MAY - JUNE 2011

MARITIME REVIEW

A PUBLICATION OF THE MARITIME LEAGUE

Improved transport and logistics to spur Asian trade

Maritime League to hold 1st Philippine International Maritime Conference and Exhibition

on profile:
MIGUEL A.V. ROCHA
EVP and COO
CF Sharp Crew Management, Inc.

Table of Contents

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

The Philippine Navy sho

In the last issue we talked about the departure of the Philippine Navy contingent that was going to San Diego in connection with the PN's acquiring the USCG Cutter Hamilton and some concerns expressed by some in the PN forum interested in development of the Navy.

The update on this is that the PN contingent would take over officially on May 14, while the formal ceremony would take place in San Diego, California on June 1, 2011.

Photos from Shipspotting/com

Personally, I think while the PN does not intend to join the arms race that apparently countries around have gotten into, still it is taking decisions that, although justifiable, keeps our own capability to build ships and other types of watercraft for the PN (and future export) continue to lack direction.

India, China and Thailand have ventured into aircraft carriers. China has the economic backing for a credible system – and some estimates give them 10 to 20 years to have something that they can use to counterbalance the US Navy (Not that I think they need to; Chinese and pro-Chinese (or anti-US) geopoliticists just think so). China, India, Indonesia, Thailand, Vietnam and Malaysia have or are going subsurface as well.

Of course, we realize that the ability to develop shipbuilding capability is primarily affected by economic factors. The richer countries are losing it for one reason – they are being priced out because of labor. The very poor countries (and we seem to be getting poorer in comparison with the neighbors) have to rely on export (as in the case of the Tsuneishi in Cebu and the Hanjin in Subic) because the shipping and ferry operators cannot afford the price of the ships and fast craft. The government cannot (and ideally should not) subsidize the industry but should as a matter of policy provide adequate incentives. These incentives may come in the form of: (1) Tax holiday or exemptions; (2) Low interest loans to shipbuilders for modernization and to shipping and ferry companies for purchase of bottoms; and (3) Increased multiyear capital outlay budget provisions for the Philippine Navy and agencies such as the Philippine Coast Guard, the PCGS and the Bureau of Fisheries and Aquatic Resources (BFAR).

I am extremely confident that we can spur

By: Carlos L. Agustin

d plan to procure locally now

growth of the shipbuilding and shipping industries through the three suggestions given – and ensure future modernization of the Navy and Coast Guard while developing our shipbuilding and shipping sectors.

Antonio Faustino of the Philippine Navy Forum in early May 2011 came out with this interesting comparison of vessel procurement:

Trade-offs of brand-new versus second-hand ship:

- Brand-new 3,000 ton patrol ship = $ 100 million
- Buy from ship abroad and repair/maintain same ship abroad = $ 100 million outflow or loss
- Buy from abroad and repair/maintain same ship locally = $ 100 million outflow or loss - $ inflow from local repair
- Buy ship locally = $ 100 million inflow or gain - $ outflow to purchase machinery/parts available only from abroad Second-hand 3,000 ton patrol ship = $30 million($ 10 million purchase + $ 20 million upgrades)
- Buy second-hand ship and repair/maintain same ship locally = $30 million outlfow - $ inflow from local repair

If Brand-new ship has 30 year life, and second-hand ship has 15 year life (conservative estimates):

- Real price of brand-new ship in annual terms = 100/30 = $ 3.3 million in annual terms
- Real price of second-hand ship in annual terms = 30/15 = $ 2 million in annual terms + more second-hand equipment repairs

Other factors to consider:

1. Available budget - if country simply has small budget, no recourse except second-hand ship especially if the requirement is for a big ship.
2. Combat survivability - commercial versus naval standards (a second-hand ship might be built to naval standards while the brand-new ship might be built to commercial standards or vice-versa)
3. Cost of crew/sailors - Brand-new ship might need fewer personnel due to automation while second-hand ship needs more personnel. In general, rich countries take into consideration cost savings from smaller manning levels of newer ships. This may not be too crucial for third world navies with lower pay scales of sailors.
4. Fuel expenditures, condition of machinery, stealth features and other modern features on modern ship versus second-and-ship - is the difference crucial or important? Or dependent of missions or the current situation?
5. Selection of available second-hand ship on the naval market - Choosing among available second-hand ships on the naval market needs a lot of thought with consideration to practical matters such as fuel consumption. gas versus diesel, condition of the hull, machinery, armaments, required annual maintenance costs, repairs/upgrades needed, political requirements and limitations imposed by selling country(e.g. possible arms embargo) etc.
6. Incalculable national pride from building ship locally.

Maybe we should workshop this matter in the forthcoming Maritime Conference.

Philippine International Maritime Conference and Exhibition

In the previous issue also I mentioned the plan to hold a Philippine International Maritime Conference and Exhibition, to be held in Manila, taking off from a proposal by Publisher Neil Baird of Australia, who is convinced of the bright future for Philippine shipbuilding. While that big event will not push through as originally envisioned, we have decided to take over the project, taking Baird "off the hook", so to say, as the primary convenor. We have downscaled the project, but the outstanding development that came out of it is the entry into the picture of the House Committee on Transportation lead by its Chairman, Rep. Roger G Mercado, who has agreed to be co-convenor together with the Maritime League and the DOTC.

We will invite officials and industrial leaders to join our advisory group. I think it will be a great event.

By the time this gets in print, we would have had our second planning meeting for the event hosted by the House Committee on Transportation, at the Columbian Club in Paco, Manila on May 13, 2011. ■

NMC, LSC forms JV for cargo-handling chores

Sister firms Lorenzo Shipping Corp. (LSC) and NMC Container Lines (NMC) have formed a joint venture to handle all the companies' cargo handling chores nationwide. The JV, which will be named One Team Services, Inc., will be a 50-50 sharing agreement between the two Magsaysay-onwed local cargo handling operators.

"One Team Services, Inc. will develop competencies to eventually handle the cargo-handling requirements of LSC and NMC in various locations in the Philippines," listed firm LSC said in its report to the Philippine Stock Exchange.

It added that the JV will also be responsible in the management of container yards and related support services for the two firms.

"The expected benefits to LSC arising from the operations of the One Team Services, Inc. include operational efficiency and long-term cost effectiveness," LSC added in the report.

In November 2004, the firm of shipping magnate Magsaysay-Ho, National Marine Corp. (NMC), bought the 28.68% stake of Singapore's Neptune Orient Lines, Ltd.

Magsaysay-Ho upped the stake by middle of the same year and said her firm wants the entire Lorenzo Shipping and had entered a voting trust agreement with some of its major shareholders, including Pioneer Insurance and Surety Corp., which holds about 20% stake.

The integration of the several of the operations of the two firms, on the other hand, has been delayed after NMC acquired LSC since the company wants to operate the two firms as different entities.

As of this time, however, plans remain the same and the merger of the two firms into one company, is still a remote possibility at least in the near-term.

Earlier, NMC and LSC president Roberto Umali said there will be no significant expansion programs for both NMC and LSC aside from vessel replacement and route expansion explaining that cargo volume is not enough to support whatever expansion programs of any shipping firm at least in the next couple of years.

As of the moment, LSC maintains a market share of 15%. Currently, LSC operates MV Lorcon Dumaguete, MV Lorcon Cagayan de Oro, MV Lorcon Davao, MV Lorcon Visayas, MV Lorcon Cebu, MV Lorcon Manila and MV Lorcon Zamboanga that ply the Cebu, Davao, General Santos, Cotabato, Iloilo, Cagayan de Oro, Zamboanga, Dumaguete, and Bacolod routes.

NMC, on the other hand, is strategically mapped in six of the country's major economic ports – Manila, Batangas, Cebu, Cagayan de Oro, Davao and General Santos wherein areas of operations are all ISO 9001:2008 certified. ■

Nenaco buys new vessel, dubbed as biggest Fun Ship

Domestic shipping giant Negros Navigation Co. (Nenaco) has purchased another vessel to further improve its fleet and maintain its lead over its nearest counterpart. The new vessel is also expected to increase the capacity of its passage sector as well as the capacity of its cargo sector wherein Nenaco is focusing at the moment.

According to Nenaco chair Sulficio Tagud, the new vessel that they acquired for $8.35 million will be named St. Michael the Archangel (SMA), which is a Ro-Ro/passenger (Ropax) vessel.

Tagud said they have also spent close to $3.6 million to refurbish and upgrade the facilities of the vessel to offer one of the best in the passage industry while having enough capacity in its cargo haul.

"Our commitment has always been the same ever since the inception of the company in 1932 and that is to provide better and innovative services. We constantly strive to inconvenience ourselves for the absolute convenience of passengers and cargo clients" Tagud stressed.

SMA will be servicing two key routes with the first one being the Manila to Cebu- Cagayan de Oro- Iloilo-Bacolod and Manila every Thursday while the second route will be Manila to Bacolod-Iloilo-Cagayan de Oro-Cebu then back to Manila every Monday.

SMA boasts of a passenger capacity of 1,929 while its cargo decks can accommodate 190 twenty-foot equivalent units. It has a length of 150.8 meters and width of 25 meters with seven deck levels. It is supported by two sets of main engine with a combined power of 18,800kW.

