MARINE MARKET REPORT
MARINE HULL & MACHINERY AND WAR RISKS MARKET UPDATE
AUGUST 2015
Founded by Arthur Gallagher in Chicago in 1927, Arthur J. Gallagher & Co has grown to become one of the largest insurance brokerage and risk management companies in the world. With significant reach internationally, the group employs over 20,000 people and its global network provides services in more than 140 countries.

Outside the US, we use the brand name Arthur J. Gallagher.
CONTENTS

Introduction 2
Market Moves 2
Casualty Reports 3
New Members of Team 5
Latest Maritime News 9
War and Piracy 14
INTRODUCTION

Welcome to the August 2015 edition of the Arthur J. Gallagher Marine Hull & Machinery and War Risks Market Update. With September renewals approaching the market will look to take stock over the summer months on what has largely been a period of further softening in the market. The insurance market conditions remain favourable for shipowners and will be some relief for those in areas which continue to struggle, especially the dry bulk sector which is still showing little sign of improvement.

Recent events in the Middle East have heightened security threats for shipping in the region. The conflict in Yemen has greatly increased the risk for vessels making calls to Yemeni ports. Furthermore, Iran has been taking action against vessels/owners with which they have had previous commercial disputes. As always, news reports and analysis on all recent events are provided later in this publication.

MARKET MOVES

After 30 years at the helm, John Wiik is stepping down as CEO of the Norwegian Hull Club on 1st January 2016. He will be replaced by Faz Peermohamed who joins from law firm Ince and Co where he has previously held the position of Global Head of Shipping.

Following the recent XL takeover of Catlin, the integration of the two companies has now begun to take hold. The marine hull & machinery and war risks teams have now joined together under the new XL Catlin banner, headed by Mike Talbot and Simon Shrimpton.

It has been recently announced that Peter Townsend and Lee Bright have resigned from Swiss Re London. After their contractual notice periods, it is understood they will join Lloyd’s insurer AmTrust.
CASUALTY REPORTS

SUN WING
On 14th March 2015, the 91 metre long tanker Sun Wing caught fire in the Sea of Japan off Busan, South Korea. The crew of the tanker, loaded with nitric and sulfuric acid, reported the vessel was on fire and suffered a hull breach. The 16 crew abandoned ship into the vessel’s life rafts as it engulfed in flames. The Korean Coast Guard dispatched helicopters and ships to the scene. All 16 crew were rescued. Three were injured by burns and were taken to hospital. No further details reported.

DALNIY VOSTOK
The 103 metre long, 10718 dwt reefer fishing vessel Dalniy Vostok sank in the Sea of Okhotsk off the coast of the Kamchatka Peninsula on 1st April 2015. The trawler was fishing with 132 persons on board when it was struck by an ice flow holing the vessel. The engine room was quickly flooded by water ingress. Without power, the vessel sank within 15 minutes. The Dalniy Vostok was able to send out a distress call with several vessels in the area responding. Some 63 persons were reported rescued, but another 57 crew perished in the freezing waters.

HANJIN GREEN EARTH
On 4th May 2015, the giant containership Hanjin Green Earth suffered a fire while transitting the Suez Canal. No injuries or pollution was reported and the fire came under control from the emergency response vessel.

This fire came one week after the fire at the Maersk Londrina, 700m miles off the coast of Mauritius. The 8,700 TEU vessel was travelling from Tanjung Pelepas, Malaysia to Santos, Brazil carrying dangerous Class A cargo on board. The reaction of the crew was immediate and they managed to keep the fire under control before extinguishing it. No injuries were reported.

SORRENTO
The Italian built ferry Sorrento was hit by a fire 15 miles off Mallorca on 28th April 2015. The vessel, built in 2003 by Cantiere Navale Visentini, was a sister ship of the Norman Atlantic which caught fire in 28th December 2014 (See Arthur J. Gallagher Market Report from March).

