Star rising Clippers on up

MONACO-BASED cruise company Star Clippers says passenger numbers were up 5% across its fleet in 2007, a record year for cruising.

Similar sales figures are expected for this year. Star Clippers operates a fleet of three ships including *Royal Clipper* (pictured), *Star Clipper* and *Star Flyer* and said that while the company still has some pockets of availability for 2008, berths are selling fast.

CTM joins Swire in handling venture

Partners to offer floating loading and buffer storage at pinch points in the dry bulk supply chain

CTM continues to be a discreet but powerful presence in the dry bulk sector. But the company has also sought diversification, recently announcing a port handling joint venture with Swire subsidiary China Navigation.

Swire CTM Bulk Logistics will offer floating loading and buffer storage capacity at pinch points in the dry bulk supply chain where shippers need to load raw materials into ocean-going ships.

The partnership brings together Swire's transhipment expertise with CTM's commercial shipping experience. CTM chief executive Gary Weston said the company had received many requests from shippers looking for specialised services to allow them to load maximum cargo into the biggest size of vessel available.

The partners see potential new business in east and south Asia and the Middle East.

Many ports in emerging economies are draught-restricted or lack established loading facilities. At others, the cargo stream is too small to warrant dedicated port infrastructure.

An offshore transhipment terminal can also be brought onstream without the environmental approval process often required ashore.

"We are combining the existing strength of CTM with Swire's already proven track record in logistics to make a bigger fist of it and look for more international business," said Mr Weston.

Mr Weston said the partners were working with potential customers of the service, without naming them.

CTM moved its operations to Monaco more than three years ago following its takeover by Livanos-owned DryLog.

It manages a fleet of 105 vessels with a total cargo volume of about 60m tonnes for 2007 with turnover of $1.8bn against $1.2m for 2006.

Although announced last year, the structure of the company only officially moved to being a single entity at the beginning of this year, following the dissolution of the capesize and panamax pools CTC and CTP which have been absorbed into the single entity. The company now has a staff of 63.

Last year's turnover figures are not a reflection of increased activity on the part of the DryLog CTM grouping but rather as a reflection of the market, explained Mr Weston.

DryLog and its associates have control of 47 vessels, of which 23 are on order or to be delivered on long term charters.

Newbuildings on order include six 58,000 dwt handymaxes for delivery in 2011, three 180,000 dwt capesizes for delivery in 2009 and a further two for 2001.

The years to 2013 will see the delivery on long time charter of a further 11 vessels.

Mr Weston says the group has followed a conservative policy, renewing its fleet steadily — the oldest ship is now 10 years old — and operating a combination of long term charters and COAs with a small number of ships in the spot market.

Mr Weston says that two-thirds of the business is long term, reflecting the wishes of its shareholders.

The group set up a risk management operation four years ago, which Mr Weston says is well established and which "monitors all our trades and counterparties and our exposure to the market". This includes derivative trading arm FTL, which has been in business three years.

DryLog is also a shareholder in CCBC, which has 13 vessels, and is a 50% partner with CSAV in DBCN with 12 handysize vessels at the moment.

All but four of the group's newbuildings are with Japanese yards, with the remainder in China, although the company will only contract with Chinese state entities, added Mr Weston.

Strike Club opens up to new risks

MONACO-BASED insurer the Strike Club has recently celebrated its 50th anniversary and in recent years has progressively widened the scope of cover it offers to members.

Recent additions to cover include war risk and loss of earnings cover on a fixed premium basis.

The kinds of risk that the Strike Club covers are many and varied and one interesting recent claim in China, according to head of administration Nick O'Conor, involved a protest by Chinese environmentalists — leading to consideration of whether an environmental protest could be considered a strike in terms of delaying a vessel.

Underwriter Claudio Blancardi highlights another period which is delay caused by piracy, kidnap and ransom — although this is not a cover included in all policies and would depend on a vessel's trading area. Areas like Port Harcourt could be considered "hot in this respect", said Mr O'Conor, although the war risk market generally has calmed down and rates have softened.