SMA is also touted as a new generation FunShip of the combined Negros Navigation-SuperFerry fleet. It is replete with entertainment centers, an event hall that doubles as a disco and comedy bar, two dining areas, viewing cum entertainment deck, a coffee shop plus convenience stores that can service passengers any time of the day.

It is also being primed as a training ship with the creation of two conference halls complete with state of the art training facilities that becomes a welcome addition since Negros Navigation and SuperFerry are both offering HRM, Tourism and Maritime trainings.

Nenaco, meanwhile, is setting aside about P2.5 billion in capital expenditures this year to expand its supply chain and logistics business. The purchase of SMA is part of its expansion plan for its logistics business.

For 2011, Nenaco is looking at a consolidated net income of about P1 billion which is a reversal of a net loss last year. In 2010, Nenaco posted a net income of P190 million while ATS booked a net loss of about P755 million due to limited vessel in operations attributable to the prolonged dry-docking.

Currently, Nenaco maintain at least 3 fast craft under the Cebu Ferry brand and another 8 fastcrafts including the two that services the Batangas-Calapan-Batangas link while the remaining 6 were deployed in the Bacolod-Iloilo, Cebu-Tagbilaran and Cebu-Ormoc routes. ■

ATI looks at PPP projects, allots P1 billion for ports

The Manila South Harbor being operated by ATI.

Asian Terminals Inc., the country's second largest port operator, said that it has extra cash for possible port acquisition this year after the company disposed its grains terminal last year.

Eusebio Tanco, ATI president, told reporters that the company has around P1 billion to spend for port acquisition for this year and expand its presence in the country.

"Any opportunity that may appear in this line of business, we will look into it," Tanco said at the sidelines of the company's stockholders' meeting recently.

"We don't divert into non-core business we're very focused on our core business. We will look at all of them," Tanco said, referring to the ports that were up for privatization.

According to the Philippine Ports Authority, a state firm that manages most of public ports in the country, the government is keen on privatizing the operation of at least five major ports outside Manila this year. These ports include Davao, Cagayan de Oro, Surigao, Zamboanga and Iloilo.

"At the moment if these ports will be privatized of course we will look at it if its interesting and if its good for the company, and good for long term we'll definitely take it," Ernst Schulze, the company's executive vice president said.

Schulze, however, added that the government has not yet laid out its plan on how to carry out the privatization plan on these ports.

The said P1 billion funding for acquisition was an additional cash aside from the recently announced P1.9 billion capital expenditure, which mainly go to the expansion of Manila South Harbor, ATI's flagship port in the country.

Last year, the company sold its Mariveles Grain Terminal to La Filipina Uy Gongco Corp., for an undisclosed amount. According to some estimates, the said terminals was worth around P1.6 billion.

The terminal can accommodate vessels of up to 70,000 deadweight tons, discharge cargo at 10,000 metric tons per day and store 180,000 metric tons of both soybean and grain cargoes at any given time.

ATI said in its report that its net income for 2010 hit P2.14 billion, or 84% higher than the previous year's earnings of P1.16 billion.

It posted revenues for 2010 of P4.52 billion, or some 20 percent higher than the P3.77 billion that it earned last year.

Earnings from the operation of its international containers and non-containers at the South Harbor were up by P533.3 million and P110.5 million, respectively, due to the growth in international trade at the Port of Manila.

Also last year, the government allowed the company to increase its rates by 7% effective January 1, 2010.

Revenues from its domestic terminal operations in Manila went up by P93.2 million due to higher container volumes, while cash flow from the Port of Batangas increased by P37.3 million due to higher volume of cargoes handled by the roll-on/roll-off vessels and also more passengers used sea transportation last year. ■

ICTSI names new officers for local subsidiaries

International Container Terminal Services, Inc. (ICTSI) recently named Jose Manuel De Jesus as president of Davao International Port Stevedoring Services Corporation (DIPSSCOR) and Subic Bay International Terminal Corporation (SBITC) and Julien Domingo as general manager of DIPSSCOR.

Jose Manuel De Jesus- DIPSSCOR and SBITC president

Mr. De Jesus is also the concurrent vice president for business development of ICTSI, president of Mindanao International Container Terminal Services, Inc.; and a board member in several of ICTSI's Philippine, Asian, and Australian subsidiaries.

Before these assignments, he was Director for strategic planning of ICTSI's regional development offices in Miami and Dubai, and general manager of former ICTSI subsidiary Thai Laemchabang Terminals, Inc. He joined ICTSI in 1995 as executive assistant to the chairman.

De Jesus is an industrial management engineering graduate of De La Salle University in Manila.

Mr. Domingo replaces Mr. De Jesus as general manager of DIPSSCOR. He was DIPSSCOR's controller. Mr. Domingo was formerly MICT assistant accounting manager. He joined ICTSI in 1998 as accounting supervisor for former ICTSI subsidiary, ICTSI International Holdings Corp. He moved to MICT in 2001 and was promoted to accounting officer in 2002. Before ICTSI, he was with SGV as accountant-in-charge of ICTSI.

A certified public accountant, Domingo is an accounting graduate of Saint Louis University in Baguio City graduating cum laude. He is a member of the Philippine Institute of Certified Public Accountants.

Julien Domingo- DIPSSCOR General Manager

PPA launches new Ro-Ro service in Bicol region

Atty. Juan C. Sta. Ana visited Bicol on March 15-16, 2011, marking his third out-of-town trip since his appointment as PPA General Manager. Accompanied by AGM for Corporate Affairs & Special Projects/ Port District Manager for Southern Luzon, Hector E. Miole, Sta. Ana led the launching of the Roll-On, Roll-Off (RORO) service along the route connecting the Ports of Nato to Caramoan (both in Camarines Sur and eventually to Codon, in San Andres, Catanduanes).

PPA GM Atty. Juan Sta. Ana and RASI president Richard Imperial discussing the potentials of the new Ro-Ro service.

The maiden voyage of MV Calixta 3 for this route is a triumph of determination and optimism among PPA, Partido Development Administration, and Catanduanes Gov. Joseph Cua. In his speech, GM Sta. Ana said that this ferry service in ports around Lagonoy Gulf will lure bus operators, haulers, traders, and tourists as they will find land travel from Metro Manila to Codon, San Andres, Catanduanes via Nato Port to be shorter by at least two hours than the trip from Manila to Codon via Tabaco Port.

Sta. Ana also added that the prospect that this route will certainly attract more foreign and local tourists to enjoy the pristine and white Boracay-like beaches of Caramoan and Catanduanes is likewise gratifying.

The new route is also consistent with the 2011 Regional Development Plan, particularly in enhancing water transport thru strategic RORO ports linking Catanduanes, Caramoan, Codon, and Nato. The construction of the port of Codon is currently being undertaken by DOTC while the RORO ramp integral to the RORO connection is scheduled to be put up by 2012. The Port of Caramoan was completed in March 2010 from PPA corporate funds.

The expeditious attainment of the region's plan will be reliant on the government agencies' active participation and coordinated efforts, said Cong. Noli Fuentebella. Speaking before the crowd during the MOA signing and RORO launching, Fuentebella who represents the 4th district of Camarines Sur, which includes the town of Sagnay,also thanked PPA thru GM Sta. Ana for its many assistance, the latest of which is the construction of Elise Point Lighthouse in Bgy. Patitinan, Sagnay, Camarines Sur. The maiden voyage, he continues, is a historic event and jumpstarts the further development of Camarines Sur, on one hand and the entire Philippines, on the other.

The Port of Nato features a PPA-constructed RORO ramp. Along with eight other municipalities, Nato and Caramoan are under the jurisdiction of the Partido Development Administration. Another port in Siruma has been constructed by PPA that includes a RORO ramp.

GM Sta. Ana complemented the RORO launching with his signing of the MOA, renewing the continued management and operation of the Nato Port by the PDA for another 15 years. He said that with the opening of the RORO operations, the MOA extension will boost PDA's marketing promotion as well as the current traffic of the Port of Nato. Sta. Ana further said that the only way for the country to develop is to link its islands to enable faster transport and exchange of goods and services. He also congratulated Gov. Cua for fostering the commercial ties between Catanduanes and Camarines Sur, initially thru this pioneering ferry route. Regular trips start in May this year when the vessel earnmarked for this route arrives from China.

Sta. Ana and Miole inspected the ports of Tabaco and Legazpi. At the PPA PMO Administration Building, Port Manager Rosenda G. Sumagaysay led the welcome program in GM's Sta. Ana's honor. ■

MNHPI cancels leases at NH, plans to increase rental rates

At the North Harbor.

The Manila North Harbour Port, Inc. (MNHPI) has cancelled all lease agreements at the North Harbor to pave the way for the increase in all rental rates at the country's premier but most inefficient port.

MNHPI has already informed their stakeholders to make the necessary arrangements with the company in order to continue their business at the port.

Latest data showed that MNHPI is trying to increase their rental rates by as much as 87.5% per square meter (sqm) which is also 62.5% higher than their earlier proposed rental rate increase of 25%.

As of the moment, rental rates at the North Harbor stands at P80 per square meter. In April 2010, MNHPI tried to impose a 25% increase in rates from P80 to P100 per sqm. Their latest proposal, on the other hand, is to peg rental rates to P150 per square meter from the current P80 per sqm.

As expected, the Philippine Liner Shipping Association (PLSA) is opposing the increase claiming that it should be approved by the Philippine Ports Authority (PPA) first before it will be imposed.