All 156 passengers and crew were evacuated from the ship with lifeboats. Four crew members were reported injured and taken by helicopter to Palma de Mallorca. The vessel was towed to the port of Sagunto, NE of Valencia amidst concerns from the local community that the vessel posed an environmental hazard and may have negatively affected tourism in the area.
CASUALTY REPORTS

DONG FANG ZHI XING (EASTERN STAR)

During the evening of 1st June 2015, the Dong Fang Zhi Xing (Eastern Star) capsized and sank whilst on the Yangtze River in the central Hubei province. The vessel drifted some 2½ miles downstream before grounding close to the shore in a depth of 15 metres. The vessel was carrying 405 passengers, 5 representatives from local travel agencies and 48 crew when the accident happened. She was on a holiday cruise up the Yangtze and was proceeding to Chongqing from Nanjing when it reportedly encountered a severe storm, which has been described as a typhoon. Heavy rain and winds battered the vessel and it capsized and sank within a matter of minutes. Many of the passengers, described mainly as elderly Chinese tourists, were asleep at the time and had no warning of the approaching disaster. Only 12 of the people on board were immediately able to escape from the vessel, seven of whom swam to shore and raised the alarm. Both the Captain and the Chief Engineer are among the survivors and they reported that they did not have a chance to send a distress call or activate the alarm.

Local authorities dispatched rescue units and divers to the scene and 100 local fishing boats headed to the site to assist with search and rescue operations. More than 1,000 armed police officers were also dispatched to Hubei. Strong winds and rain have been hampering the rescue efforts making it difficult to locate any survivors. The Dong Fang Zhi Xing, which is 76.5 metres long and 11 metres wide, is owned by Chongqing Oriental Ferry Company and has a maximum carrying capacity was 534 people. The ship, which has undergone several refits, is certified by the China Classification Society and was designed and built by Chongqing Dongfeng Shipbuilding, a division of Sinotrans & CSC. The Dong Fang Zhi Xing, a river going vessel, would certainly have been designed to meet different conditions than those for sea going vessels. With the assumption that river vessels generally face calmer waters, safety regulations tend to be less rigorous and, since these vessels can also have a larger length-to-beam ratio, they can have a reduced stability margin when encountering strong winds or wave impact, both of which can be a factor on the Yangtze.

On 13th June 2015, 442 deaths were confirmed with 12 rescued, marking it the deadliest peacetime maritime disaster in China’s history.
NEW MEMBERS OF THE TEAM

Arthur J. Gallagher is delighted to welcome our new Marine Team members. They bring many years of experience and expertise and will further strengthen the Arthur J. Gallagher Marine capabilities and reach, especially in the Mediterranean and Middle Eastern markets.

WILLIAM KINNEAR
William began his career at Sedgwick in 1980 and in 1983 he got involved in Southern European business with a particular concentration on Greece. He moved to Robert Fleming (RFIB) in October 1992 and helped develop the Southern Europe account. In 1996 Willie moved back to Sedgwick /Marsh and in 2002 he joined Willis as an Executive Director where he was responsible for Southern European and Middle Eastern clients and also was Head of Broking for the Marine Division.

William has spoken at various Tradewinds Marine Forums and has been a panellist at some of the Conferences.

PAUL BRANDRAM
Paul’s Lloyd’s career started in the late 1960’s with a broking company called P.Wigham-Richardson – a very well established broker to the Greek Shipping Industry. He left in 1971 to join Frank.B.Hall of New York working in New York from 1971-1975. FBH was a major US Marine broker handling a sizeable portfolio of Greek Shipowners. Paul returned to London in 1975 as a Vice-President of FBH NY opening a Marine Division in their London office. Later that year Paul joined Seascope Insurance Services as a Director. In 1987 he formed Brandram & Garthwaite together with his long term business partner Sir Mark Garthwaite which shortly after merged with Regis Low (a private company founded by close colleagues of theirs from Seascope days). Steel Burrill Jones bought RL a few years later. In 1997 together with all his SBJ Marine colleagues Paul moved to Willis Faber as an Executive Director of their Marine Division and left to join Arthur J. Gallagher last April.

Paul specializes in handling retail business working directly with Greek Shipowners around the world. This involves the production, servicing & placing of all types of marine insurance for them; particularly Hull & Machinery, P&I, War Risks, Loss of Hire etc. In addition, Paul endeavours, where possible, to cross sell other areas of their insurances including property, fine art & aviation business to meet the needs of these high net worth ship owners and their varied international interests.
NEW MEMBERS OF THE TEAM

CHRIS TAYLOR

Chris began a career in the London Insurance market at Leslie & Godwin Brokers in August 1974. Thereafter he moved between broking houses as follows:


Chris has always been a broker on the Hull & Machinery side concentrating on Greek clients, more recently he has also been involved with Turkish & Italian ship owners. Since 1996 his role has been significantly more managerial with responsibility for running the Southern European Hull teams.

