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Cosco: no plan to acquire PIL or order new ships

by Cichen Shen

Acquiring a leading regional carrier would be an effective way of gaining access to future target markets, says vice-chairman Huang Xiaowen

Huang: there is no acquisition plan for now, but developments in this area will not remain unchanged.

COSCO Shipping Holdings vice-chairman Huang Xiaowen has denied his company is planning another major liner shipping takeover, after Pacific International Lines was mooted by some observers as a possible target.

The clarification comes in response to rumours the Chinese state-owned giant is mulling a purchase of the Singapore-based carrier. Cosco is still in the process of buying Hong Kong-listed Orient Overseas International Ltd.

"Up to now, there is no detailed plan for another acquisition," Mr Huang told a press meeting on Thursday.

The remarks followed on the heel of PIL chairman Teo Siong Seng, who told Lloyd's List on Tuesday that his emerging markets-focused shipping line is "absolutely not for sale".

However, Mr Huang said although CSH, the containership and port arm of China Cosco Shipping Group, has no acquisition scheme for the moment, "market development will not remain unchanged".

Container shipping consolidation will continue, he said, with the number of global-scale carriers likely to stabilise in the future at somewhere between five and six. At the same time, operators specialising in regional services still enjoy a competitive edge and will maintain a place in the markets.

CSH, though, is keen to expand its footprint beyond East-West trades into other markets, such as Africa, to establish its position as a leading global carrier. Acquiring a strong regional carrier in the target market is one way of effecting such an aim, Mr Huang later told Lloyd's List from the sidelines of the meeting.

In a July report, Alphaliner said PIL's niche strength on the Africa-related trades could make the company an attractive target for acquirers which want access to the emerging market.

It cited Cosco Shipping as the most likely suitor given the close partnership between the two companies.

No ordering plan

Meanwhile, Mr Huang told reporters the company has no newbuilding plan before the completion of the OOIL acquisition. He expected the deal to be closed by the end of this year.

When asked to comment on the recent ordering by his company's Ocean alliance partner CMA CGM, Mr Huang viewed the move as logical.

The orders, consisting of six firm 22,000 teu ships and options for three extra, will not only expand the French line's capacity but also enhance its competitiveness.

He said the 14,000 teu vessels deployed on trades between the Far East and Northwest Europe will be replaced in the future by ships in excess of 20,000 teu. And if CMA CGM cannot do that by having enough ships in that class, it will lose its cost advantage.

Without adding the ultra large containerships to its fleet, CMA CGM lags behind other global carriers. In fact, its existing fleet of 18,000 teu ships are modified 16,000 teu-class ships. These are one beam narrower than standard 18,000 teu-20,000 teu class vessels.

In March 2015, the company ordered three 20,000 teu boxships from Hanjin Heavy Industries. Delivery of the vessels has been pushed back to next year.

CSH, on the other hand, has five 19,100 teu ships in operation and 17 vessels of between 19,150 teu and 21,000 teu on order.

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US Gulf ports slowly reopen in the wake of Harvey

by Max Tingyao Lin

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Houston, Corpus Christi, Galveston and Freeport begin to allow vessel traffic at limited scales

Houston Ship Channel — a key waterway for US petroleum and grains trades — is not yet fully open. *Source: © 2017 David J. Phillip/AP*

SOME major ports in the US Gulf have been reopening since Thursday as Hurricane Harvey moved inland and weakened to a tropical depression. Normal operations are not expected to resume for days amid slow recovery processes.

Port Houston, the sixth-largest US container port that also handles some breakbulk and project cargoes, said all facilities are opening on Friday with "no visible damage" to terminal equipment.

However, it remains to be seen when Houston Ship Channel — a key waterway for US petroleum and grains trades — will be fully open.

With ongoing assessment of river conditions, most tankers are not able to transit the waterway because the draft limits were only up to 37 ft as of Thursday, Platts reported. There will be daily assessments of what traffic is allowed in the channel.

Corpus Christi has allowed vessels with a draft up to 43 ft since Thursday, but most ships are only allowed to conduct one-way daylight transits, the Port of Corpus Christi said on its website.