Just like in their earlier position, PLSA claimed that the increase in rental fees are higher that what they are paying the PPA before and are not acceptable to their members and might have violated several orders with regard to rate setting mechanism and port rules and regulations such as PPA memorandum order No. 69-2009 and Sec. 4.02 of the North Harbor contract.

PPA Memorandum Order Number 69-2009 dated November 27, 2009, meanwhile, states that the rental rates on Lands at the Manila North Harbor is P80 per square meter up to September 2010 while the last sentence of the second paragraph of Section 4.02 of the Contract between PPA and MNHPI states and we quote: "Provided, further, that the Authority shall exercise its regulatory powers over the Contractor in the implementation of port rules and regulations as well as in rate setting at the Manila North Harbor."

As of the moment, MNHPI is holding in abeyance the imposition of the new rental fees after PLSA asked for a 15-day period wherein to file its opposition to the proposed rate increase. The period has lapsed yesterday.

However, as of presstime yesterday, the PLSA has yet to submit their position paper either to MNHPI and the PPA.■

PPA revokes 50-50 sharing agreement in cargo-handling

Sasa Wharf in Davao (Photo: ICTSI)

The Philippine Ports Authority (PPA) has revoked the 50-50 sharing agreement in arrastre fees in all ports nationwide in instances where cargo handlers (CH) uses the equipment of shipping lines in its bid to force cargo handling service operators to procure their own facilities.

"In this regard, PPA MC No. 01-2009 prescribing the 50-50 sharing on the arrastre fees in instances where the CH utilizes equipment of the shipping lines in rendering services to vessels and cargo owners is hereby revoked," PPA general manager Atty. Juan Sta. Ana stressed in PPA memorandum circular 01-2011 that already took effect last week.

"In the event where the shipping company is willing to allow the CH to use its equipment, any arrangement as regards the payment shall be internal between the CH and the shipping company," Sta. Ana added.

"Corollary to this, the Commercial Services Department shall delete the portion under 'containerized cargo' of the schedule of cargo handling tariff of all ports," Sta. Ana added.

The order, on the other hand, is welcomed by the shipping lines particularly the Philippine Liner Shipping Association (PLSA).

PLSA said they would not be short-change now in the use of their equipment since cargo-handling operators take advantage of their equipment and just pay their share that also significantly render to the inefficiency of ports.

PLSA added that the order will pave the way for the modernization of cargo-handling equipment as shipping lines has now the power to charge majority or the entire arrastre fee making it more expensive to the cargo handler rather than procure its own equipment.

The order will again finally settle the long-standing dispute between the cargo-handlers led by the Association of North Harbor Cargo Handling Operators (Anchor) and the Philippine Chamber of Arrastre and Stevedoring Operators (PCASO) and the PLSA on the sharing agreement. ■

Gov't ensures safe and convenient port travel

In anticipation of the influx of passengers that will be passing through the ports with the upcoming opening of classes come June, the Philippine Ports Authority (PPA) are continuously and strictly adopting appropriate measures to ensure the safety, security and convenience of the passengers, ships and cargoes in the ports.

Among the measures that shall be continuously undertaken especially during this season where passengers are at peak are the provision of help desks and the passenger assistance centers (PAC) as well as the coordination with various government agencies involved in port security and safety.

Also included in the safety and security measures to be undertaken are the security alertness particularly of the security and safety personnel as well as the availability of efficiently functioning baggage X-ray machines and walk through detectors.

The Passenger Assistance Center (PAC) manned by PPA port operations personel and other government agencies such as the Phil. Coast Guard (PCG), PNP Maritime Command and the Maritime Industry Authority (MARINA) shall address the problems encountered by passengers and other related concerns.

PPA GM Juan Sta Ana said that Port Security has already been established nationwide but more security alertness, however, will be observed during this peak passenger season.

"Port personnel especially the security guards are under strict instructions to extend utmost courtesy to the passengers and are directed to be always watchful to unattended baggage and to periodically check on all corners, and garbage bins for suspicious objects which shall be immediately coordinated with the local PNP for proper disposal," he said. ■

Improved transport and logistics to spur Asian trade

Improved transport and logistics among Asian countries will result to regional integration and most importantly overwhelming trade gains, according to the lead transport economist of the Asian Development Bank (ADB).

Peter Darjes, ADB lead transport economist said over the last 5 years , Asian trade growth was at 8 percent in real terms, between Asian and the rest of the world.

Half of the Asia's global trade are accounted for within the region, dominated by East Asia. China contributed 27 percent in imports and 28 percent exports while Philippines only had 2 percent imports and one percent exports. Among the top five contributors in Asian trade were China, Hongkong, Japan, Korea and Singapore.

He cited constraints to the growth of trade in Asian countries and benchmark them with the Organization of Economic Cooperation and Development (OECD) countries.

"The documentary requirement in countries in Asia, is more cumbersome than in OECD countries . The number of documents needed normally exceeds documents required in OECD," he said.

He added that the time needed to export and the time needed to import is longer than OECD and the costs are higher.

"If the development of trade transaction cost and infrastructure and logistics quality increase by 2 points on the index, reducing transaction cost by 20 percent, the incremental gain in trade would amount to $2.2 billion, equivalent to 24 percent of the existing trade volumes of the counties concerned," he explained.

Spread over three years, stressing that it cannot happen overnight, the annual, trade growth is about 6.3 percent.

China will likely to continue its growth but not at the same level of growth it had, brought by policy shift of its government which focuses on internal consumption and less on trade.

Southeast Asia, he claimed will have a robust growth and Philippines, is so far, has been doing good.

Darjes said, though they have not done by country assessment on logistics, he claimed that Philippines is doing very well, taking into consideration the last administration's focus, on Strong Republic Nautical Highway (SRNH).

He said that logistics requirements will increase, given the country's geographic location and growing population.

He said there maybe decline in interisland shipping over the past years, due to direct links such as Davao-Singapore and Cebu-Hongkong, among others, nonetheless freight volume will still be there.

The ADB and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) are discussing issues and challenges in working for an integrated Asian region connected by world-class transport and logistics systems. ■

New railway connecting China and SEA proposed

With China's domestic rail network already developing at a rapid pace, the Chinese government is planning to go international, with plans underway to create a regional rail network stretching as far as Singapore.

Strategically positioned in south-western China, Kunming is set to become the key regional hub connecting China and Southeast Asia. The planned railway network will help boost trade in the region and improve passenger connections between China and the ASEAN states. The China-ASEAN Free Trade Agreement (FTA) came into force in early 2010, making it the world's third largest FTA in terms of trade volume.

Much of South-East Asia's current rail network is generally in poor condition, and is not commonly used for freight transportation. China's interest in regional rail network development is not difficult to understand; on one hand opening new efficient trade routes with neighboring countries will boost China's economy, particularly in the less developed western provinces in close proximity to SE Asia. Additionally, China wants to spread political influence in the region, and by contributing Chinese capital and high-speed rail technology, they can increase their sway in the region's affairs.

Another key factor is potential access to the Indian Ocean through Myanmar, a possibility which could have huge strategic importance for China.

The proposed route will connect China, Vietnam, Laos, Cambodia, Thailand, Myanmar, Malaysia and Singapore. The completed network could stretch to as much as 14,000 km, with three main lines. The eastern line will run from Kunming through Vietnam, Cambodia and Malaysia to Singapore. The central line from Kunming will go through Laos, Thailand and Malaysia to Singapore Finally, the western line will stretch from Kunming through Dali, Ruili and Myanmar to Singapore.

Several of the countries involved already have existing rail networks which will be combined into the new network. Eventually a full circuit will be completed around the ASEAN-China region. Tourism will be boosted, but the most significant impact will be for cargo. The ADB estimates that high speed rail transportation will reduce freight transport costs in the region by as much as two-thirds when compared to freight transport by road and sea.

Major sections of the network will be completed by 2015, but it is unlikely that the whole network will be completed before 2020. China's ambitious plans will inevitably meet some resistance as they carve new rail routes into the landscape of their South-East Asian neighbors. However, China's offer of much-needed infrastructure investment, new rail technology and the potential economic benefits which will come from the new rail network, mean that it's an offer which is difficult to refuse.

China's ambitious plans have even led to speculation that a high-speed China-Europe route could be in the pipeline, but this doesn't seem likely to happen anytime soon. As China has used its 'soft-power' approach to gain access to natural resources on the African continent through investment and new job creation, it looks like the same approach could work in South-East Asia. (ChinaIntelligence Online)

Ships called from Japan sparks mixed screening strategies from US, EU

As April ended and May started, ships that had called at Japanese ports post-radiation leaks finally found their way to European and US ports. And what greeted them was a disjointed mix of reactions and confused strategies on screening and decontamination plans.

Tactics ranged from outright expulsion and outside port limits radiation checks, to random spot checks and written guarantees. Noticeable by its absence was a standardized approach.

In Europe, Belgium opted for full checks of the first two ex-Japan ships, with spot checks thereafter, while Rotterdam, Europe's biggest container port, is screening for radiation while ships are still at sea. Hamburg is partially relying on screening that will take place at transhipment hubs on route from Japan.

As well as at sea screening, Rotterdam has also demanded written guarantees from shipping companies that their cargoes from Asia have not been exposed to radiation. "It is up to the shipping company to instruct their crews to clean the containers during their passage," a spokesperson from Rotterdam sternly told the press.