KATRINA DAVIS

Katrina started her career at Willis in 2000, having graduated from Cardiff University with a degree in Maritime Studies and International Transport. She was originally a broker on the Italian reinsurance side but having spent much of her childhood in Greece she soon moved over to the Greek team, working alongside Paul Brandram and later William Kinnear and Chris Taylor when they joined in 2002. Katrina also built a very strong Super Yacht portfolio which Willis previously had had little to no involvement in. While continuing to focus on the Greek ship owner’s side she has also in recent years become more and more involved in Middle Eastern business alongside Bard Poulsson and Nick Peters. Having joined Arthur J. Gallagher in 2015 Katrina continues to work in these areas alongside her colleagues and the already established Arthur J. Gallagher marine team.

DENIZ NAGATAY

Deniz began his career in the London Insurance market in 1996 with HSBC Gibbs Insurance Brokers. After 6 years, he moved to Tysers. In 2010 Deniz joined Willis working alongside Chris Taylor. A fluent Turkish speaker, Deniz has always been a Marine broker concentrating on the Turkish market.
NEW MEMBERS OF THE TEAM

DAVE CLARK
Dave started his career at Wigham Poland Broking House in 1970 which subsequently was taken over by Sedgwick Insurance Brokers who in turn were taken over by Marsh Ltd. In 2002, he joined Willis Ltd. with Willie Kinnear and Chris Taylor, whom he had been assisting for many years while at Sedgwick / Marsh on the Greek Wholesale and Retail Shipping Fleets. In 2014 Dave made the move to Arthur J. Gallagher where he continues to provide support on numerous Mediterranean Fleets.

PAUL TINGLEY
Paul started his Career in the Insurance Industry in 1986 working for Willis Faber Underwriting Management (WFUM), a part of the Willis Group dedicated to managing the underwriting results of the Groups’ Stamp Companies within the Marine, Non-Marine and Aviation Sectors. His role was to work with Actuarial consultants to determine the future effects of long and short tail underwriting data for presentation to London Underwriters to assist is setting likely EFL scenarios. In 1997, PRO Insurance Solutions took over the Management of the WFUM Pools and ran-off the remaining business following the demise of The Sovereign Marine & General Insurance Company and at that stage Paul decided to make the bold move into the Marine Insurance industry, working as a technician in the Ipswich back-up team. During the next 5 years, he moved into a role providing direct support to London Brokers and also developed a more hybrid Broking role involving the introduction of Overseas markets to our Insurance solutions for Owners – predominantly, Paul worked with Markets in France, Norway and Italy at that time. In 2003, an opportunity arose to join the London Office of Willis Marine as an Executive Director where he joined forces with Chris Taylor, Willie Kinnear, Dave Clark, Paul Brandram and Katrina Davis and we have remained a united Team ever since, servicing Mediterranean Wholesale and Retail Clients in Greece, Italy, Turkey and Malta, working with underwriting markets in all areas of the world to create the best alternatives for our ever-demanding pool of Clients in the Marine sector. More recently, Paul’s role expanded into the Middle Eastern Ship operators fleets where he has linked up with Bard Poulsson and Nick Peters in our Dubai Office. In January 2015, Paul made the first Company move of his career and joined Arthur J. Gallagher where he looks forward to developing his role further.

DAVID GIBBS
David started his career in November 1977 at Sir William Garthwaite Insurance Brokers, which became Stenhouse Insurance Brokers which was subsequently taken over by Alexander Howden. In February 1988, he left to join Tyser Low & Co. (later Regis Low) where he first started working with Paul Brandram and Mark Garthwaite. Steel Burrill Jones bought Regis Low a few years later and In 1997 together with Paul & Mark he moved to Willis Faber. In 2015 he left to join Arthur J. Gallagher.
NEW MEMBERS OF THE TEAM

BÅRD POULSSON
Bård started his career in a small private run broking house in Oslo called Arvid Bergvall in 1992 as a trainee and followed that company which was later purchased by Sedgwick and eventually Marsh. Bård spent 10 years working out of Marsh Oslo offices before he had a year on secondment to Marsh NY. After this Bård joined Marsh London and left them as Senior Vice President in 2008. He then joined a newly started seismic research company in Dubai, Polarcus, to act as the head of insurance. His position in Polarcus also included treasury, fuel purchases and currency trading. In 2010 he joined Willis and set up their UK marine branch office in Dubai before he took up the position as Divisional Director in Dubai with Arthur J. Gallagher in the Middle East.

