

## CRUISE

### Italian authorities seized 33 million to MSC Crociere

Top managers Pierfrancesco Vago and Francesco Zuccarino suspected of irregularities in tax declarations, though the company denies all allegations and reiterates fair behaviour

The investigating magistrate in Naples has signed two orders authorising assets worth about 33.3 million euros be seized from MSC Crociere's CEO Pierfrancesco Vago, under investigation for not having filed a tax return, and from Franco Zuccarino, CEO of Naples offices for having presented an untrue tax return.

The decrees were issued by the magistrate of the Court of Naples, at the request of the Economic Crime section of the local prosecutor's Office. The measure affects corporate holdings, real estate and financial availability, for 33 million euro, figure that covers up to the value of taxes are evaded.

The magistrate have found the existence in the MSC Crociere Spa headquarters in Naples – pointed out the Prosecutor added the Republic, Fausto Zuccarelli – of a occult organization of MSC Crociere SA, that has avoided to state income realized in the national territory for about 38 million which are direct taxes evaded more than 10.7 million.

After that, the *Nucleo di Polizia Tributaria* of Naples, has verified that MSC Crociere



Spa would issue undersized invoices to its parent company MSC Crociere SA of Geneva for provided services, with the aim to avoid part of its incomes to the Italian taxation, for a total amount of unpaid taxes of 22,6 million of euro, from 2007 to 2012.

Responding to reports in the press MSC Crociere stressed in an official statement.

### TOP THREE MOST READ OF THE WEEK

1°

**Marriage of interests at P&I brokers houses**

2°

**Greek ferries companies are operating 'in the red'**

3°

**Cars and tulips for Baldissara & Co.**

## SHIPYARDS

### New alliance between Italian shipyards Fincantieri and Vittoria

The two shipbuilding companies, one state owned and one private, signed a cooperation agreement to collaborate in both naval and merchant sectors

During the 24th edition of Euronaval, the most prestigious event in the world for naval defense, the Italian shipbuilders Fincantieri and Vittoria made an innovative cooperation agreement signed by Paolo Frino, Senior Vice President After Sale and Services of Fincantieri Naval Vessel Business Unit, and Luigi Duó, Chairman of Vittoria Shipyard, that envisages the supply of services and activities related to platforms for minor units, both for naval and merchant purposes and the development, promotion and sale on foreign markets of patrol vessels, small and medium size cargo ships, aiming at enhance the sharing of knowledge and skills between the two groups.

This cooperation emphasizes the attention towards high added value activities that can strengthen and support the know-how related to ship design and components. The agreement reinforces competitive position of Fincantieri worldwide, widening the



range of products offered while Vittoria can benefit by enhancing its expertise, competencies and management skills.



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## Genoa candidate as the Italian capital of LNG bunkering service

As stated in COSTA project, Liguria main town might be the best location in Italy and the station could be located on the new breakwater jetty

The II workshop arranged by Conferenza GNL wasn't accidentally held in Genoa. Flavio Marangon, Manager of D'Appolonia, consulting and engineering company controlled by RINA, anticipated part of the (3 million euro worth) COSTA mega-project conceived by RINA, Gruppo Grimaldi of Naples, GNV Grandi Navi Veloci and the Ministry of Transport



Cogliolo and Marangon

(together with other foreign subjects), focusing on the use of LNG in shipping transport in Europe and the Mediterranean, 50% funded by the European Union.

Considering LNG demand in 62 different ports between 2020 and 2030, evaluating projections on the value and the return on the required investment, Genoa appears the most suitable location for an LNG bunkering station. If, among the 4 Italian evaluated ports, 'only' 30 to 50 million euro were spent to establish a bunkering station in Ravenna and Venice, the hedging of the investment in 15 years would require 250 and 150 dollars LNG surcharge per ton.

In Genoa, where original investment would be ranging from 85 to 105 million euro as

in Naples (due to logistic reasons), it could drop to 110 dollars (150 in Naples), "definitely making Genoa more appealing" illustrated Marangon, pinpointing that such figures only relate to private investments, "although public aids might be likely and welcome".