The US, meanwhile, has been checking every container coming from Japan since radiation began escaping from Fukushima's damaged nuclear power plant, but has so far found no radioactively contaminated seafood, auto parts or electronics.

It's a confused picture – port authorities, customs, health inspectors and security staff all have to work together to establish firstly, what level of radiation is unacceptable, and secondly, what to do if that level is detected.

An emergency plan needs to be drawn up, if there isn't already one in place. Port workers need to be kept informed. And of course, the port needs to address public concerns that contaminated goods and ships are being channelled through terminals.

Indeed, some European ports have openly admitted that screening is mainly to allay public fears, and that radiation levels are expected to be within safe limits.

The Flemish, for example, admit that "no threat to public health or the environment is expected", while Rotterdam sees its screening as removing the concerns of those directly involved in handling the ship. ■

MENTOR
[UNLOCK YOUR POTENTIAL]

Personality Development essentially means enhancing and grooming one's outer and inner self to bring about a positive change in one's life. Each individual has a distinct persona that can be developed, polished and refined. This process includes boosting one's confidence, improving communication and language speaking abilities, widening ones scope of knowledge, developing skills, learning fine etiquettes and manners, adding style and grace to the way one looks, talks and walks. Who wouldn't want to have a company full of people who have a great character and are equipped with the necessary skills and attitude for success? Climbing the corporate ladder has never been easier.

Mentor, a newly opened one stop communications solutions company catering to improving your personnel and staff has made your life easier by providing courses specifically tailored to. fit your needs as an individual or even a company. They have personality development courses covering topics on everything from improving communication skills, talking to the media, widening one's scope of knowledge to learning proper etiquette, and adding style and grace to the way one looks, talks and walks. Just equipping you with the skills and attitude required for success! The only thing that separates an exceptionally great company from mediocrity is it's most important asset... Namely its people! With Mentor you don't have to look any further. Start investing in your people NOW.

Maritime League to hold 1st Philippine International Maritime Conference and Exhibition

The Maritime League, a non-profit Filipino maritime foundation in cooperation with both the government and maritime stakeholders in the country is organizing a 2-days maritime event dubbed the 1st Philippines International Maritime Conference and Exhibition (PIMCE 2011) this November 14 to 15.

With the theme The Philippines- A land of Maritime Opportunity, the event is aimed at providing venue for maritime regulators and disseminate information and exchange ideas with the maritime stakeholders, for the benefit of the maritime industry.

Also, it should provide an opportunity for owners and operators of the various sectors of the maritime industry to meet equipment suppliers and service providers for economic and safety concerns and provide venue as showcase for the maritime industry products and services for local and international participants.

PIMCE is to run for 2 days with seminars, fora and product/equipment showcase and presentation.

Commodore Carlos L. Agustin, president of the Maritime League and Representative Roger G. Mercado (Lone District of Southern Leyte), Chairman of the House committee on Transportation, and also long time member of the League Co-Chairs the Organizing Committee that also includes Atty. Juan C. Sta. Ana and Hector Miole of the Philippines Ports Authority (PPA) and representatives from the Philippine Coast Guard (PCG), Philippine Navy (PN) and the Maritime Industry Authority (MARINA)

PIMCE 2011 will focus this year's event on Shipbuilding and waterfront development, recognizing among others, the country's potential to be a great shipbuilding nation.

"We are fourth in the world in terms of shipbuilding, yet we are not truly known as that" pointed out Agustin.

He added that the potential is great considering mega companies from shipbuilding giants like Hanjin and Tsuneishi have set up branches in the country and have been reaping great success.

Representative Mercado, a known proponent of waterfront development in the country said that with the government's continued thrust to further develop its intermodal transport system, the dream to become a shipbuilding hub in Asia should be pursued.

"This is an industry that needs to be given much importance considering we have the manpower and certainly the capability to be a shipbuilding nation", he added.

Representative Mercado lauded the project and expressed full support.

He said, "This is indeed a very important and laudable project. This should bring together all our stakeholders together and give focus to the strategic location of our country as a maritime nation that is not known only to be the number one supplier of qualified crew to global shipping but a shipbuilding nation as well".

Venue of the event and other information related to PIMCE 2011 will be announced soon. ■

Rep. Roger G. Mercado Co-Chairs organizing Committee of PIMCE 2011

Tough challenges face IMEC new team

The International Maritime Employers Cooperation (IMEC), the largest international organization dealing exclusively with maritime industrial relations, held its annual general meeting in London following a meeting of the IMEC Board of Directors held on the previous day.

During the meeting, many areas of interest to the maritime sector were discussed including piracy, the ongoing International Bargaining Forum negotiations and the fast approaching implementation of the ILO MLC 2006. Expert guest speakers including Cleopatra Doumbia-Henry, Director of the International Labor Standards Department of the International Labour Office and Captain David Bancroft, formerly in charge of the UK MTO, provided key insights into specific areas of concern to the membership in attendance.

The IMEC membership, who expressed particular concern, when discussing piracy in the Gulf of Aden and Arabian Sea, voted unanimously to adopt a standpoint of "protection over payment, through the provision of increased security systems, which may include personnel or systems appropriate to the vulnerability of vessels on transit through pirate infested waters, based on a vessel's type, speed and freeboard during transit."

Also during the meeting, the long-standing Chairman of IMEC, Ian Sherwood, stepped down and the members voted to elect Mr. Greg Triantafillou, from Epsilon Hellas in Greece, as the new Chairman, to lead IMEC into the future and deal with ongoing and future challenges. Mr. Triantafillou has been serving on the Board of Directors since 2007 and previously as Deputy Chairman since 2010.

On accepting the position as Chairman, Mr. Triantafillou paid tribute to his predecessor, describing Ian Sherwood as "a real technocrat, whose down to earth pragmatism, patience and calm, enabled IMEC to get what needed to be done, achieved."

Mr. Triantafillou, in thanking the membership for their support, continued that "IMEC should encompass all those areas that our members care about, for which there is no other international representative organisation or body."

Mr. Triantafillou highlighted that it was his intention to bring greater exposure to IMEC by raising the IMEC profile through the formation of strategic alliances with other industry associations, whilst maintaining and expanding the large training commitments, continuing the IBF negotiations and being a recognised voice in the industry.

Also during the meeting, another long-standing IMEC Officer, Mr. Bob Goodall stood down and Mr. Triantafillou passed his thanks to Bob for his unwavering efforts on behalf of IMEC during his tenure.

With the departure as Officers of Ian Sherwood and Bob Goodall, two new Officers were elected by the membership into the positions of Vice Chairman. Captain Norbert Aschmann and Captain Belal Ahmed from Germany and Singapore respectively were both appointed, with unanimous support, to join Captain Rajesh Tandon, a currently appointed Vice Chairman and Mr. Triantafillou as Chairman. ■

The new STCW convention: its effect to shipowners

The STCW convention, mainly addressing the competency and training standards for crew on board merchant ships, was amended in Manila, June of 2010 where it received a thorough overhaul. The convention first saw daylight in 1978, and then again in 1995 with the current convention which has been serving its purpose well by aligning training and certification standards across the world. But how about the new amendments which enters into force by January 2012 and are supposed to be fully implemented by 2017? Is this revision just as forward looking as the previous ones – or is it just a mediocre pile of paper that has been created in the name of consensus?

By Mikkel Brønnum Hansen, Business Consultant, Master Mariner MBA, Green-Jakobsen A/S, (a Copenhagen Based consultancy company dedicated HR and Safety within the shipping business).

Looking at the topic from the view of the shipowner, I will try to answer these questions. These topics have been discussed with a number of major shipowners and it has revealed some interesting viewpoints, which will hopefully give the maritime administrations responsible for the implementation of the revised convention some food for thought. This article will discuss a number of selected topics that address some key areas of the convention – some of those which raise concerns from the owners.

New requirements

There are still some black holes which need to be clarified.

The eye-catching change is the inclusion of the ratings into the STCW convention – previously they were found only in the ILO conventions. Moving towards global standards for ratings as governed by the STCW convention in this respect – will increase the operational flexibility for owners with fleets spread over several flags.

Another area is the Electrical Engineers and ratings who have now been integrated in the convention. Here owners will start to see crew meeting standardized requirements – instead of getting lost in the certification and diploma jungle.

Looking through the praise

There are, however, also some issues that raise some people's eyebrows – tighter regulation and certification lead to decrease in seafarer supply, thus owners should expect an upward pressure on wages. This is expected for ratings – and definitely also for electricians.

Some owners cross their fingers that electricians will not be part of the safe manning – as for example reefer electricians – are they expected to live up to the new certification requirements as well? If they are – this means an immediate hike in wages expenses – and sleepless nights for crew managers!

Administrations must address these issues quickly and owners need a coordinated response, in order not to create loop-holes or unfair competition between flags.

The Cook

Who forgot the most important person onboard?

MLC: "3. Seafarers employed as ships' cooks with responsibility for food preparation must be trained and qualified for their position on board ship."

Unfortunately the amended STCW convention is not complete: The cook is missing. - Striking, since all other ratings are now included – but the cook. Any seafarer would argue that the cook is the most important person on board – and now they would have to live with the MLC's rather vague statements that the cook must be trained and qualified. It could have been a home-run if the STCW had included a cook COP requirement specifying training and competency requirements within hygiene, healthy food, budgeting and stocktaking, as well as cooking, baking etc.