As the US Coast Guard has not completed channel surveys of all inlets, harbours and channels to confirm safe transit, mariners should proceed with caution as debris, shoaling and hazardous substances may be present, the statement added.

Brownsville has opened without restriction, while Galveston and Freeport are allowing vessels with less than 33 ft draft during daylight.

While little damage is reported on port facilities in the US Gulf, the recovery process is likely to take days if not weeks, with floods still blocking land transport in many sections.

"The full impact and damage to facilities is likely to take weeks to fully assess," Stifel said in a note that focuses on impact on the petroleum side. "The refineries throughout Texas and Louisiana are likely to take longer to bring back online than upstream assets."

Even if terminals can begin to function normally in the coming days, cargo volumes would be affected by the timings of when the refineries and upstream production facilities resume normal operation.

Moreover, Harvey's impact on storage facilities is still being assessed.

Enterprise Products Partners said it was evaluating potential curtailment of natural gas liquid fractionation and storage services at its Mont Belvieu complex, having found minor damage to its assets on the US Gulf coast.

"The cumulative effect… [of Harvey] has caused brine containment issues and a reduction of fractionation capacity at Enterprise's Mont Belvieu complex," the master limited partnership said on its website.

Mont Belvieu is a major pricing and export hub for US exports of liquefied petroleum gas.

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UK port freight traffic hits 27-year low

by Anastassios Adamopoulos

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Freight tonnage falls sharply on coal decline as EU dependency grows

BPA chief Richard Ballantyne called for a beneficial post-Brexit trade deal.

A SEVERE drop in coal trade reduced the total freight tonnage that UK ports handled in 2016 by 3%, levelling annual freight traffic to its lowest point since 1990, according to newly released information from the UK government.

Major UK ports, defined as those handling over 1m teu annually, as well as "a small number of other key ports", accounted for 98.7% of the 484m tonnes handled across the country in 2016.

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Dry and liquid bulk claimed 183.6m tonnes of the cargo handled in major ports; a 53% slide in coal contributed to an 11% fall in dry bulk and a 5% drop in total bulk freight in major UK ports.

Despite the negative bulk performance, the country's two other largest segments showed encouraging signs; ro-ro tonnage grew by 3% to 106.4m tonnes and lift on, lift off freight grew by 3% to 65.3m tonnes, with container throughput up 3% to 10.2m teu.

EU dominates

The uncertainty of the UK's relationship with the European Union post-Bexit leaves the fate of UK ports heavily dependent on the EU, particularly ro-ro ports such as Dover, in the balance.

The British Ports Association emphasised last year's growth in ro-ro and lo-lo when it comes to the UK's relationship with the EU.

The association's chief executive Richard Ballantyne said: "This underlines the importance of agreeing a post-Brexit deal with the EU that preserves many of the advantages of customs union membership and avoids the need for border interventions, congestion and delays at ro-ro ports, whilst also enabling UK ports to take advantage of new global trade deals."

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The EU's significance was evident elsewhere in the government's data; despite a 2% drop in international tonnage handled to 374.2m tonnes, the EU remained the UK's dominant trading partner.

Tonnage from and to the EU actually grew by 2% from 2015 and accounted for 55.3% of international freight handled and 44% of total freight. The increase was attributed to a 24% inward oil product jump.

Trade with all other regions fell except for Asia, which recorded a 7% rise to 54m tonnes.

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Columbia Marlow merger goes through

by Anastassios Adamopoulos

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Ship management companies continue to fight for scale in difficult markets

Columbia president Mark O'Neil will be the newly merged company's chief executive.

THE INTENDED merger between Columbia Shipmanagement and Marlow Navigation has secured regulatory approval, Columbia announced on Friday, marking another major consolidation event for a sector that has undergone a transformation in the past two years.

Columbia Shipmanagement president Mark O'Neil will be the chief executive of the newly merged company. It is thought the new entity will manage more than 1,500 vessels, making it among the largest shipmanagers in the world.