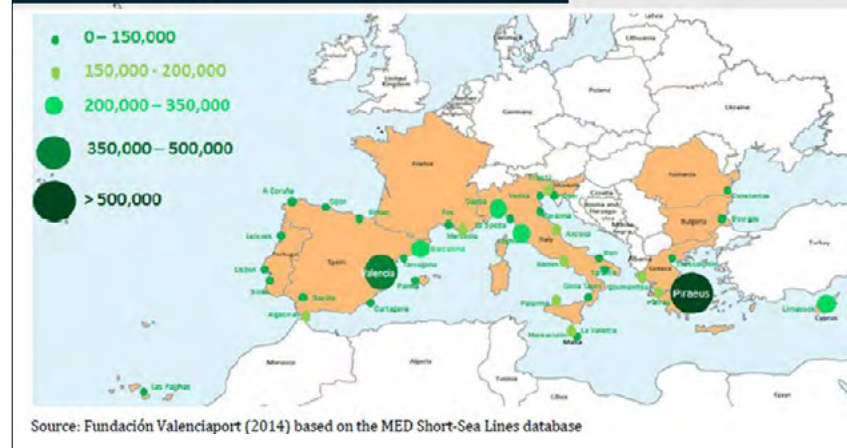
Secretary General of Port Authority Giambattista D'Aste, who attended the meeting, confirmed this subject will be encompassed in the next planning; the body is allegedly evaluating whether including forthcoming LNG bunkering station in the new breakwater project, whereas sorting out the problem of a fuel station in town. However this is

a medium-long term plan being the new rules on LNG propulsion in shipping still in progress.

"We confide the IGF Code (International Code for Ships using Gas or other Low Flash-Point Fuels) is formalized at next IMO meeting scheduled for November, although several items have to be modified", prompted RINA manager, Andrea Cogliolo. "In essence shipowners planning to build or upgrade their ships with LNG or hybrid propulsion systems should follow IMO 2009 guidelines or the IGF Code draft" concluded Cogliolo, adding that Italian institutions and particularly the Ministry of Economic Development are currently working on LNG.

Andrea Moizo

### COSTA Project - 2020-2030 LNG demand by port (m3/y)



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**HEMPEL**

## London, (S)Wales, is a new 'dry colony' for Riverlake's wisely expanding business

The proactive Geneva-based shipbroker opens a branch office in the City devoted to the dry cargo sector by hiring the former boss of Braemar Seascope

Riverlake Group of Switzerland has announced the opening of Riverlake Shipping Ltd, registered and based in London, which will concentrate on the dry cargo segment. "This latest development enables us to further deepen our market knowledge and expand worldwide business, particularly in relation to the dry segment" says the Geneva-based shipbroking house in its official statement. The new branch office in Bishopsgate, open for business as from today, is headed by Jeremy Swales, former director of Braemar Seascope PLC, and Baltic Exchange member since 1981, who has lived in various parts of the world (Copenhagen, Hong Kong, Sao Paulo to name a few) and travelled extensively over last 30 plus years and left Braemar Seascope last summer, after 7 years, in a time when a few more high level staff left this company's branches from all over the world.

Apart from brief spells in a principal's role, his main activities have been in the competitive market working closely with traders, mining companies and shipowners to develop their logistic strategies.

"We hired Jeremy Swales, a former director at Braemar and head desk of the dry, who at the time had created the desk for BSS where he used to run the handysize/handymax/panamax desk (10 brokers and 2 operations)" illustrates the reason of this bold initiative Marc Lecoanet, Riverlake Group CEO. "He is 56 and touched all aspects over his career from broker to principal. One of the reasons for him joining us is our unique

model of maritime services which goes from shipping brokerage (seagoing and barging) to terminal project management to legal to bunkering to commercial management. There is a lot of cross selling to be done and our different offices in Switzerland, Africa, Germany, Holland and now London gives many options. We need experienced people to achieve this". Lecoanet confirmed they will develop the dry cargo segment exclusively from the



A new plate to be added to Riverlake Group

City.

"We therefore created Riverlake Shipping Ltd and Jeremy will be the Managing Director; we are very keen to be implemented in London which is a major hub together with other places like Dubai, Geneva, Singapore, Houston. By doing so, we strengthen our market coverage. Dry is a segment which we never really went into until now as we concentrated on tanker chartering from Geneva but always had in mind that a day or another we would go for it. It's only a matter of opportunity; we tried over the last 12 months some attempts with a couple of existing companies but did not find something fitting us. Jeremy is the right person and he has a fantastic name and reputation. Our intention is to gradually get more people in, although we will not rush but do things quietly, taking all the time needed to do things well and right. We have always tried to play long term and get people who adhere to our project of building up a group together, believing it is important to acquire the expertise of the UK based maritime industry, which is still very strong, despite its no longer the big center it used to be. There are many opportunities these days there, partly due to difficult market conditions; the dry sector is no exception. Being also there do not necessarily push people to systematically relocate and it also opens more doors for people to move from an office to another one and acquire experience".

The Swiss boss declares his company's strong intention, more generally, to continue developing the different entities



Marc Lecoanet

of the group and get more people to join, starting from the good point of being a solid and united block at the helm. "We

took over Auriga International business in June this year, specialising in cargoes of palm oil, ethanol, base oil and chemicals, having its head William De'Ath joining us to develop palms, lubes and biomass trading business inside our organization from now on. This is typically what we like doing: our intention is now to be stronger in the sale and purchase and we will focus on it in coming months. Important for us is that the owners of the group are all part of it; we do not have external shareholders and can do what we wish to do. If Riverlake was created in 1985, its only in 2001 that we took control of it and as from 2004 we started to go through various developments; we have therefore a pretty young history as such..." Lecoanet ends.