In the last underwriting year, some 300 claims were presented for 140 locations in 60 different countries. One third of these were industrial disputes and the rest were delay related.

Delay claims totalled $10m with 50% being collisions, groundings and machinery damage. While claims frequency is within the expected range, Mr O'Conor says value is on the higher side "but so is the income".

The key issue for the club is to keep the spread of its book as wide as possible to cater for changes in the market. As Mr Blancardi explained: "When freight rates go down, insured values go down". A recession in the US could well affect that country's appetite for Chinese goods.

The Strike Club follows an extremely conservative investment policy, according to Mr O'Conor. It holds bonds, but to maturity so it does not have to "ride the market up and down". The club has also made investment in funds of hedge funds. This totals about $6.5m out of $26m

Mr Blancardi says closing calls were in line with predictions being 20% in classes I and II for the 2006-2007 year and no further call in Class III. For open years, the club has recommended a 20% release call in all three classes.

Albertini maintains Marfin's family values

ALEXANDRE Albertini is the fourth generation of his family in shipping and the Albertini family have been in Monaco for more than 50 years.

Marfin Management operates a fleet of eight handymax bulk carriers with an average age of eight years, and the policy has been one of cautious expansion with as little risk taking on the financial front as possible.

Marfin is focused on the handymax and supermax segments. The company was set up in 1926, and still prides itself on recruiting 100% of its crew members in Croatia. "Loyalty is what characterises our business and we try to reward loyalty," said Mr Albertini. "This always pays."

In a time when crewing is becoming an increasing problem and "money is buying loyalty" he believes that traditional relationships are very important.

"Our crew is our family," he said. He believes single nationality crews are essential to avoid communications problems in crisis situations. He estimates that the company is "feeding more than 400 families in Croatia".

As a member of the younger generation of the shipping industry, the question inevitably arises as to what he would do differently from his parents' generation. "I will not change what has been done because I love what they have achieved, going through tough times and maintaining the company's reputation," he said.

Mr Albertini has both a brother and a cousin working in the business and says he wants to "keep the same values and principles" as the previous generations. Expansion of the fleet, he said, will not be a speculative venture but more a means of maintaining Marfin's impact in the market. The company's ships are mostly sourced in Japanese yards, with which Marfin has strong links. Being a pioneer in a Chinese yard does not appeal.

Mr Albertini said that he questions the quality of some of the ships being built at the moment.

He has no illusions about the cyclical nature of the market and says he is glad he came into shipping when ships were being fixed at $6,000 per day. "I know it will come back," he said.

At the same time, he said, he would like to give the next generation what "my father and uncle gave to us". With this goes a commitment to keeping faith with the people employed by the company in bad times as well as good.

Bullish d'Amico celebrates a vintage year

LISTED Italian tanker company d'Amico International has maintained a presence in Monaco for many years and chief executive Marco Fiori says it is a "great place to be".

D'Amico has been listed on the Milan Stock Exchange for nearly a year and in "eleven months a lot of things have happened", said Mr Fiori.

Results for the year have been very strong, added Mr Fiori. The company operates a fleet of 34 ships, but this will rise to 46 ships by 2009. D'Amico has a young fleet with an average age of 3.7 years, compared to a product tanker industry average of 11.2 years. The oldest ship in the fleet is nine years old. D'Amico operates a significant proportion of its fleet through pools, including the handytankers pool with AP Moller-Maersk, Seaarland and Motia; the High pool with Nissho Shipping; and Glenda with Glencore.

The company's newbuilding programme totals 23 vessels. The company's growth strategy is to increase its controlled tonnage through vessel acquisitions, long term time charters and exercise of purchase options. It also wants to continue expansion in alternative commodities like palm oil and vegetable oil.

As crewing continues to be an issue for all shipping companies, Mr Fiori says d'Amico has had some good results here operating its own facilities in Mumbai and the company has high retention rates. Most of its crew are Indian or Indian with Italian officers. Mr Fiori has not, however, seen a big escalation in crew costs with scarce supply and increased demand.