NICK PETERS
Nick has spent the last 14 years of his life working as an insurance broker in Dubai, but has spent 33 years living in the region. He started his career in 2001 working as a trainee for Heath Lambert in Dubai. Following a management buyout from Heath Lambert Nick joined HSBC Insurance brokers in Dubai in charge of their Marine book. In 2009 Nick joined as head of insurance and claims for a large tanker owner in the Middle East called Gulf Navigation. In his role he was also involved in various legal matters for the company. Nick joined Willis UK marine branch office in Dubai in 2013 and joined Arthur J. Gallagher as Associate Director positioned in Dubai.

NICK ROBLIN
At the start of 2009 Nick began his Career in Marine Insurance at Alston Gaylor, a small/mid sized London broker, where he acted in a broker support role spanning two P&I renewal seasons.

Thereafter, he joined Willis in February 2010 as an account handler / broker, specialising in P&I and H&M insurance cover for Greek and Middle Eastern shipowners and it was at this point in Nick’s career that he linked up with Willie Kinnear and Chris Taylor and their Team. However, he quickly then took responsibility for the marine departments K&R enquiries which were rife at that time in the Gulf of Aden and Indian Ocean. By the end of his 5 year employment at Willis Nick’s role had grown to that of a front line client-facing broker.

In November 2014 Nick joined Arthur J. Gallagher as a broker specialising in P&I and H&M risks.
LATEST MARITIME NEWS

BOSPOROUS STRAIT TO CLOSE FOR BRIDGE CONSTRUCTION

The Bosporus Strait Harbour Master’s office has verbally advised that the Strait will close to all traffic for a total of 60 days over the next 6 months starting from 1st April 2015, due to the construction of the Third Bridge (Yavuz Sultan Selim), the Inchcape Shipping Services reports. The Bosporus Strait, a major shipping lane connecting the Mediterranean with the Black Sea, will only be closed when wind force is 3 beaufort or lower. Future closure advisories will only be issued the day before the date of closure. Cruise ships will not be allowed to pass during the period, as they create swells which cause the barge carrying the apron (tablier) to waver.

The route is the primary shipping channel for Russian oil, with some 10,000 tankers transporting 150 million petroleum products through the Strait each year. The Yavuz Sultan Selim rail and road bridge is a USD 3bn project undertaken by Turkey’s IC Holding and Italy’s Astaldi, expected to alleviate Istanbul’s congestion issues starting October.

“Cruise ships will not be allowed to pass during the period, as they create swells.”
MORE MEGA-SHIPS ON ORDER

Hong Kong-based Orient Overseas (International) Limited (OOIL) revealed that it has entered into shipbuilding contracts with Samsung Heavy Industries for the construction of six 20,000 TEU containerships. OOIL is parent company to Orient Overseas Container Carriers (OOCL), one of the world’s leading container transport and logistics companies. The six ships were ordered for a total price tag of USD 951.6m, or about USD 158.6m per vessel, OOIL said in a statement. The vessels are expected to be delivered in 2017.

MOL, a partner of OOCL in the G6 Alliance, ordered four 20,150 TEU ships from Samsung announced in early March adding to two additional 20,150 TEU capacity containerships to be built at Imabari Shipbuilding Co. The six vessels will be launched and delivered in 2017, and will serve the Asia-Europe service. CMA CGM, the world’s third-largest container shipper announced plans to order three 20,600 TEU ships from South Korea’s Hanjin Heavy Industries & Construction Co. The three ships are expected to be delivered in the third quarter of 2017. Daewoo Shipbuilding & Marine Engineering (DSME) has signed a contract of USD 1.8bn for building 11 vessels of 19,630 TEU plus six more options for Maersk Line. According to the announcement the vessels are intended for the Asia-Europe service and will replace smaller, less efficient vessels. Delivery of those vessels is expected between April 2017 and May 2018 and will all sail under the Danish flag.

On other containership news, Oceanbulk Container Carriers, the Oaktree-Pappas venture, which is led by CEO Spyros Capralos, took delivery of its second 10,000 TEU Ship “Dali”. The vessel, built in HHI, Ulsan will be on long-term charter with Maersk. Oceanbulk is expecting to take delivery of 6 more ships this year, gradually reaching a fleet of 13 in 2017. Latest market reports have indicated that Oceanbulk Containers is actively planning an IPO in the New York Stock Exchange following in the footsteps of Star Bulk Carriers, which is now the largest US Dry Cargo company.