Angelo Scorza



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## Selling Greece by the pound

The Piraeus Port Authority is for sale: 5 international pretenders bidding for a historical but modern port which has ambition to become east Med hub for cruise, container, cars

**Piraeus (Greece)** – As the descendant to a local dock worker – who sadly passed away when his son was 36, just one year one before the latter joined the Piraeus Port Authority (OLP) in 1993 – and being born in the independent municipality where the home port of Athens is based, Stavros Hatzakos feels deeply involved in the job he has been carrying on for the past 21 years, as a truly Piraeus citizen. “The city and the port are almost one thing! After my University graduation in Economics in 1980 I went to work in Brussels, where I stayed for 14 years in charge of European Affairs on account of my country, with the specific task to seek for financial sources in order to support the growth of the port. It was in those circumstances that I first realized the need to set up an international port organization able to talk with the member of the EU DG at the same level: the seeds of ESPO were sowed those days...” he recalls.

A few years later, in 1996, again the urgency of a movement of association between ports, this time at the Mediterranean level and in the cruise field, came out again. “One day I received a phone call, from my friend in Genoa, Fabio Capocaccia, inviting me with our colleagues in Barcelona and Piraeus to meet in Rome; it was the rising of MedCruise, which still works very well after all these 18 years, since there is the right chemistry between members. Also, contrary to what happens in the rest of Europe, it is the only cruise ports association gathering all South Continent members”.

More in general during the past two decades Hatzakos has been in charge of all that is ‘new’ affecting the port; in

fact he was coordinator of the Olympics in 2004 for the relevant activities which mainly consisted of comfortable and safe accommodation and handling of the Olympic Family and spectators of the Games, hosted in ships used as floating hotels in the port of Piraeus “My best achievements in my traditional capacity? For sure the funds that OLP



Stavros Hatzakos

could earn in 1996 as the first loan from the European Investment Bank (EIB)” adds the Greek manager who visited China, the main partner country to Greece, for the first time as early as 1996 while in 2010 he accompanied the Minister of Shipping when COSCO finally committed to invest heavily in Piraeus.

As the OLP General Manager (he was appointed in 2010) Hatzakos is the reference pointy for all staff. “I am in the highest position of workers”. In fact

the top management is represented by the President and Managing Director, Yiorgos Anomeritis, and the just created position of Deputy Managing Director, Petroulis Panagiotis, both being political nominations.

As old as 84 years now – 1930 saw its foundation – OLP came to its present life in 1999 when it was decided to transform it into a Societe Anonyme; in 2002 the 40-years concession agreement between OLP SA and the State was set (extended by 10 more years in 2008) and in 2003 shares (24.5%) of the company were listed (74.5% is retained by the State).

a crucial year was 2008 when a concession agreement for Piers II and III were signed between OLP and Cosco pacific Ltd while the former public user terminal container was relocated to Pier I to begin operations in June 2010.

OLP’s governance is still public at the moment, although for short: 74.5% belongs to the State, 25.5% to private investors (banks, funds, private citizens but no port managers). As widely known, the Government is now to sell 67% in a single bloc and for this purpose it opened a tender, to which five companies were short listed in the end: Cosco Group of China, Ports America Group of US, APM Terminals of Denmark, ICTSI of the Philippines, Utilico Emerging Markets of New Zealand.

The perspective of being finally privatized does not look appealing to OLP workers since a lot of things will have to change. The same actually already happened when COSCO got the concession to run its first