Moving forward

it can only be recommended that administrations try to align cook

certification and requirements as required through the MLC. Another recommendation is that IMO will settle this in the next revision, as it creates barriers for cooks to seek employment – and it decreases flexibility for the owners.

Refresher training - Requires planning – and a grab in the pocket. Following the new requirements including the increased requirements for refresher courses – the training industry has sensed a new awakening.

A few points to set this into perspective:
Refresher courses cost money. Some owners estimate the increased cost to amount to 500 – 1.500 USD per seafarer per 5-year refresher cycle. In the end these extra costs will have to be borne by shipowners, one way or the other.

At the other side of the table – some Filipino training centers have identified 14 – 20 new courses, which they are now preparing in the wake of the 2010 amendments. Interestingly enough – the Department of Labor and Employment in Manila has stated that they opt for early implementation of the Manila amendments as one of the only administrations so far. Training is big business in the Philippines.

Owners appreciate training
But owners also appreciate that they get a return of their investment. Pouring money out on doubtful new training regimes with limited control is not where owners wish to put their money. Administrations and training centers must ensure the quality of courses – and alignment with requirements in the convention – as well as alignment with other administrations.

Implementation
Will we follow the original implementation schedule? Generally, quite a few owners actually do not know the implications of the revised convention – they might state that they have heard about STCW 2010, but haven't had the time to look into what it means to them. Other owners are merely scared; they have seen the requirements but are waiting for clarification by administrations. The necessary courses cannot be planned and booked until there is clarity about how administrations will implement the new requirements.

Some areas are still unclear – it is stated that until 1/1 2017 certificates can still be approved/renewed and issued according to STCW 95. However, what will the requirements towards the crew who were not even covered by STCW 95 be ? Will we suddenly see a rush for rating re-certification during the last months of 2011 – and will that also be the case with Electrical engineers and ratings? It is evident that for planning purposes the owners need some clear guidance.

Administration
Owners want less and more smooth administration processes – what do they get? More certificates lead to more administration. The average Filipino seafarer holds about 4 times as many certificates as his Scandinavian counterpart. Will the 2010 amendments once and for all eliminate the certificate jungle?

On the contrary – we will see the new the requirements leading to additional certification, and it could be envisaged that the new refresher courses will require issuing of separate certificates, which will all have to be re-issued every 5 years.

Furthermore, owners and crew managers spend many hours on certificate endorsements. This is basically a paper exercise which is just keeping people busy. It would have been appreciated if the parties had had the courage once and for all to combat administration and bureaucracy, which could end up drowning the shipping industry in paperwork.

eLearning and simulator training
The revised convention recommends extended use of simulator and eLearning tools for training purposes. If administrations come the conclusion that eLearning and simulator training can cover the training requirements – the convention opens to the acceptance of almost everything. This is great news for both the seafarer – and the owners. Imagine that most refresher courses can be taken on board using eLearning tools in a controlled environment and with the assessment by the master? This will save shipping companies for extensive training expenses and the seafarer will be spared spending several days away from their families during their well-deserved vacations.

Experience shows that eLearning
If applied correctly – can be extremely beneficial, and cost-effective. It can be applied either as professional, inspiring, pure eLearning tools, or as a part of blended learning, where the eLearning goes hand in hand with classroom teaching, practical exercises or on board assignments.

Leadership
An opportunity to get leadership on the chart to drive performance
In the revised convention leadership has been included for the first time under these headlines:

- Task and workload management
- Effective resource management
- Decision-making techniques
-

Many quality shipowners already invest in leadership training – although non-compliance courses, especially with soft-skills focus, have been first choice when cutting in training budgets have been imposed over the past 2-3 years. So owners should welcome the opportunity to have leadership as part of their compliance focus.
Why?
People don't leave jobs – they leave bosses – or senior officers. Retention is a key word for many shipping companies today. And the focus on the issue as set forward by the STCW revision is an eye-opener to many shipping companies to the fact that leadership on board means a great deal towards their performance: safety performance, business performance, retention performance etc. Calculations show that the direct replacement costs for a shipping company for losing 1 officer is more than 14.000 USD! So investment in leadership training additional to the fact that it will now be part of the training for all new officer graduates certainly makes sense seen from a cost perspective. In addition, we find that 43% of an employee's performance comes through the indirect performance enablers, which are closely linked to leadership competencies – like giving fair and informal feedback, clarifying expectations etc. This can be drastically improved through the right leadership development. The open question is then – how ambitious will administrations be with regard to the visions for their leadership training? Time will show – but we now have leadership officially charted on the STCW map. ■

Miguel A.V. Rocha, EVP and COO, CF Sharp Crew Management, Inc.

"It is all in the decision..."

by Katrina Anne S. Nacisvalencia

"I think the secret to being successful is to be able to understand why certain choices and decision bring success, but more importantly to be able to identify the learning opportunity in the mistakes that we make. I believe that if we don't make mistakes, it's because we're really not trying. So I think that the important thing is that when you make a mistake, do it quickly, fix it, learn from it, and then move forward. There is plenty of opportunity to over think things and to analyze things so much so that will avoid you to make any decisions at all. Someone once told me that it is better to make a bad decision, than no decision at all."—Miguel A.V. Rocha, EVP and COO, CF Sharp Crew Management, Inc.

Many consider him as one of the youngest, and at the same time, most successful in his role as a top executive in the thriving yet fiercely competitive manning industry in the Philippines.

Miguel A.V. Rocha is the third generation of Rocha in the family business, but unlike his predecessors, Miguel finished his studies at Santa Clara University in California and had 12 years of work outside the Philippines and CF Sharp before getting in the race as was expected of a scion of a family considered by many as one of the pillars in the Philippine manning industry.

At age 33, Miguel joined the Sharp Group. He was then promoted to his current position in 2009 soon after. Miguel admitted though that getting into the maritime business wasn't an immediate plan. For someone who grew up in the States, finished his schooling, made a family and had his first job at one of the top corporations there, going back to the Philippines was never even anticipated that early.

There was never any regret though, for Miguel soon learned to appreciate the job and the opportunity he was given. After all, this is a family business that has given him and his family so much, thus, giving his best was his way of giving back.

Before joining CF SHARP, Miguel worked in the service, trade and logistics, equipment finances, and asset business industries. Working for General Electric (GE) in the past made him deal with things in the business differently from the previous generations of Rocha. He was heavily trained for quality system in GE which he was able to apply in the quality management system and program of CF Sharp.

Outside CF Sharp, Miguel has a startup company based in the USA that is utilizing the BPO model in the Philippines with the call centers, and he also owns a business of flower design with his wife.

Without the coat of being CF Sharp's Executive Vice President and Chief Operating Officer, Miguel is a family oriented person who believes that loyalty to his family is second only to his loyalty to God.

He also tends to have concern for social responsibility, as well as charitable and philanthropic endeavors. "It's important to give back to the community and to make sure that I do what I can to try to improve the place where I live…I believe that it's important that what you do in your work is one thing, but what you do for your community is also important," he says.

CF Sharp in collaboration with Norwegian Cruise Line currently has two youth centers that provide housing and education for 50 street children rescued from the streets of Manila. Miguel also participates with Wee International, an international organization that has humanitarian programs in the Smoky Mountain in Tondo.

It is better to give than to receive. This, Miguel fervently believes in and by so doing, Miguel defied the gravity of the notion that age define one's success. The triumph CF Sharp is presently receiving clearly reflects through Miguel's dedication and passion into serving his company, the crew and the community, a decision that may not be originally planned but one that he is determined to uphold.

Q & A with Mr. Miguel Rocha

Question: As one of the top executives of CF Sharp (one of the pioneers in manning and crewing in t he Philippines) what would be your assessment of the first half of 2011 in terms of business opportunities for those investing in Philippine manning? What are the foremost issues that have been quite prevalent in the industry?

Answer: If you are asking me about 2011, I have no crystal ball. As for the first half of 2010, I think that we have seen a rebound from the economic crisis. 2009 was the year of laying up vessels. We saw our harbors and ports (Subic, Manila Bay, Balayan Bay, and Davao) filling with ships. In 2010 we have seen most of those ships mobilized again. I think it is safe to say that things are looking up, but I don't think that we are out of the woods quite yet. We hope for the best, but keep expectations realistic.

Question: If the last 2 years have been turmoil for the global shipping Community, what are the prospects for the manning industry in the Next few years? Do you think the shipping sector have quite recovered this year from the economic turbulence that had besieged it?

Answer: As I previously mentioned, I think that we are on the move again, but we are far from having recovered. This will certainly take some time. We are seeing an increase in the demand for officers once again, and the poaching game continues to grow. The recent POEA decision to cease issuing of SRA for Luneta Park will certainly slow down the process, but the shortage of officers will continue to drive this kind of activity.

The real challenge for the Philippine manning industry in the coming years will come from the short supply of officers, combined with the rising cost of hiring Filipinos due to potential costs resulting from the Migrant Workers Act, and legal costs and exposures due to the corruption in the NLRC. The gross disregard for the law, and the clear misinterpretation by the NLRC LA's is a serious threat to the industry. Until some real change is affected, I fear that we will start to see ship owners start to leave the Philippines out of sheer frustration in a system rife with corruption.