According to Reuters German carrier Hapag-Lloyd is pushing ahead with its initial public offering plans and has mandated banks Deutsche Bank, Goldman Sachs and Berenberg to lead the USD 5.5bn transaction. A flotation of a minority stake could value the world’s fourth-largest shipping group at more than EUR 5bn (USD 5.5bn) and could take place as early as autumn, Dow Jones reported earlier on Wednesday. Hapag Lloyd and the banks declined to comment.
INDIA EXTENDS IRON ORE EXPORT DEALS WITH JAPAN AND SOUTH KOREA

The government of India has given its approval to renew long term agreements with Japanese and South Korean steel mills for the supply of high grade iron ore. The new agreements will run until March 2018, and the quantities covered will be in the range of 3.8 million tonnes to 5.5 million tonnes per year. The iron ore will be supplied primarily from the mines of the state-owned National Mineral Development Corporation (NMDC). The contract will be executed by the Metals and Minerals Trading Corporation of India Limited (MMTC) under the country’s Department of Commerce. Iron ore of higher grade has been supplied by India to Japan and South Korea during the last four to five decades. These new agreements are expected to strengthen Indo-Japanese collaboration in several areas of mutual interest, including technology transfer, joint venture, investment etc. The agreement will also help utilize surplus production of iron ore currently available in India.

SAMSUNG HEAVY LANDS USD 4.7BN FLNG ORDER FROM SHELL

South Korea’s Samsung Heavy Industries (SHI) has won a KRW 5.3 tr (USD 4.7bn) contract to build three floating liquefied natural gas (FLNG) facilities in Europe for Shell Gas & Power Developments B.V. The three FLNGs are expected to be delivered by November 2023. This order, along with the latest USD 1bn order for the construction of oil platforms for Statoil’s Johan Sverdrup project in the North Sea, amounts to nearly 50% of combined sales SHI recorded in 2014.

Meantime gCaptain.com informed of the latest update from Shell on its massive Prelude FLNG (floating liquefied natural gas) facility currently under construction at Samsung Heavy Industries’ shipyard in Geoje, South Korea. At 488 metres long and 600,000 tons fully loaded, the facility will be the largest floating object ever constructed. And now as the last of the topside modules now safely installed, the full scale of the project becomes clear as per the picture below. Shell plans to moor the Prelude FLNG some 200 kilometers off western Australia at the Prelude gas field for 25 years, where it is expected to produce the equivalent of 110,000 BOE per day.
LATEST MARITIME NEWS

IRAN READY TO UNLEASH ITS TANKER FLEET

Iran’s oil-shipping giant National Iranian Tankers Company (NITC) is ready to make a comeback on the European and international markets as soon as possible following a deal on lifting of nuclear sanctions agreed upon on Tuesday 14th July between Iran and the six world powers in Vienna, a company official confirmed.

Under the deal, sanctions against Iran’s oil export industry are to be lifted in exchange for additional restraints on the country’s nuclear program. The agreement is expected to boost the country’s oil exports and pave the way for its tankers to be unleashed into the market. “Iranian tankers will return to European and international markets in shortest possible time after the termination of nuclear sanctions.” Shahram Farahbod, head of the NITC’s Insurance and Legal Suits Affairs Office told IRNA. According to Farahbod, the termination of the nuclear sanctions after signing of the comprehensive nuclear deal will also rid the NITC of the nuisance of those sanctions.

NITC was blacklisted by the European Union for the second time in February this year as it had failed in its legal attempt to convince a London Court to prevent the EU from re-imposing sanctions. The sanctions had been imposed in 2012 over Iran’s nuclear program, and banned any trade between NITC and the EU, including insurance and banking. NITC was blacklisted in the United States as well. NITC contested the blacklisting arguing that the company is privately owned by Iranian pension funds, and affiliated neither with the Iranian government, nor with the Revolutionary Guards. As a result, the EU lifted the sanctions against Iran’s largest oil tanker company in October 2014, only to re-impose them in February. The legal wrangle has left out NITC from international trade ever since.

The Iranian fleet currently consists of 37 VLCCs (5.8% of the global VLCC fleet), 12 Suezmaxes and 5 Aframaxes, with most currently absent from the conventional tanker market. The Iranian fleet will need to re-establish compliance with international standards if it is to enter the mainstream spot markets. Iranian officials indicated they would try to maximize crude exports to Europe and restore a market share of over 40 percent there, Reuters reports. Certain analysts estimate that Iran’s oil exports could increase by up to 60 percent within a year.