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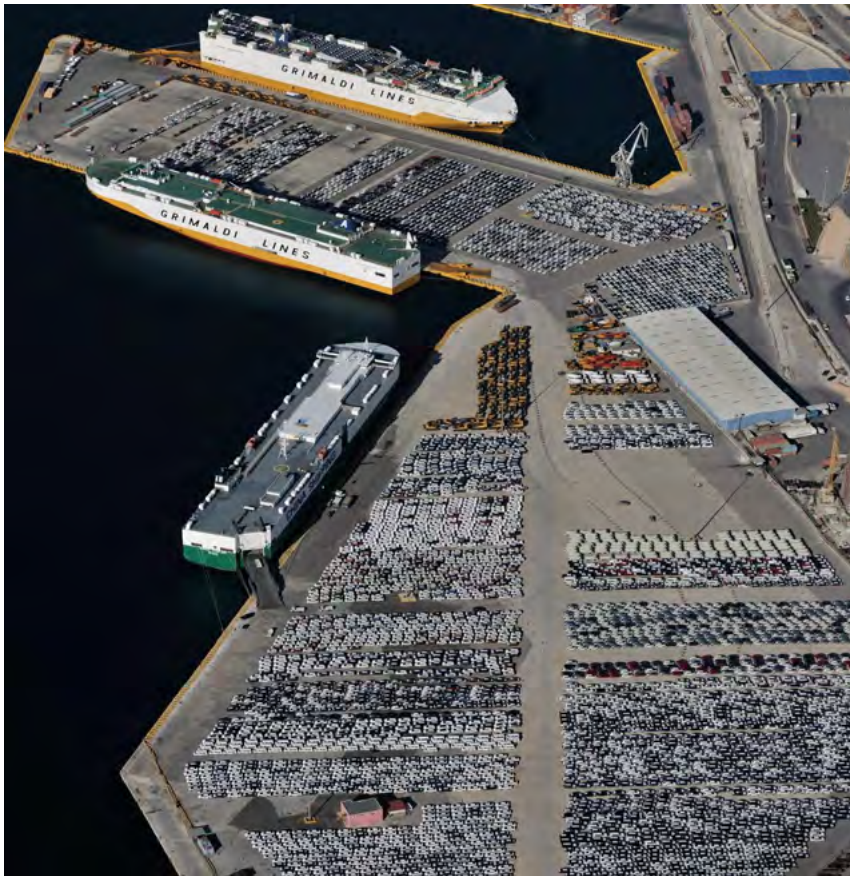


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container terminal in 2009; a few staff were hired from the new company PCT Piraeus Container Terminal and had to fit the contractual conditions set by the Chinese owners, which are obviously less 'comfortable' than under the State regime. "In my personal opinion we should continue the state we are rather than being wholly sold – Hatzakos continues – OLP is every year profitable and also staffed adequately although I admit we had redundancies in the past. However we did not fire people but just did not replace those who went off for natural retirement. When I joined in 1993 there were some 4,600 employees, decreased to 1,800 in 2009 and, after COSCO hired a few hundreds, we are now 1,164; all of them work in any part of the port, except at PCT concession, where they have own personnel".

Whichever is the next owner of OLP after Athens (alternatively Shanghai, New Jersey, Copenhagen, Manila, Auckland), big plans for the port development are going ahead.

"We are active at all sectors in many port areas: cruise, container, cars" the general manager illustrates by pointing a flash pen over a large poster of the port map where

sections are colored.

The traffic starting base is good, however OLP confides definitely to improve all the following yearly figures: nearly 18 million passengers from coastal ferry trades to the islands, over 2 million cruise passengers, almost half million cars (with 70% destined for other Med countries), 2.7 million TEUs at its two terminals.

According to the Business Plan 2014-2018, the strategy is quite simple: strengthening car terminal business, through investment in infrastructure and operational restructuring, to keep its leading position as a transshipment hub of vehicles in the



Eastern Mediterranean; expansion of directly controlled container business through concession of container Piers II & III to Cosco; expansion of the cruise business through the southern Cruise Pier to be built from scratch.

**Angelo Scorza**

## New Southern Cruise Terminal on track

Thanks also to its massive coastal traffic, Piraeus is the largest passenger port in Europe, a tourist gate for the islands and a hub for domestic ferry trade. Aside traditional main site at Cruise Terminal A, newly extended Cruise Terminal B, renamed Themistocles, was opened in May 2013.

The cruise terminal has a big expansion plan through a landfilling that will be funded almost entirely by the EIB. "We never had State money ever since we became an independent company

in 2003. We hope to start the project these days and to have it completed within two years" says Hatzakos. The project contributes to the creation of the necessary infrastructure in order to make

Piraeus the main cruise hub in the Eastern Mediterranean by serving cruise vessels with length of 300m. and depth of 11metres.

The plan includes the construction of quay walls and berths for the accommodation of 6 new generation

cruise vessels. The project works in combination with the new berth creating in Agios Nikolaos new quay; the total cost of these projects amounts to 345 million Euro; 71% of which is expected to be financed by private funds (concession) and left 29% by OLP own funds.

The project is mature with nearly all permits and studies in place; DG COM for competition is to approve it and call for tenders for the actual construction are en route.

## Container terminal nurtured by MSC waiting for the Triple-E to come

The magic moment for the box business was in mid-August when the 2014-built MSC London (399 m., 176.490 GT, 16.652 TEUs), moored for two days to discharge some 4,000 teus altogether; all gone well, according to Konstantinos Ntagkas, terminal manager, his deputy Thanassis Koinis and IT manager John Makrydimitris. "The MSC test was ok thanks to our staff, highly committed in the three 7-hours shifts all day long, able to reach a productivity of almost 200 TEUs per shift; so we are waiting now for larger vessels to come, such as Maersk's Triple E" they say ambitiously. In July Pier I scored a record with 50.517 movements in a single month.