The Philippines must make some move to require ship owners to provide space for cadets on board. If not, the officer shortage will never be resolved, as there are simply not enough opportunities for cadets to received their degrees and sit for the board examination. There exists a bottleneck, and there is no way for the industry to meet the demand.

Question: What are the new Developments and programs of CH SHARP for the next few years? Please indicate if the shortage of officers is still an issue for the company. If it is, are there concrete prgrams and plans aimed at giving solution to this particular problem?

Answer: At CF Sharp, we are making a shift in our quality system. We have made a decision to focus our attention toward the quality of experience of the seafarers. We believe that the crew is our internal clients, and we have come to realize the importance the manning agency experience plays in the loyalty and overall satisfaction of the seafarers. We intend to focus our quality management measures on the crew processing, in hopes to improved their experience, reduce the number of visits to CASA ROCHA between contracts, and minimize their time spent being processed. We are very excited about making significant improvements in this area.

As I said, the officer shortage remains a problem for us all. We are approaching this challenge from an internal perspective, working with our principals to design and implement cadet-ship programs, and developing initiatives to improve retention and loyalty. We can't change the industry from the outside in, rather from the inside out. We plan to make strides within our own house, and hope that others will do the same. ■

Miguel A.V. Rocha, Toni Gartland and Kjell Hjartness

Air traffic down in 2010

The data revealed that total traffic plummeted by some 32.723 million kilograms (kg) or 5.81% to 563.080 million kg from 595.804 million kilograms handled in 2009.

The data also added that Philippine Airlines, Cebu Pacific and PAL remain the top carriers of cargo.

The data also showed that cargo volume is highest in September 2010 totaling to about 58.429 million kg which is 28.8% higher than the 45.330 million kg posted in its year-ago level. In 2009, the highest volume was posted in December with 55.172 million kg.

Very good volume was also posted in the months of August, October, May, April and March wherein air cargo volume posted is more that 50 million kg.

Weak volume, however, were posted in November and December with an average of 19.389 million kg per month wherein the weakest was in November with total air cargo volume of only 19.189 million kg.

In the passage service, traffic slightly decreased by 0.17% for the period in review after accommodating 40.934 million domestic passengers compared to the 40.862 million passengers carried for the entire 2010 period.

In the service, the top carriers were CEB, PAL and sister firm PAL Express.

The highest volume of passengers in 2010 was posted in May with 4.542 million passengers while the lowest was posted in November with a total of 1.654 million passengers traveling.

In 2009, the highest volume of passengers was likewise posted in May with a total of 4.093 million while the lowest was posted in February with only 2.880 million passengers traveling.

Compared to their year-ago figures, cargo volume in May 2010 is higher by 10.9% while the lowest point in 2009 is also lower by 42.5% compared to the lowest point in 2009.

In 2010, airline operators—particularly international cargo carriers—said they were puzzled by the sudden slide in cargo volume in the last quarter of 2010 forcing them to revert back to their on-crisis level like using narrow bodied aircraft and flight frequency reduction.

This year, the airlines said they are very bullish about their prospects for the industry. However, they are now current reviewing their projections brought about by the twin disasters hitting Japan and the political conflicts clouting the Middle East countries. ■

PAL hires third-party to boost category upgrade

In its bid to facilitate the compliance of the Philippines to certain safety issues raised by the United States Federal Aviation Authority (US FAA), flag-carrier Philippine Airlines (PAL) has tapped a third party to help the country regain the category I status for its aviation industry.

PAL said they already signed a contract with Tim Neel & Associates, LLC (TNA), a US-based aviation consultant, to train and provide technical assistance to the Civil Aviation Authority of the Philippines (CAAP) to help the country regain full compliance with international aviation safety standards.

It maybe recalled that the US FAA downgraded the country's aviation category to Category II due to certain safety issues. Such findings by the US FAA were already reinforced by the European Union when it also banned Philippine-based carriers from calling in their airports also due to safety concerns.

As the only Philippine carrier flying to the United States, the US FAA's rating downgrade prevents PAL from launching new routes, adding more flights and replacing its current fleet flying to and from the US. It also placed the Philippines in the company of Category 2 countries like Bangladesh, Congo, Gambia, Guyana, Ivory Coast, Zimbabwe and others.

PAL president Jaime J. Bautista said the contract with TNA involves technical assistance in Aviation Safety Oversight to provide CAAP with the "roadmap" to comply with safety standards of the International Civil Aviation Organization (ICAO).

The contract, meanwhile, involves technical assistance and delivery to CAAP a comprehensive regulatory system including an electronic database, inspector handbooks and technical guidance, advisory circulars, updates to the Philippine Civil Aviation Regulations (PCARs) and other related matters.

"TNA will provide training and software at no cost to the Philippine government since PAL will shoulder all expenses for the duration of the project. As the regulatory agency, CAAP, on the other hand, would be the one to implement needed reforms," Bautista said.

"While PAL is the principal beneficiary of the Category 2 lifting, the same will also benefit all other Philippine carriers with plans to operate in the US and other US territories. More importantly, if CAAP is fully compliant with ICAO standards, it could also pave the way for the lifting of ICAO's 'significant safety concerns' and the EU blacklist of Philippine carriers," Bautista stressed.

PAL treats the TNA contract not only as a form of technical assistance to the Philippine government but also as an "investment" in preparation for the delivery of PAL's four Boeing 777-300ERs in 2012 and 2013 as it would allow PAL to make use of its two B777s to the US, the route they were originally intended for.

TNA, on the other hand, is a consulting firm owned by retired Brig. Gen. Tim Neel that specializes in international aviation safety matters, including the assessment of aviation safety standards at government civil aviation authorities, international air carriers and airports.

Its major projects, among others, include Assistance to the Commonwealth of the Bahamas and Ghana to regain Category 1 Status; Senior Advisor and General Contractor to Boeing for providing technical assistance to the Government of Angola in Restructuring the Flight Safety Oversight Division of the Civil Aviation Authority. ■

Maritime Security Implications of

Off Manila in2004: An hour before midnight on 27 February, the Super ferry 14 sailed from Manila bound for Cagayan de Oro. Not long after sailing, an improvised bomb with only 8 pounds of TNT hidden in a television set exploded in the lower, crowded decks of the vessel. The ensuing explosion tore through the vessel, igniting a fire which engulfed the ship. Through a valiant effort of quick responding vessels in the area, a majority of the recorded 899 passengers and crew were rescued. However, at least 116 were confirmed lost in this tragedy, which included six toddlers less than five years old and six students on a high school championship team set to compete in a journalism contest.

On May2, 2011, Osama bin Laden was killed by gunshot wounds to the head and chest during a raid on his compound in Pakistan. This death of the founder of al-Qaeda, the ultra militant Islamist organization, will carry mixed results globally.

The impact to South East Asia is a high probability of terrorist attack(s) targeted against the maritime community in the region and in the Philippines in particular. While many applaud the death of this well known mass murderer and terrorist figure, security professionals will take this occasion to relook at their current vulnerabilities and gaps in security coverage.

Terrorist actions in the Philippines are not new, and as the Super-Ferry 14 attack illustrates, maritime attacks can occur in this region and will occur more frequently if specific actions are not taken to mitigate risks. A December 2010 GAO report to the US Congress stated: "Ferries and their facilities in the Philippines have repeatedly been targeted by terrorists.

For example, successful bombings on Philippine ferries killed or wounded at least 130 people in 2004 and 2005. Attacks on ferries and their facilities have continued, and in 2009 there were three more attempted bombings in the Philippines." This report goes on to state that Ferries are not the sole terrorist targets in the maritime industry, but just the one specifically addressed by this report.

Target Analysis and Methodologies

What makes the Maritime Industry stand out as key targets? Terrorist acts are intentionally symbolic; often the media reporting is much more important than the sheer damage itself. Military targets are selected to damage or destroy the enemy's command & control, logistics nodes, military stores, and the enemy's forces themselves. A terrorist target is normally selected for the impact or image it will portray to a larger world audience. The maritime industry has many vulnerable targets, such as ships and port/harbor facilities. Many multinational companies operate vital port facilities such as oil depots or on/off loading piers for foodstuffs or other valuable cargo. It does not matter that those killed or wounded are innocent civilians and that the target has no military value. Rather, the symbolism and media coverage of the event is the ultimate aim.

Although there may be quick, reactive small scale attacks, these are the easiest to spot and prevent, but are not the most dangerous threats.

By: BGen Joseph V Medina, USMC (Ret)

he Death of Osama bin Laden

It is safe to assume that well planned and coordinated attack(s) against key targets are being planned now; where and when are key questions. The potential targets SELECTED for these attacks will be the subject of surveillance and study to determine weaknesses. The most secure targets are often sidestepped for targets that have apparent security lapses or lax procedures. There have been several substantiated instances of surveillance operations underway, and studies conducted of methods to attack targets (such as by underwater divers or remotely piloted vessels/vehicles) which were not executed because of the difficulty to successfully attack the target. If, after analysis of potential target, the probability of successful attack is slim, most likely the terrorist will search for an easier target – unfortunately there are too many "easy" targets available. These surveillance activities must be a primary area of interest, and "counter-surveillance" measures implemented.