The implementation of the agreement between Iran and US, UK, France, China, Russia and Germany (the so called P5+1) may take months depending on Iran’s willingness to meet its assumed obligations stemming from the deal.

Iran’s return to the market would be welcome in terms of increasing production in an oversupplied market, notably with regards to difficulties in placing and discharging cargoes ashore, Gibson Shipbrokers says in its tanker report. However, with more Iranian crude, comes the release of more Iranian tonnage.

The Iranian fleet currently consists of 37 VLCCs (5.8% of the global VLCC fleet), 12 Suezmaxes and 5 Aframaxes, with most currently absent from the conventional tanker market. The Iranian fleet will need to re-establish compliance with international standards if it is to enter the mainstream spot markets. Iranian officials indicated they would try to maximize crude exports to Europe and restore a market share of over 40 percent there, Reuters reports. Certain analysts estimate that Iran’s oil exports could increase by up to 60 percent within a year.

The implementation of the agreement between Iran and US, UK, France, China, Russia and Germany (the so called P5+1) may take months depending on Iran’s willingness to meet its assumed obligations stemming from the deal.
NORTH AMERICA’S FIRST LNG-POWERED FERRY ENTERS SERVICE

MV F.-A.-Gauthier, the LNG-powered ferry which was built in Italy at the Fincantieri shipyard, arrived at the Matane wharf and was scheduled to begin carrying passengers in mid-July. The F.-A.-Gauthier will be the first liquefied natural gas ferry to operate in North America. The new ferry will replace the MV Camille-Marcoux, which would have to reduce its crew and passenger capacity in order to meet the new Transport Canada stability standards that take effect 1st January 2016. The F.-A.-Gauthier not only complies with but actually surpasses new international pollutants emission requirements, according to the statement. This vessel is equipped with an integrated diesel-electric propulsion system and has four dual-fuel diesel power generators installed and it can run on either LNG or marine diesel oil. This propulsion system fully meets the ecological requirements of the ECA areas (Baltic Sea, North Sea, Caribbean, North America). The ship is also in ice class 1A with regards to the hull and propulsion class 1AS, which allow the vessel to operate non-stop in the Gulf of St. Lawrence, known for its adverse weather conditions. “F.-A.-Gauthier” is also able to break sea ice.

The ferry’s two electric propulsion engines operate azimuth thrusters, each equipped with two Countra-Rotating propellers.
ONE DEAD AFTER LIBYA MILITARY ATTACKS TURKISH FREIGHTER

A ship officer died and several crew members were injured after a Turkish general cargo ship was shelled and attacked from the air near the Libyan port city of Tobruk on Sunday 10th June 2015, Turkey’s Ministry of Foreign Affairs reports. The Ministry has strongly condemned the attack on the vessel identified as the Cook Islands-flagged Tuna-1, which was shelled from the Libyan shore, and then attacked from the air twice as it tried to leave the area. The 5,312 dwt Tuna-1 was en route from Spain carrying a load of gypsum to the Port of Tobruk, and was in the international waters when the attack occurred, the Ministry said. The ship’s third officer who died in the attacks and the injured crewmen are all Turkish nationals. Libyan authorities said that the ship was attacked some 10 miles off the city of Derna after it was warned not to approach. Mohamed Hejazi, a spokesman for Libya’s internationally recognised government, was quoted by Reuters as saying that one person died and one was injured in the attack.

“One person died and one was injured in the attack.”
VESSEL SEIZED BY IRANIAN NAVY

The Marshall Islands-flagged vessel Maersk Tigris was intercepted by Iranian patrol boats on 28th April 2015 and taken to Bandar Abbas. Iran said the ship was detained because of a legal dispute between the Danish company chartering it, Maersk, and a private Iranian firm. Maersk says the dispute dates backs to 2005, when it delivered 10 containers to Dubai for Pars Oil Products. The containers were not collected and the cargo was disposed of after 90 days by the UAE authorities, it asserts. The Iranian company subsequently accused Maersk of default and claimed USD 4m (GBP 2.6m) as the value of the cargo. Maersk said it challenged the suit successfully and in 2007 the case was dismissed. However, an appeals court ordered it to pay USD 163,000 (GBP 107,400) in February. Iran’s Ports and Shipping Organisation said permission for the release of the ship was given on after Maersk “ensured the provision of a letter of guarantee for the enforcement of the judicial decision”. A Maersk statement said the release followed “a constructive dialogue with the Iranian authorities, including the Ports and Maritime Organization, and the provision of a letter of undertaking in relation to the underlying cargo case”.