The 200,000 sqm terminal, whose



Koinis, Ntagkas, Makrydimitris, OLP container terminal division

trapezoidal shape and surface resembles so much Molto Fornelli used by LSCT La Spezia Container Terminal in Italy, began operating on 1<sup>st</sup> June 2010 at completion of a quick relocation of all its equipment - the facility has 21 straddle carriers, 8 RTGs, 4 Superpostpanamax,

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3 Panamax gantry cranes and 1 Gottwald mobile crane - from the adjoining (although severely segregated, since no trespassing is allowed at all) quay that is the house of Chinese fellow Piraeus Container Terminal (PCT) SA.

The state owned container terminal has no evolution plan at the moment. "There is a grey painted area - the pink is I Pier II, in operation, and the blue is Pier III, already constructed - that has to be discussed with Cosco, since this was written in the 2009 contract" recalls Hatzakos at the poster.

An estimated 94% of the some 670,00 TEUs per year traffic is from MSC. In 2012 OLP signed a 5 year contract with MSC and this contributed drastically to the increase of throughput where transhipped containers amounts to 80%. The only chance for expansion lies with the Chinese neighbor. Construction of docks extending at a total length of 720m with a depth of -18 metres and a surface of 200.000 sqm is being planned.

The works (budget estimated at 110 million Euro) and the equipment will be



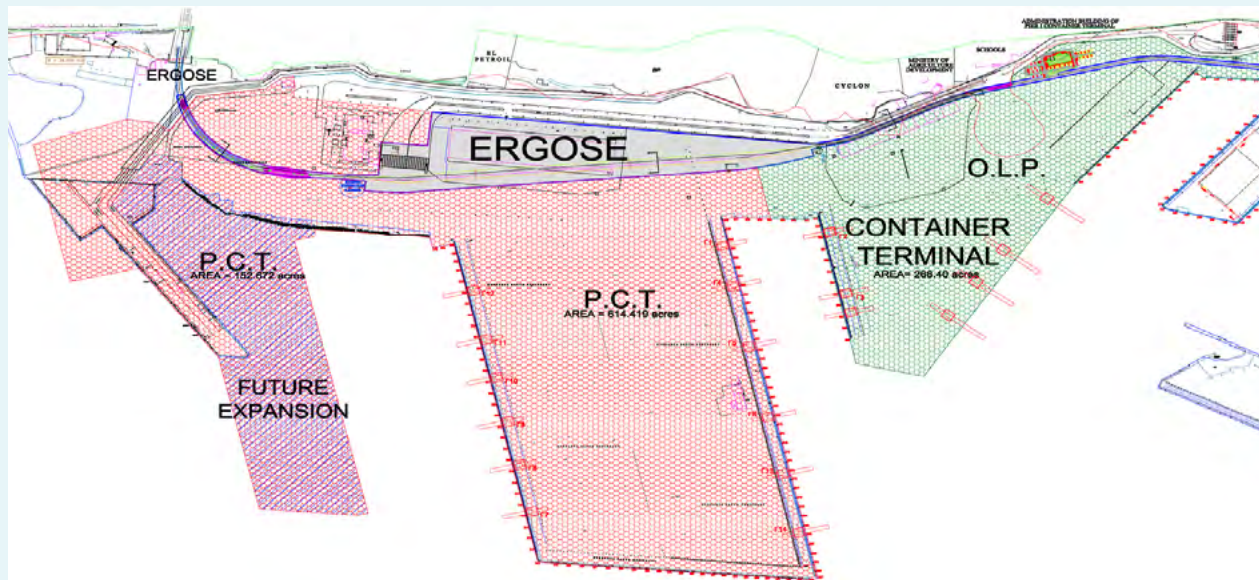
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manufactured under the responsibility and financing of PCT SA according to the contract signed a few years ago.

Cargo handled will increase rapidly during 2014-2018 to exceed 4,5 million TEUs in five years.

Just these days Kalmar (Cargotec) signed a repeat order for 9 all-electric RTGs, 4 of which are the world's widest, for deliveries by 2015.

At a meeting in June the presidents of both companies, OLP's George Anomeritis and PCT's Ma Zehua examined the issues of cooperation signed five years ago and expressed satisfaction with the level of cooperation demonstrated, awaiting the completion of the agreed procedures for the Second Friendly Settlement of 2013, which will expand business opportunities for both sides.



## Cars driven on quays slowly but at a steady pace

The operation of the car terminal was launched in 1995 in Drapetsona under G1 car terminal. With the demolition of the warehouse in 2002, the 69.000 sqm area was granted for thus providing a storage capacity of 4.500 cars. From 1999 at N. Ikonio's G2 car terminal the first cars are stored in 2.300 slots, in an area of 17.150sq.m. In 2005 the new Car Terminal (74.000 sqm) began operation, which resulted from sand-filling the port area of Karvounoskala.