Protecting Against Terrorist Attacks

A committed and determined terrorist that studies potential targets is a most dangerous adversary. You must be just as committed to the security of your organization; then, threats can be addressed and mitigation measure implemented to reduce your exposure. The following are actions that should be implemented {or updated} to enhance your anti-terrorism security posture:

Review your current Security Assessment, with particular focus on what makes your facility/ship stand out as a target against the backdrop of many other potential targets (such as connected to Multi-national company; energy/oil & gas related; large population usage; etc). If you do not have a current security assessment, this is a "MUST DO" first step.

- REVIEW YOUR CURRENT COUNTER SURVEILLANCE MEASURES IN PLACE. Do you have any? If not, this needs to be addressed. Targets are not haphazardly hit, but detailed surveillance conducted – often over a long period of time. Aside from some CCTVs and security guards, there needs to be training for these personnel to observe potential surveillance being conducted. Records need to be kept and analysis of suspicious activity tracked over time. For port facilities, look at what "Google-Earth" shows of your facility, the terrorist will look this up on the internet for sure!
- Review your screening procedures, are they only a security façade or truly adequate? {The Dec 2010 GAO Report previously mentioned recommended enhanced screening for cargo and vehicles as a key recommendation}
- Have a "security network" meeting frequently, at least once per quarter: members should include other like facilities in the larger area, government security officials, and other key businesses that might be targets (such as mass transit/bus, airports, etc.). At least one major agenda item of this meeting should include a review of any suspicious activity being noted. Terrorist surveillance will often look at several potential targets in the general vicinity. Comparing notes may show similarities which go unnoticed when viewed independently.
- Review and update your key contact list, not just for personnel within your organization, but for the public security organizations that support your facility and organization on a larger scale.
- Review and update your Emergency Response plan, and the first step here is to ensure your organization's Crisis Response Team (or whatever name you designate) is current and everyone knows their duties. Ensure you have multiple means of contact (e-mail, primary telephone number, alternate contact number, etc.). Conduct a drill or table top exercise in the next few weeks if you haven't done so recently, and at least quarterly thereafter.
- Conduct a security/safety audit of your facilities communication system, security equipment (CCTV; access control; perimeter control system; alarm systems; etc), and safety equipment. One area often not addressed: look at your waterside security; do you have a "barrier system" (if not actual barrier then some type of watercraft patrols, radar surveillance, or optical detection system)
- It should go without saying: Review and update all aspects of the ISPS Code: Port Facility & Ship Security Assessments & Plans: even if not "overdue", these should be reviewed at least semi-annually.

Summary

The death of Osama bin Laden will result in attempts to demonstrate that al-Qaeda and its offshoots still have the ability to conduct terrorist attacks globally. Rather than being reactive after an attack occurs, the time is now to take action to harden our maritime facilities and prevent our facilities or ships from being easy prey to such attacks. Prevent your ship of maritime facility from being "selected" because of lax procedures, and reduce your vulnerability. For additional questions on this subject, you can contact me at "medina.joseph@theapssgroup.com". ■

BGen Joseph Medina USMC (Ret) is the Director, Maritime Security for the Asia Pacific Strategies & Solutions (APSS) Group. He was formerly Commander of Expeditionary Strike Group THREE, CTF 58 (5th Fleet), CTF 79 (7th Fleet). He is a subject matter expert and frequent speaker on Maritime Security issues.

Philippines and China: Close n

"We need to seek common ground while shelving differences and enhance common security... We need to accommodate each other's security concerns, demonstrate the utmost goodwill, wisdom and patience in settling differences through dialogue and consultation, and promote regional security cooperation so as to uphold peace and stability in our region."
– China Pres. Hu Jintao at Boao Forum for Asia, 15 April 2011

President Benigno Aquino III has announced he intends to make a state visit to China before the end of 2011. This is upon the invitation of President Hu Jintao as announced by Chinese Ambassador Liu Jianchao last 24 March, and acknowledged by Malacañang.

No Specific Time Frame

Although P.Noy himself said that he "might push through with the visit in May" (Manila Bulletin, 31 March), he was soon after quoted as being "in no hurry to visit China this year." So, officials to include interested parties in the private sector of both countries are being subjected to a "sulong-atras" (forward-backward) dilemma by Malacañang.

Is this how the Philippines should deal with its powerhouse neighbor? And also with other heavyweights?

At least six months up to one year (or more) are normally required to prepare for state visits in major countries. All these involve laborious preparations and complex negotiations to insure zero defects and optimum results.

According to latest reports, however, no specific dates have been decided upon. It is assumed that negotiations are now going on full-blast on both sides to pin down the time frame, activities, destinations, audiences and bilateral/regional/global issues to be discussed.

P.Noy's sortie to China is expected to strengthen bilateral relations between China and the Philippines, according to Ambassador Liu, who opined that our bilateral relations are in "very good shape." Reasonably, the Chinese leaders want to make the visit beneficial for our two countries. Clearly, a sense of urgency can be discerned from Ambassador Liu's pronouncements.

Our President is scheduled to leave for Jakarta on 06 May for the ASEAN Summit that may take three to four days, given that the ASEAN leaders will also be meeting with ASEAN Regional Forum members and with some 16 Dialogue Partners. In November, the President will be in Hawaii for the Asia Pacific Economic Cooperation (APEC) Forum hosted by President Obama. In these Asia-Pacific confabs, China and the U.S. are inevitably the major players.

Whither Philippines-China Relations?

In a blog (20 April), Dr. Aileen Baviera -- former Dean of the U.P. Asian Center and immediate past president of the Philippine Association for Chinese Studies -- observes in her article titled: "Whither Philippines-China relations under President Noynoy Aquino?":

"Philippines-China relations must be at one of its lowest points ever. Even during the height of the Mischief (Panganiban) Reef crisis (1995-1997), economic ties were growing and there was minimal effect on warm people-to-people linkages. Now the value of economic cooperation with China has been questioned due to perceptions that it has been pursued through corrupt practices (e.g. NBN-ZTE, Northrail, Southrail, Transco, etc).

"People-to-people ties have also been damaged by the Hong Kong hostage fiasco and, to a lesser extent, by Chinese execution of three Filipino drug mules. Moreover, the South China Sea territorial dispute remains a flashpoint, with the Chinese side issuing warnings over recent Philippine-sanctioned oil exploration activities by the UK-based Forum Energy on the Reed Bank.

"At the same time, Chinese Ambassador Liu persists in describing relations between the two countries as 'in very good shape.' Indeed, relations continue to be viable because of a number of reasons, not least among them a long tradition of friendship and expanding exchanges. Even the growing number of Philippine missions in China (now including Beijing, Guangzhou, Xiamen, Shanghai, Chongqing, Hong Kong

ighbors or distant relatives?

and Macau) is an indication of the importance we attach to China and our commitment to developing mutually beneficial relations.

"Both sides realize the importance of cooperation, not only for bilateral advantages but also in contributing to regional prosperity as well as peace and stability. This is especially true today, as there is much uncertainty about how the unfolding rise of China and U.S.' renewed interest in the Asia-Pacific will affect the balance of economic and military power -- and ultimately the interests of China's near neighbors in East Asia."

President Hu Jintao's Commitments

At the 2011 BFA Annual Conference just three weeks ago, President Hu Jintao was riding on the crest of warmed-up relations with the U.S. because of his morale-boosting reception at the White House last February plus his hosting of the unprecedented gathering of the BRICS economic "drivers" (Brazil, Russia, India, China, South Africa) at Sanya, Hainan the same week as his Boao speech. His repeated messages were:

"First, we need to respect diversity of civilizations and promote good-neighborly relations. We should continue to promote economic and social development and improve people's lives.

"We need to translate the diversity of our region into a driving force for more dynamic exchanges and cooperation, increase mutual understanding and trust, and take our cooperation to higher levels.

"Second, we need to transform our development patterns and promote all-round development in keeping with global trends, build capacity for scientific and technological innovation, and develop the green economy.

"We need to work for balanced development of the financial sectors and domestic/external demand. We need to focus on both the speed and quality of development, and ensure both efficiency and equity.

"Third, we need to share opportunities and meet challenges together. We should intensify macroeconomic policy coordination, expand shared interests and work for the common development of our region.

"Large countries should support small ones, rich countries should help poor ones and all should help each other. In this way, all members of the region will reap benefits and all Asians will lead better lives.

"Fourth, we need to seek common ground while shelving differences and enhance common security. We should reject the Cold War mentality and zero-sum approach, and advocate a new security concept featuring mutual trust, mutual benefit, equality and coordination.
We need to accommodate each other's security concerns, demonstrate the utmost goodwill, wisdom and patience in settling differences, and promote security cooperation so as to uphold peace and stability in our region.

"Fifth, we need to champion mutual benefit and deepen regional cooperation. In strengthening regional mechanisms, we should follow the principle of consensus and incremental progress, and encourage the coexistence of different mechanisms while harnessing their respective strengths.

"We should adhere to open regionalism and respect the interests of countries outside the Asian region. We welcome the active participation of all countries, including the BRICS, in the Asian cooperation process. We will make Asia more peaceful, stable and prosperous."

Top-Level Visits to China

In April 2011 alone, President Hu hosted the following Heads of State/ Government:

- 12-14 April – Brazil President Dilma Rouseff, Russia President Dmitry Medvedev, India PM Manmohan Singh, and South Africa President Jacob Zuma at the 2011 BRICS Summit, Sanya, Hainan.
- 14-16 April – All the above BRICS leaders plus South Korea Prime Minister Kim Hwang-sik, Spain Prime Minister Jose Luis Rodriguez Zapatero, and Ukraine Prime Minister Mykola Azarov at the 10th Boao Forum for Asia Annual Conference.
- 19-20 April – Uzbekistan President Islam Karimov in Beijing.
- 25-28 April – Australia PM Julia Gillard in Beijing.