“For Denmark as a seafaring nation, it is obviously a priority that international obligations are complied with and that ships can sail in the Persian Gulf,” Danish Foreign Minister Martin Lidegaard said during the negotiations. The seizure of the Maersk Tigris in one of the world’s major shipping lanes threatened to turn into an international incident. Shots were fired across the bow of the vessel by the Iranian patrol boats before it agreed to change course for Bandar Abbas. The US called the Iranian action “unacceptable” and sent the destroyer USS Farragut to the area to monitor the situation. Maersk said its ship was in an international shipping lane when it was detained, but Tehran insisted it had been in Iranian waters.
PIRATES STEAL CARGO FROM TANKER IN INDONESIA

While underway, about 15-25 perpetrators armed with pistols boarded the product tanker Dongfang Glory from a speedboat at approximately 62 nm north of Pulau Uwi, Indonesia. The perpetrators stole cargo from the vessel (which reportedly carried 4,000 tonnes of petrol and 1,000 tonnes of diesel at the time) and the crew’s personal belongings. They reportedly transferred the cargo into another vessel and damaged all communication equipment before they escaped. The crew was safe and the vessel made her way to Labuan, East Malaysia after the incident.

VESSEL HIJACKED WHILE PASSING MALACCA STRAITS

A small product tanker, the Singapore registered Ocean Energy, was hijacked and had its fuel cargo stolen as it passed through the Malacca Straits on 2nd May 2015. The 6500dwt tanker, owned by Ocean Tankers, a subsidiary of Hin Leong Trading was carrying a cargo shipment from Singapore to Myanmar when it was boarded by eight hostiles. The attack took place around 2130 hrs. Upon boarding the vessel, the perpetrators locked the captain and crew members away, and then forced the ship to anchor off Port Dickson. A barge subsequently came alongside the vessel and offloaded 2,023 tons of gas oil. The pirates damaged the Ocean Energy’s communication systems and stole money and cell phones from the ship’s crew as well as the vessel’s Iridium satellite phone.

No one was injured in the attacked and the pirates left the vessel around 0430 hrs the next morning. The Ocean Energy was able to make contact with its home port and began its return an hour later.

This incident marks the fifth fuel siphoning attack since the beginning of the year, and it is the second time in a year that an Ocean Tankers’ vessel has been attacked. Back in September 2014 a similar hijack occurred aboard the Ocean Osprey with assailants stealing money and personal efforts from crew members.
PIRACY ACTIVITY IN ASIA

Authorities have been urged to step up efforts to reduce crime against shipping in Asia. During the first five months of 2015 there were 80 incidents compared with 67 in the same period in 2014. Authorities and ship owners are urged to be extra vigilant. The ReCAAP Information Sharing Centre has reported 80 incidents between January and May 2015. Most of them involved incidents on board ships while underway in SOMS (petty theft), but the worrying issue is that the number of very significant incidents, involving siphoning of ship fuel/oil (Category 1) more than doubled compared to 2014.

NUMBER OF INCIDENTS

BREAKDOWN OF INCIDENTS
WAR AND PIRACY

TANKERS HIJACKED OFF MALAYSIA WITHIN A WEEK

A group of armed pirates hijacked the Malaysian-flagged 7,119 dwt product tanker Orkim Victory on Thursday, 4th June 2015 while underway some 8 nautical miles south west off Pu Aur, Malaysia.

The pirates took hostage of all crew members, altered the ship’s course and sailed the vessel until it rendezvoused with another vessel into which part of the oil cargo was transferred and stolen, the International Maritime Bureau (IMB)’s piracy reporting centre informs. It is believed that the pirates on that occasion siphoned off 770 m/t of diesel oil. Before departing, they damaged the vessel’s communication equipment and stole the crew’s valuables.

One week later, her sister ship, the Orkim Harmony, which was on a voyage from Singapore to Kuantan, Malaysia laden with a cargo of RON95 gasoline with an estimated value of some USD 7.5m, went missing.

The vessel, which has 22 crew members on board, went off radar on 11 June and her last reported location was 30 nm east of Tanjung Sedili. The ship-owner lodged a report confirming the vessel was missing on 12th June 2015 and since then the Malaysian Maritime Enforcement Agency (MMEA) have been coordinating the search. With no success in locating the missing tanker the search area has been widened to include the Malacca Strait as well as waters near Sabah and Sarawak. Over 15 vessels and five aircraft are involved in the search operation.