The two privately owned companies moved on from collaborative talks to full merger conversations in November 2016, after developing a joint IT venture to provide develop "enhanced IT solutions for digitalised ship management and for crew training" at Marlow Navigation's training centre in the Philippines.

The move was facilitated earlier in August when HSH Nordbank wrote off $800m of debt held by Columbia

Shipmanagement parent Schoeller Holdings.

The merger enhances the consolidation trend that has crept into the ship management sector, beginning with Anglo-Eastern and Univan merger in 2015. Since then, V.Group has been at the forefront of consolidation moves by acquiring three companies, the latest being Graig Ship Management a few weeks ago.

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Yard Talk | How much is Beijing willing to pay?

by Cichen Shen

After the South Korean shipbuilding haemorrhage in offshore, now it is China's turn

THE dismal offshore sector, which has resulted in more than $6bn in losses for South Korean yards building drilling vessels and platforms, is now afflicting their Chinese competitors.

In late August, Shanghai Waigaoqiao Shipbuilding announced a plan to establish a joint venture with compatriot rig owner Shandong Offshore Equipment Co to own and operate three jack-ups, which were ordered by the latter in 2014.

According to the agreement, the owner will take delivery of the drilling platforms at the original contracted prices. It will pay an installment of $64.3m to SWS, which will in turn use the money to acquire a 30.3% stake in the JV.

Many Chinese yard executives reoriented their yards toward offshore engineering in 2013 to grab market share in the seemingly lucrative sector.

In return, the owner is obliged to pay off the $503.6m in arrears plus interest by August 2025, seven or eight years after the deliveries.

SWS, part of the state conglomerate China State Shipbuilding Industry, said in a statement the plan will allow the yard to alleviate the stress of financing and halting the outfitting quays that would have occurred if the units were abandoned, without forking out extra money.

Rhetoric cannot disguise the fact that the shipyard is forced to give the owner much more time to foot its bill for the purchase. Still, such an arrangement, if brought about, might be considered as a fortunate turn of events for the shipyard.

At least SOEC, a unit of government-owned Shandong Marine Group, did not opt to walk away from the orders, leaving the costly steel structures as a burden solely for the builder.

Dalian Shipbuilding Industry Corp and its subsidiary Shanhaiguan Shipbilding Industry Corp, both owned by China Shipbuilding Industry Corp, the other state shipbuilding conglomerate in the country, were not so lucky.

The duo recently had three newbuilding offshore units — one semi-submersible rig and two jack-ups — cancelled by two foreign buyers. These orders were worth more than $1.2bn.

Many Chinese yard executives reoriented their yards toward offshore engineering in 2013 to grab market share in the seemingly lucrative sector. Now, they can perhaps only pray for a surge in the oil price or a tumble in rig-operation cost to incentivise owners to take delivery on time.

If they do not get what they wish for, though, things may get even worse.

According to Clarksons, SWS has an offshore orderbook of 11 jack-ups, one mobile offshore production unit and four OSVs, worth $3.5bn. DSIC and SSIC has a total of 15 jack-ups, three non-jack-up rigs and one support platform, totalling $4.4bn.

Most of these units are scheduled for delivery by 2018.

Fortunately, for state-owned players, the fallout from offshore, although excruciating, is not yet proving fatal. This is thanks to policy chiefs in Beijing and their generosity.

At a shipping conference in Hong Kong last year, when the shipbuilding industry had fallen to a nadir, a CSIC manager said in private that some Chinese yards would not survive the crisis, but that state-owned ones would be the last to fall. He was obviously being modest.

Earlier this month, CSIC unveiled a plan in which eight state-backed institutional investors will offer a $3.3bn bailout for DSIC and Wuchang Shipbuilding Industry Group — another CSIC yard that builds offshore support vessels — to repay their debts.

This week, the plan won the shareholder approval of CSIC Ltd, the Shanghai-listed holding company of the DSIC and WSIG.

At the same time, chairman of state-owned China Reform Holdings Corp, the controlling shareholder of one of the investors, met with his counterpart of CSSC recently in discussions about asset management, fund investment and financing.