All visited Beijing for the mandatory courtesy calls and bilateral talks.


We know the world's largest machines down to the smallest detail.
Container vessels are fascinating behemoths. Intensely powerful, today's sea vessels are getting bigger and carrying more and more cargo. The technology that keeps these giants afloat and functioning is phenomenal. And it keeps us on our toes.
When your vessel docks at our ports, we likewise use the latest technology and first-rate proficiency to service your vessel in the fastest and safest way possible.
That comes from knowing what you need, down to the minutest detail.
International Container Terminal Services, Inc.
EXCELLENCE UNCONTAINED
Manila ▪ Subic Bay Freeport ▪ Bauan, Batangas ▪ Gen. Santos City
Davao City ▪ Misamis Oriental, Philippines ▪ Naha, Japan ▪ Makassar, Indonesia
Yantai, China ▪ Muara, Brunei Darussalam ▪ Suape, Brazil ▪ Guayaquil, Ecuador
Buenaventura, Colombia ▪ La Plata, Argentina ▪ Manzanillo, Mexico ▪ Gdynia, Poland
Batumi, Georgia ▪ Tartous, Syria ▪ Toamasina, Madagascar
www.ictsi.com

Issues Of National Interest

Between President Aquino and President Hu, there are many issues of national interest to be frankly discussed between them and their respective delegations, notably:

(a) Bilateral:

(1) Joint development of idle Philippine agri-aqua areas plus processing/marketing of produce to deal with the worldwide food shortage and rising costs;

(2) Renewable energy development;

(3) Herbal medicine production;

(4) Resumption of Northrail-Southrail-ZTE and other interrupted projects;

(5) ODA and soft loans for public utilities and infrastructure;

(6) Scientific-technological-educational cooperation.

(b) Regional:

(1) Joint exploration-development-exploitation of fishing/ marine/gas/ oil/minerals as well as the conservation of endangered species in the South China Sea, such as the Indo-Malay-Philippines Archipelago (as the "World's Center of Marine Biodiversity");

(2) Joint or coordinated security, search-and-rescue, and anti-piracy operations in overlapping national boundaries;

(3) Settlement of disputed territorial claims through the U.N. Convention on the Law of the Sea and other international jurisprudence.

(c) Global:

(1) Mitigation of global warming and other natural calamities, and institutionalization of carbon credits to benefit less-developed nations;

(2) Fighting international terrorism, preventing nuclear proliferation, and stopping illegal drugs/firearms/human trafficking;

(3) Countering money laundering and cyber-crimes;

(4) Protection of migrant workers/seafarers;

(5) Preventing/interdicting endemic diseases;

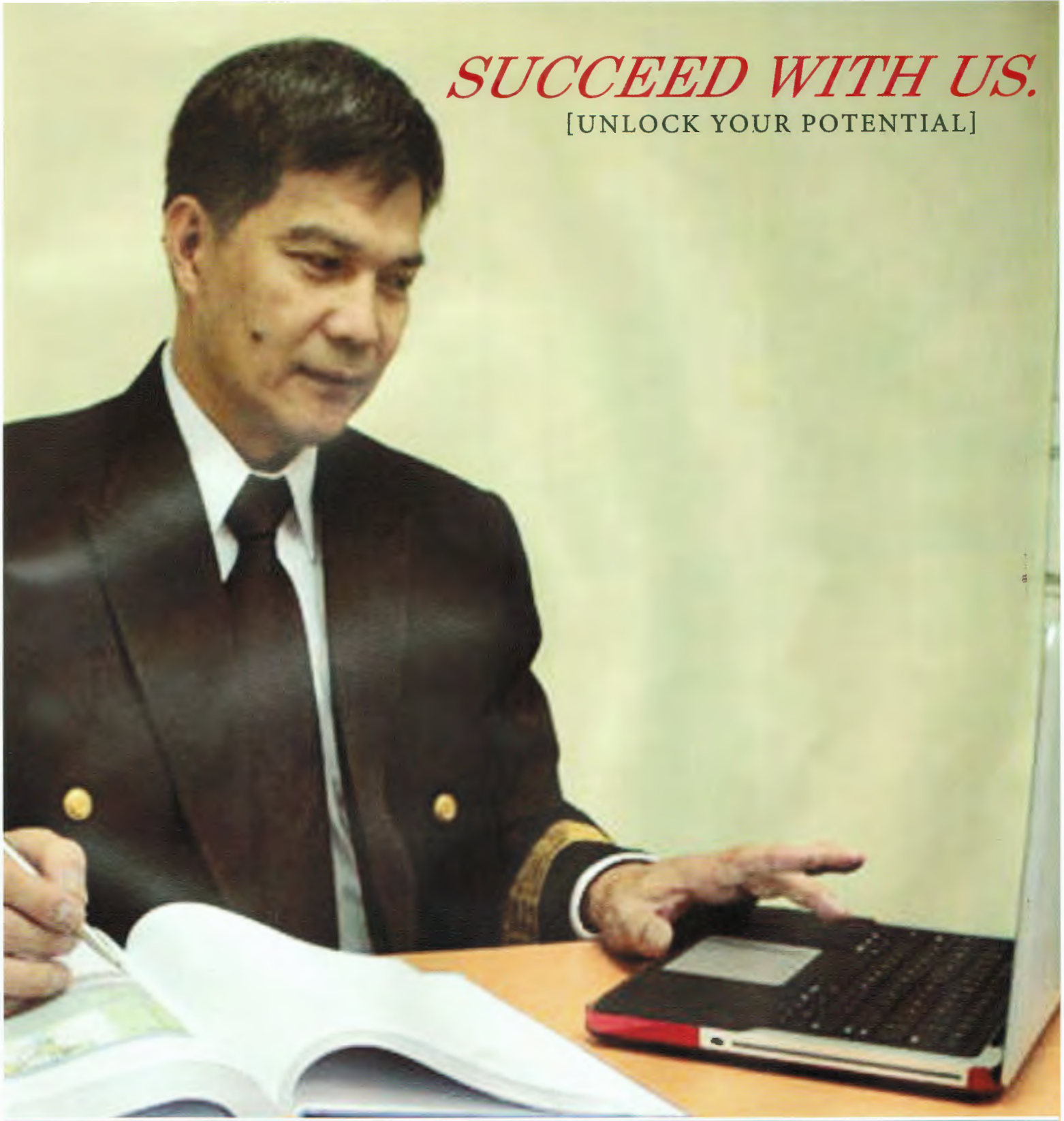
(6) Preservation of energy resources by the settlement of conflicts worldwide.

Bottomline For The Near Future

ALL OF THE ABOVE DEFINE THE BOTTOMLINE IN EACH AND EVERY COUNTRY'S NATIONAL INTEREST WHICH, IN BRIEF, IS: SUSTAINABLE DEVELOPMENT, ENDURING PEACE, AND PRESERVATION OF HUMAN VALUES.

Kaya ba natin ito? ■


We know the world's largest machines down to the smallest detail.
Container vessels are fascinating behemoths. Intensely powerful, today's sea vessels are getting bigger and carrying more and more cargo. The technology that keeps these giants afloat and functioning is phenomenal. And it keeps us on our toes.
When your vessel docks at our ports, we likewise use the latest technology and first-rate proficiency to service your vessel in the fastest and safest way possible.
That comes from knowing what you need, down to the minutest detail.
International Container Terminal Services, Inc.
EXCELLENCE UNCONTAINED
Manila ▪ Subic Bay Freeport ▪ Bauan, Batangas ▪ Gen. Santos City
Davao City ▪ Misamis Oriental, Philippines ▪ Naha, Japan ▪ Makassar, Indonesia
Yantai, China ▪ Muara, Brunei Darussalam ▪ Suape, Brazil ▪ Guayaquil, Ecuador
Buenaventura, Colombia ▪ La Plata, Argentina ▪ Manzanillo, Mexico ▪ Gdynia, Poland
Batumi, Georgia ▪ Tartous, Syria ▪ Toamasina, Madagascar
www.ictsi.com




We know the world's largest machines down to the smallest detail.
Container vessels are fascinating behemoths. Intensely powerful, today's sea vessels are getting bigger and carrying more and more cargo. The technology that keeps these giants afloat and functioning is phenomenal. And it keeps us on our toes.
When your vessel docks at our ports, we likewise use the latest technology and first-rate proficiency to service your vessel in the fastest and safest way possible.
That comes from knowing what you need, down to the minutest detail.
International Container Terminal Services, Inc.
EXCELLENCE UNCONTAINED
Manila ▪ Subic Bay Freeport ▪ Bauan, Batangas ▪ Gen. Santos City
Davao City ▪ Misamis Oriental, Philippines ▪ Naha, Japan ▪ Makassar, Indonesia
Yantai, China ▪ Muara, Brunei Darussalam ▪ Suape, Brazil ▪ Guayaquil, Ecuador
Buenaventura, Colombia ▪ La Plata, Argentina ▪ Manzanillo, Mexico ▪ Gdynia, Poland
Batumi, Georgia ▪ Tartous, Syria ▪ Toamasina, Madagascar
www.ictsi.com