According to Reuters, the pirates fled in the vessel’s rescue boat and the Orkim Harmony was found on the 18th June. It appears that after the tanker was hijacked, the pirates repainted the ship and changed the name to Kim Harmon.
ISLAMIC STATE SAYS IT LAUNCHED ROCKET ATTACK ON EGYPT NAVY VESSEL
CAIRO | BY ERIC KNECHT AND ALI ABDELATY – REUTERS

Egypt’s Islamic State affiliate said on Thursday it fired a rocket at an Egyptian naval vessel in the Mediterranean Sea near the coast of Israel and the Gaza Strip.

The militant group Sinai Province has focussed mainly on attacking Egyptian soldiers and police in the Sinai peninsula, killing hundreds since the army toppled Islamist President Mohamed Mursi in 2013 after mass protests against his rule. Photographs distributed online by the group appeared to show a rocket heading towards a ship and setting it ablaze on impact. Reuters could not verify the militants’ version of events.

The Egyptian military said in a statement that a coastguard launch had exchanged shots with “terrorist elements”, causing the vessel to catch fire. It said there was no loss of life.

Such incidents at sea are rare, though Egypt is battling an increasingly brazen Islamist insurgency in the Sinai that lies between Israel, the Gaza Strip and the Suez Canal.

President Abdel Fattah al-Sisi has said militancy poses an existential threat to Egypt, the most populous Arab country. As army chief, Sisi overthrew Mursi and then launched a crackdown on Islamists, which has weakened his foes in the mainstream Muslim Brotherhood movement but failed to neutralise Sinai-based militants.

Sinai Province, the most lethal militant group in Egypt, last year pledged loyalty to Islamic State, which controls large tracts of territory in Syria and Iraq and has a presence in Egypt’s neighbour Libya. It has recently carried out high profile attacks, which prompted the drafting of a sweeping counter-terrorism law.

On July 1, 100 militants and at least 17 members of the security forces were killed in a single day of clashes and attacks claimed by Sinai Province, authorities said.

The car bomb assassination of Egypt’s top prosecutor in Cairo last month has also raised concerns that the insurgency is spreading.

A Reuters witness in Gaza saw a plume of dark grey smoke rising from a boat off the coast. Other witnesses in the Palestinian enclave said they heard explosions and gunfire. Military sources said the suspected militants had fled after firing on the vessel. Later in the day a small bomb exploded in a residential area of the upscale Cairo neighbourhood of Heliopolis, wounding a police officer, security sources said.

State television, meanwhile, announced the resignation of the Cairo police chief. It did not elaborate.
## CASUALTY SOURCES

<table>
<thead>
<tr>
<th>VESSEL</th>
<th>ARTICLE SOURCE</th>
<th>PHOTO SOURCE</th>
</tr>
</thead>
</table>

## MARKET NEWS

<table>
<thead>
<tr>
<th>VESSEL</th>
<th>ARTICLE SOURCE</th>
<th>PHOTO SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bosporus Strait to close for Bridge Construction</td>
<td><a href="http://worldmaritimeneWS.com/archives/156288/bosphorus-strait-to-close-for-bridge-construction/">http://worldmaritimeneWS.com/archives/156288/bosphorus-strait-to-close-for-bridge-construction/</a></td>
<td><img src="image6" alt="Bosporus Strait" /></td>
</tr>
<tr>
<td>Samsung Heavy Lands USD 4.7 Billion FLNG order from Shell</td>
<td><a href="http://worldmaritimeneWS.com/archives/165170/samsung-heavy-lands-usd-4-7-billion-flng-order-from-shell/">http://worldmaritimeneWS.com/archives/165170/samsung-heavy-lands-usd-4-7-billion-flng-order-from-shell/</a></td>
<td><img src="image8" alt="Samsung Heavy" /></td>
</tr>
</tbody>
</table>
## MARKET NEWS (CONTINUED)

<table>
<thead>
<tr>
<th>VESSEL</th>
<th>ARTICLE SOURCE</th>
<th>PHOTO</th>
<th>PHOTO SOURCE</th>
</tr>
</thead>
</table>

## PIRACY REPORTS

<table>
<thead>
<tr>
<th>VESSEL</th>
<th>ARTICLE SOURCE</th>
<th>PHOTO</th>
<th>PHOTO SOURCE</th>
</tr>
</thead>
</table>