Although SWS has not received Beijing’s aid package, it is close to winning part of CMA CGM’s order of up to nine 22,000 teu containerships, supported by loans from state lender the Export and Import Bank of China.

The Shanghai-based shipyard also boasts one of the world’s largest backlogs, which is comprised mostly of orders from state-owned shipowners on the back of Beijing’s handouts. This state cash include things such as scarp-and-build subsidies and the state capital operation budget for shipbuilding, the latter of which is equivalent to about 20% of a company’s annual spending on new orders.

None of these moves is likely to please Japan, another major shipbuilding nation.

The island country used to dominate the world of shipbuilding before the rise of its Asian neighbours. A couple of months ago, it offered an olive branch to China.

Japan said it wanted China to join the discussion in the OECD Council Working Party on Shipbuilding, of which Japan and South Korea are members, about how a new industry competition regime could work.

New rules could be devised to assist policymakers in avoiding excessive state support to their own shipbuilders.

Tokyo, which criticised Seoul for its cash handout to the country's shipbuilders, must have been disappointed when it learnt that Beijing handed out that $3.3bn in relief for CSIC.

In Korea, there is at least scrutiny by the media and opposition political parties surrounding the policy of immoderate shipbuilding bailouts. By contrast, in China one can barely hear anyone question the government's decision.

But here comes the dilemma for China. As of the end of July, the total offshore backlog in China amounted to $41.6bn. The majority of these are facing delivery problems and are due to be built by state-owned yards, according to Clarksons.

This poses the question: how much more on earth is Beijing willing to pay?

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Denmark looking to scrap flag registration fee

by Anastassios Adamopoulos

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Danish industry welcomes government initiative

Denmark proposes to remove a registration fee on second hand vessels flying the Danish flag.

Source: shutterstock.com / Telia

THE Danish government has proposed to remove a registration fee on secondhand vessels flying the Danish flag in an effort to boost its ship registry's global competitiveness.

The Danish registration fee equates to one thousandth of a vessel's market value, according to shipowning organisation Danish Shipping.

"In addition, the ship owner also pays one thousandth of the mortgage value when registered in Denmark. This is considerable higher than competing registers in Malta and Singapore," it said.

Comparing it with the Maltese and Singaporean flag regimes, Danish Shipping argued that the registration fee of a five- to 10-year-old 6,000 dwt tanker, with an approximate $25m market value, would be almost $15,000 higher in Denmark than in either of these two countries.

Danish Shipping chief executive Anne Steffensen welcomed the proposal as positive move and a message to the rest of the world about Denmark's position in the maritime world. “We know from talks with Danish and foreign shipping companies that the registration fee is an obstacle when they wish to register under Danish flag,” she said.

Norden chief executive Jan Rindbo also highlighted the significance of the proposed change in the Danish flag's regime. “Today, it can be three to four times more expensive to register a ship in Denmark than in e.g. Singapore. The better the conditions offered by Denmark, the higher the probability that more ships will fly the Danish flag. I see it as an important matter for the entire shipping industry,” he said.

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MOL to operate Swan Energy FSRU project

by Cichen Shen

Japanese giant also has an option to buy a stake in the unit

The FSRU, with a 180,000 cu m storage capacity, was ordered from Hyundai Heavy Industries last month. MOL will operate and maintain the vessel backed by a long-term contact.

Source: HHI

MITSUI OSK Lines has signed an agreement with Swan Energy to operate a floating storage and regasification unit serving the liquefied natural gas terminal in Gujarat, India.

The FSRU, with a 180,000 cu m storage capacity, was ordered by the independent Indian energy company via a subsidiary at Hyundai Heavy Industries last month.

Delivery is scheduled in 2019.

It will serve as the core receiving facilities in a liquefied natural gas terminal, which will be developed by Swan Energy in Gujarat and begin operation in early 2020.

MOL will operate and maintain the vessel backed by a long-term contact, the Japanese giant said in a press release.

The shipping giant also has an option to acquire an ownership stake in the FSRU, valid before the vessel delivery.