Piraeus currently operates two car terminals of 190,000sq.m and 1,500m. quay wall for an annual throughput of nearly half a million vehicles. The expansion foresees the development of a new car terminal

of 110,000 sqm and 1,100m. quay wall length to service the anticipated expanded demand of North Africa, Middle East and Black Sea, considering the port as an ideal location for transhipment, also being suitable to receive land flows thanks to rail connection to Ukraine, central Europe and Balkans. The car terminal will expand its pier to be able to handle also some other cargo nearby the ro-ro terminal where both new and used cars are handled. The project will start next year and hopefully be completed by 2017-2018. The 2013 throughput was 448,000 cars, at the moment 272,000 cars were handled during 2014, and the projected throughput is 600,000.

## Hatzakos ends hit term but Piraeus does not lose MedCruise's presence

In mid-2011 Stavros Hatzakos was appointed at the President of MedCruise, the association of which he was a founding member, having previously served as vice-President for many years. "Last year MedCruise celebrated 15 years and it is a great honor for me to be the first president from the eastern Mediterranean region" he declared at the time of his elections to helm an association which includes some 70 members and 30 associate members, representing over 100 ports in 20 countries all over the Mediterranean and adjoining seas. "Our Association proudly represents a wide variety of cruise destinations, culture and port management approaches. To preserve and enrich this diversity, I believe that we must continue our efforts into increasing MedCruise representation, especially in the regions that need to strengthen their presence in the cruise industry, in order

to put them at the same level as other stronger regions, so that all together can grow as a whole towards an even bigger and stronger association".

When Hatzakos quit at the end of his 3-year term, the new president of MedCruise, the Spanish manager Carla Salvadó from Barcelona Port Authority, however chose to keep its headquarters for the next three years at OLP's premises in recognition of the good job made by the Greek Staff, where Thanos Pallis supported the Chairman in his capacity as Secretary General.

Being as from March 2012 the Chairman of the Global Coalition of Cruise Ports Associations, Hatzakos is also the representative of Piraeus and Greece in the Executive Committee of ESPO (European Sea Ports Organization), since its establishment in 1993, and was elected twice as President of the ESPO Transport Committee.

## Italian shipbuilding companies meet the LNG challenge

Domestic industry, from Rosetti Marino to MES, through Fincantieri ferries and a mysterious 'bunkering vessels' plan, gets ready for the new fuel

The convention organised in Genoa by Conferenza GNL (multifaceted lobby promoting LNG as an alternative fuel for maritime transports) saw the domestic shipbuilding 'champion' Fincantieri at the forefront, represented by Marketing Manager Giorgio Arena who illustrated previously achieved and future goals. Ongoing [construction](#) of ferry F.A. Gauthier at Castellammare di Stabia on behalf of Société des traversiers du Québec and all other Fincantieri's engagements in LNG or hybrid propelled ferries segment were widely illustrated: "In 2010 we lost the tender on the [Viking Grace](#) by 40 million euro public subsidies allocated by the Finnish Government to STX Finland.



Cesario Mondelli

Moreover in 2012 we were about to seal an accord with Color Line but the deal was finally cancelled due to the tough economic situation. We already negotiated specifications of a new plan with Tallink, although Finnish and Korean competition are quite strong". Both SNCM and Brittany Ferries affairs were mentioned: "We recently hosted BC Ferries engineers, Vancouver-based company that ordered some ships in Germany two years ago and lately some gas propelled dual fuel units in Poland, at Castellammare installation. As a matter of fact they recently called an international tender to convert two ferries to gas propulsion and heard about 40 yards in the world. Nevertheless we

are not in a favourable position (the US yards controlled by Fincantieri located nearby the great lakes actually handles different typologies of ships), however our experience is a prominent atout. BC Ferries initiative definitely confirms that companies operating in the ECA zones and in countries charging low LNG rates, not only bet on gas propelled newbuildings but also on the refitting of older units".

Big news of the convention came out of the blue when Marco La Valle of Trieste-based MES Marine Engineering Study uploaded a slide illustrating the construction of some "3,000 cubic metres LNG bunkering units to be committed to the US market", a sort of mystery arose because Fincantieri's name was mentioned and highlighted in writing as a partner in such enterprise.

La Valle subsequently retracted his former version while Arena, illustrated that the relationship with MES is related to "some technical support provided to already built ships"; Fincantieri press office didn't comment the affair.

