)

CLASSES START JUNE 10, 2008

"Sail Towards your DESTINY and Anchor to your SUCCESS"