MOL did not offer more details, but local media reports suggested the Japanese company is taking an 11% slice.
The newbuilding, when delivered, will be India's first FSRU project.
MOL said the agreement fit into the company's initiatives to develop its LNG business in the fast-growing Indian market and to expand the operation beyond just shipping the type of energy.
Swan Energy said in December that it received approval from Gujarat Maritime Board for construction of LNG terminal.
Local energy giants Oil and Natural Gas Corp and Bharat Petroleum have earlier agreed to purchase LNG from the terminal.

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Prince Rupert thrives at the end of the line

by Peter Hurme

Prince Rupert may be remote, but its location hasn't stopped it taking volumes from rivals in the Pacific Northwest

DP World is continuing to invest in Prince Rupert.

THE balance of what is starting to look like much-needed North American container port capacity has experienced a slight, yet perceptible tilt towards a small, remote town on an island in the westernmost Canadian province of British Columbia.
"We roll out a cedar mat for you," said Chief Alex Campbell, a spokesman for the Nine Tribes of Lax Kw'alaams to an audience of supply chain stakeholders at a ceremony held to commemorate the $200m Phase 2 North expansion of DP World's Fairview Container Terminal.
The new phase will increase the facility's cargo-handling capacity from 850,000 teu to 1.4m teu, and will include seven STS cranes capable of handling the largest containerships.
Canada's third-largest port and its principal partners have plans to expand up to as much as 2.5m teu capacity by 2022.
Whereas a more typical intermodal-focused container port would also service a domestic cargo base, the vast majority of the import boxes passing through Prince Rupert are destined for other North American markets, with roughly 60% headed for the US via Chicago on CN trains.

Prince Rupert’s expansion timing might be prescient as the peak shipping season is already in full gear, with August forecast to be the busiest month on record for imports at US container ports that handle substantial volumes of retail products at 1.8m teu, according to the latest Global Port Tracker report released by the National Retail Federation and Hackett Associates.

Moreover, 2017 could set a new annual high of 19.7m teu at the major US retail ports, up 4.9% over last year’s previous record of 18.8m teu.

“Retailers are selling more and that means they need to import more,” said NRF vice-president for supply chain and customs policy Jonathan Gold.

That rising import demand could end up pushing more containerised volume Prince Rupert’s way. The port has always promoted faster sailing times from Asia (by up to three days) with less congested intermodal rail to North American markets.

However, for a container port that relies almost exclusively on inbound discretionary cargo, the stakes, and risks, are high.

“We’re trying to remain comfortably ahead of demand,” said Prince Rupert vice-president Shaun Stevenson.

The port’s principal stakeholders are also trying to position Prince Rupert as something greater than just an expanded efficient marine terminal.

DP World’s close Canadian connection

By Peter Hurme Read the full article here

“This location is ideal to create a logistics hub,” says Sultan Ahmed bin Sulayem, chief executive of United Arab Emirates-based DP World, one of the largest global terminal operators, with 78 locations worldwide handling around 64m teu.

The port says it has been planning for a 200-400 acre logistics park.

The newest component of the logistics services expansion is already underway, to try to provide more balance between the import and export trade through the port by attracting more backhaul exports of grains and cereals from the US Midwest and Canada with the opening of Montreal-based Ray-Mont Logistics’ Agri-Food transload container-stuffing facility. It has a current annual capacity for 50,000 teu.

Ray-Mont vice-president Stephen Paul says the unit train capacity was the key to his company’s decision to invest in Prince Rupert’s logistics infrastructure.

The volumes of specialty crops shipped due to capacity crunches through other western Canadian and US gateways, and more affordable land, helped make Prince Rupert of keen interest to Ray-Mont, Mr Paul says.

The first unit train at Ray-Mont’s facility will call in September.

CN Rail chief executive Luc Jobin says Prince Rupert’s port represents a significant 7% of total revenues for the railroad.

“Without the railway, this container terminal would not exist,” says Prince Rupert chief executive Don Krusel.

The CN rail line to Prince Rupert was in place long before 2007, the year the container operation opened with 500,000 teu capacity but handled a fraction of that in the Fairview terminal’s inaugural year.