Besides Stefano De Marco and Roberto Delogu, respectively on behalf of Rolls Royce and Wärtsilä, who reported about engines and propulsion systems, Roberto Roasio of Ecomotive Solutions, who submitted some plans for smaller units, the Italian shipbuilding industry was also represented by Cesario Mondelli of Rosetti Marino shipyard, currently committed on a hybrid tugboat with 80 tons bollard pull conceived for the North-



European market and on a bi-directional ferry designed in compliance with the IGF Cod [draft](#) for Baltic shipowners". While North-European market is already focusing on the progress related to LNG propulsion also upgrading rules and technical requirements, some Italian shipowner begins to move in

that direction. Salvatore Lauro, helm of Alilauro cancelled his participation to Genoa convention in the last moment while Lorenzo Maticena (Caronte&Tourist) preferred not to illustrate *Ship2Shore* their already [known](#) plan.

**Andrea Moizo**



Giorgio Arena



## Turkey shipowning defies Germany finance system Yildirim like Luther King, but his dream is realistic

At 7th Turkish Shipping Investment and Finance Conference in Istanbul the tycoon of Yilport illustrated his revolutionary strategy as a true global operator and a proper 'game changer' aimed at setting up an international network of multipurpose ports

**Istanbul** – A highly selected audience of just some 70 delegates coming mostly from the Turkish side, obviously, and from a few North European countries (Germany, the Netherlands, United Kingdom, Norway) took part at the 7th Turkish Shipping Investment and Finance Conference that the Informa Group organized in Istanbul at the Intercontinental Hotel, Taksim Square, with the declared aim of 'Exploring Turkey's maritime future'.

Under scrutiny were topical issues, such as: assess investment opportunities in Turkey's maritime industry, examine the outlook for key shipping markets (bulkers, chemical tankers, containerships), identify new sources of capital as alternative ship finance, explore domestic and international

banks' perspectives on lending to Turkish companies.

Expert insights were given by esteemed entrepreneurs and professionals such as Süalp Ürkmez, the boss of shipping Furtrans group and ADIK yard, mainly devoted to navy vessels newbuildings at the moment; Ömer Özeroğlu, from emerging Cemre Marin Endustri shipyard, and Yavuz Kalkavan of Besiktas group who confides that niche is the only way for Turkish shipbuilding industry to stand and consistently has developed a strong know-how in special types such as seismic vessels. After the 2008 crisis Besiktas group decided to expand repair facilities and concentrate on shipbuilding high value small ships. The Turkish Shipbuilders

Association established in 1971 has 88 members: Tuzla Bay is still the heart of the shipbuilding industry in the country though other sites are the growing Yalova, Canakkale in the Dardenelles and Izmir.

At the presence of sound dignitaries of the local shipping community such as Sadan Kaptanoglu of the homonymous shipping and shipbuilding group and of Murat Kiran, Chairman of the shipbuilders association GISBIR, the introductory speech was made as usual by the long standing Chairman of the Turkish Chamber of Shipping. Indeed Metin Kalkavan is not tired at all of being the actual face of the national maritime cluster; in fact despite last year legally he could not stand for a third 4-years term of office, he announced nevertheless his own candidacy for re-election when being piqued by the competition brought by Salih Zeki Cakir who launched his bid as a good challenge that the Turkon Line's owner could not avoid to tackle immediately, also taking advantage of a changed law (for this purpose) to extend his term to a fourth one.

Kalkavan is chief of quite a wide industry: the fleet comprises 8.6m dwt under the Turkish flag with 21.8m dwt under foreign flags (resulting 13<sup>th</sup> country in the world list). Turkey has 171 ports of which 22 under government control, 23 managed by municipalities and 126 in private hands. From the non-Turkish perspective were the speeches made by Dutch consultant



The honour table where Metin Kalkavan, Sualp Urkmez and Sadan Kaptanoglu were sitting



Yavuz Kalkavan, Salih Zeki Cakir, Ebran Bayraktar

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Eva Tzima and George Lazaridis

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Martin Bloem (Bloem Doze Nienhuis), George Lazaridis and Eva Tzima (Intermodal Research & Valuations from Athens) – whose two voices presentation gave all figures and predictions in every segment of the production of commodities and relevant shipping markets for both bulk and liquid cargoes – and, speaking on behalf of banks, Mark Ras (DVB) and Jerzy Majewski (HSH Nordbank).

One of Turkey's leading shipping professionals, Erhan Bayraktar, CEO of Bayraktar Shipping, said he is considering new investment to be finalized in the first part of next year. Anyway seemingly he did a similar big announcement in February 2014, although the move, in case, appears not to be timely: in fact according to Turkish sources his company at this moment is engaged in a restructuring process as many others.

Bayraktar – the name literally translates as 'flag carrier' – awarded to Tuzla-based Cicek Shipyard its latest domestic orders in 2009; indeed historically the fleet was

entirely Turkish-built until a few years ago for the first time in its about 70-years history, Bayraktar together with Ince Denizcilik went to Cosco Zhoushan in China to order supramax bulkers.