“Many industry experts suggested this would fail,” Mr Krusel says.

The port authority had previously considered shuttering it, due in large part to a severely waning forest products business.

“This community and port was on its economic knees,” says Mr Krusel.

Ten years on, however, shipping services have increased from the initial once weekly call courtesy of China’s Cosco to seven different shipping lines that are part of the Ocean Alliance and 2M creating 15 unit trains per week.

Where Prince Rupert and Vancouver seem to be having an impact is on the US Pacific Northwest ports, which were the only US West Coast ports to post negative numbers in June, compared with upticks at their California counterparts.

Statistics furnished by the Pacific Maritime Shipping Association revealed that the Northwest Seaport Alliance, comprised of Seattle and Tacoma, reported a 10% decrease in imports that month, dropping 12,914 teu, while Vancouver and Prince Rupert posted a healthy 21.9% growth that month, increasing by 33,672 teu.

Mr bin Sulayem’s reaction to the competitive positioning of his terminals in western Canada is that Prince Rupert is “complementary to US west coast ports”.

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Sovcomflot eyes expansion as Yamal LNG nears start

by Nidaa Bakhsh

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Russian giant needs to raise fresh equity if it is to expand in LNG shipping, says financial chief Kolesnikov

Kolesnikov: "Yamal faced hurdles but will start producing this year."

SOVCOMFLOT, Russia's energy shipping giant, is eyeing an expansion in liquefied natural gas transport as the Yamal LNG project in the Arctic nears completion.

While the company currently has just one icebreaking LNG carrier on charter to the project, owned by Novatek, Total, China National Petroleum Corp and Silk Road Fund, chief financial officer Nikolay Kolesnikov told Lloyd’s List there could be more involvement in the future.

“Our exposure to the project is just this one unit,” Mr Kolesnikov said.

“We will most likely increase our involvement as the project evolves,” he said.

A total of 15 icebreaking LNG carriers, each with a carrying capacity of nearly 174,000 cu m, have been ordered at Daewoo Shipbuilding & Marine Engineering for shipping LNG from the Russian Arctic project on long-term charters.

Other than Sovcomflot’s vessel *Christophe de Margerie*, the rest were ordered by Mitsui OSK Lines, Teekay and Dynagas LNG Partners, together with their Chinese state-owned shipping partners.

Mr Kolesnikov did not elaborate on how Sovcomflot can become involved with Yamal’s shipping side.

However, his company has recently been boasting its operational capability, saying *Christophe de Margerie* set a new time record for transiting Russia's northern sea route when carrying a cargo from Norway to South Korea in August. The vessel, named after a former chief executive of Total who died in a plane crash in 2014, has yet to start carrying cargoes from Yamal.

"Yamal faced hurdles but will start producing this year, with the first loading before the end of the year," Mr Kolesnikov said.

Once fully operational, the Yamal project will have a capacity of 16.5m tonnes of LNG per year from the South Tambey field in the Arctic.

Relying on more long-term business such as Yamal is in line with Sovcomflot's corporate strategy.

"We are a conservative business, and would rather prepare for the worst through a diversified portfolio," Mr Kolesnikov said.

Moreover, LNG shipping markets are recovering.

Sovcomflot saw revenues from its gas transport unit, which also includes liquefied petroleum gas, rise to $76.4m in the first half from $72.6m a year earlier. In contrast, its oil tankers business, which comprises 124 crude and product carriers, saw revenues drop to $267.5m versus $371.9m due to what was described as seasonal sluggish demand.

Its net profits plunged to $15.2m from $166m a year earlier.

Adding a new twist to Sovcomflot's initial public offering story, which has been brewing for years, Mr Kolesnikov said that in order to expand in LNG shipping the company would need to raise new equity. Perhaps that would be in the form of a listing on the Moscow stock exchange, with a secondary listing elsewhere, he added. The company is currently 100% state-owned.

But that move depended on market conditions and investor appetite, Mr Kolesnikov said, adding that neither of those elements were conducive at the moment.

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Extrapolating Murphy's Law

by Michael Grey

There is enough to worry about in all the things that can go wrong in a ship at sea, without considering the awful possibility of malign interference

Just a few years ago, the prospect of a ship's systems being affected by external forces would have seemed the stuff of science fiction. *Source: leolintang/Shutterstock.com*

YOU all know about Murphy's famous law that states: "If something can possibly go wrong, it will", the codicil embellishing this statute with "and at the most embarrassing time and place". When I was a simple technical journalist, attending manufacturers' introductions of new and exciting items of marine equipment, I used to think about that law a lot.

I can remember being forcibly introduced to it, outward bound and just to the east of the Gibraltar Strait, on a sunny afternoon, altering course to starboard to show a stand on ship my port side. We had a man at the wheel in those days and once I was satisfied the oncoming ship would have got the message, I ordered "midships" and a new course to steer. So far so good. The helmsman acknowledged the new course and put on some port helm to counter the swing to starboard. We saw the ship steady, but then his shout of alarm alerted me to the rudder indicator showing its remorseless track to port. The helmsman went hard over to starboard, but it had no effect in reducing the swing. Panic stations! Call the master! Hoist the Not Under Command signals! Stop the engines! Change the steering motor.

There are just a few horrible moments that you never quite forget and this was one of them, as we described a beautiful round turn to port a couple of miles ahead of the oncoming ship. Fortunately, there was plenty of sea room, nothing else to embarrass us and the other watchkeeper was on the ball and kept well clear.

Eventually we got under way, steering from aft (so that's why they fitted auxiliary steering) while the engineers got to work to dismantle the steering telemotor and drain the system, where they found some horrible foreign bodies left by a careless fitter during the ship's recent refit. It was a lesson to all of us, although mostly to me, emphasising the master's written injunction to always alter course in good time and the need for lots of sea room.

In those days, we tended to trust steering gear more than most other ships' systems and I never had cause to worry about it again in any ship I sailed in. But maybe another lesson for life was that there is no such thing as total reliability, in any machinery. Years later it used to colour my thinking as I sat in press conferences listening to some chap burbling on about how his pump, all singing and dancing navigation system, main engine or perfectly designed widget, could offer the customers absolute confidence. "Up to a point", I would think, and I'm afraid I still do.

It is far too early to speculate on the possible causes of the awful collision between the US destroyer and the tanker near the Singapore Strait the other day. Human error is always the probable culprit in these cases, although there were hints that there had been a steering malfunction. A Tweet from an admiral (this seems to be a new official means of communication in the US) hinted that external interference couldn't be ruled out and was one of the possibilities being investigated. But if it had been some frightful hacker who had managed to penetrate the secure systems of a major warship, would we ever learn the truth?

The stuff of science fiction

Just a few years ago, the prospect of a ship's systems being affected by external forces would have seemed the stuff of science fiction. But then we heard about the trials on board the lighthouse tender that demonstrated the degree of instrumental chaos which could be caused to a ship's systems by an external jamming device that could be bought illegally over the internet. We read about the demonstration of the controls of a small ship being electronically "seized" from another craft.

Since then, hacking has gone mainstream and the stuff of science fiction has become reality, moving from the bedrooms of teenage enthusiasts to become weapons of war and the responsibility of state agencies and those they sponsor.

We read that a considerable proportion of a modern warship’s outfit and a huge amount of its cost are represented by electronic defences against such cyberspace aggression. But we can also assume that the “other side” will constantly be looking for weaknesses in the electronic countermeasures. And in our idle moments we might wonder about where all this leaves merchant ships built to far more modest budgets. For that matter, whether our industry’s cyber security efforts are a somewhat futile catch-up game against ever-increasing “probing attacks”, like those that afflicted Maersk and others this summer and certainly won’t stop any time soon.

It is also worth thinking about these vulnerabilities, and the probable cost of confronting them, as clever people enthuse about the idea of sending ships to sea with nobody on board them.

There is enough to worry about in Murphy’s Law and the resilience and reliability of ordinary manned ship systems and all the things that can go wrong in a ship at sea, without considering the awful possibility of malign interference, which seems to become more plausible practically every week.

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