The company builds and operates multi-purpose containerships and general cargo and was the first national one to construct in a Turkish shipyard a 1,300 teu container vessel and a 58,000 dwt bulker.

Facing a few troubles is prominent Ince Denizcilik, which has been having – according to maritime lawyer Sema Yerlikaya, a consultant to the Turkish Chamber of Shipping – an innocent Turkish flagged handymax under arrest in Yemen for 9 months; the dispute is about the quality of the steel iron bundles cargo exported from Turkey. Also recently its 52,376 dwt bulker Ince Inebolu built in 2002 by Tsuneishi ran aground in Aegean during a voyage under ballast from Yemen to Russia when the duty officer made a mistake, by hitting a rock.

**Angelo Scorza**

## Istanbul ship finance conference overshadowed by a rift between influential Turkish ship owners versus German ship financing banks

Metin Kalkavan has addressed the German top financier HSH Nordbank and strongly criticized the bank's representative Jerzy Majewski for the lending policy of the international ship financing banks.

The influential chairman of the Turkish Chamber of Shipping warned that the orderbook has reached extremely unhealthy levels which should alarm everybody in the shipping community and called this 'stupid' since, with this huge workload recovery of freight rates will be further delayed.

Majewski had stated earlier in Istanbul that in the first half of 2014 approximately USD 50bn has been poured into ship financing projects which reached the pre-crisis levels of 2007 and 2008. However the HSH itself has a rather conservative new-lending policy and the German banker explained that most of the new lending power has been directed to offshore projects or to huge liners like Maersk, to extremely expensive LNG vessels and, obviously, to restructurings.

Only a small portion thereof has been provided by the banking industry as debt to standard tonnage, e.g. for eco-efficient vessels and in case the shipowners could prove a convincing business model. As most ship financing banks have burned their fingers and exited in the past, the remaining players are extremely cautious and use a more holistic approach on credit analysis.

Later in the banker's panel with representatives of DVB, Deutsche Bank and HSH, it was further highlighted that the low interest rate environment in the

U.S. has turned public equity (IPO or capital increases) or private equity into the main catalysator for the huge orderbook with mainly U.S. or Greek interests with speculative motives.

As the 'United States' money printing machine' is working heavily since 2008,

which differentiates owners from their competitors and would make them more attractive to German lenders. Contrary to the Basel II and German-KG induced ship financing spree in 2006 and 2007, current financing activities are not to be blamed to banks but to the Federal Reserve system.



Angelo Scorza, Robert Yildirim and Kubilay Falkenberg

the effects on equities, commodities, real estates and other asset prices have been seen all over the world.

The panelists agreed however, that every coin has two sides: while there is indeed a huge 'Mount Everest of public money', the question for the rather traditional type of ship owners emerges, on how to 'to get a portion of this cake' in order to develop their business model.

As for Deutsche Bank's Michael Ziesenitz, a solid culture of risk management is a very convincing quality

Anyway, most Turkish companies have rather smaller vessel sizes or manage more standard types of vessels and should not be affected too much by the existing orderbook.

Indeed Kalkavan made a strong impression on the shipping community as he is principally right when focusing on perspective of demand and supply.

**J. Kubilay Falkenberg**  
*Lawyer, Hamburg*

# Robert Yuksel Yildirim talking about the ongoing port revolution like a modern Martin Luther King: “I have a dream, that is realistic too!”

The race and need for continued investment in port and terminal infrastructure was well exemplified by Robert Yildirim, who showed his 2025 vision entitled ‘A new industrial concept in global port and terminal operations, when privilege becomes standard’.

“We need to acquire 1-3 ports per year, it is a very challenging target but we will do it! In fact we fully achieved our business plan in the past 10

years, so we can say our dream is realistic in the end aiming at a capacity of 15 million teus (from current 6.5), 100 million tons (16), 5 million cum (1.65), 2 million cars (600,000).”

With strong industrial roots in the metal & mining, coal & coke, fertilisers, construction fields – while just having entered energy - Yilport was established in 2005 by the merger of Sedef Port (acquired in 2004) and Alemdar Port (acquired in 2005) in Gebze, and the Holding was established in 2007 with an aggressive plan and the definite target

to grow worldwide, and in December 2012 acquired 87% of Gempport, the first private port in Turkey. It currently holds 7 ports globally (4 in Turkey in Gebze, Gemlik and Yarimca, 1 in Malta at Freeport, 1 in Sweden in Gavle, 1 in Norway in Oslo), and 5 dry terminals, while it targets to invest in port and terminal projects in Europe, North & South America, and Africa regions.

“We have two different strategies.

For developing countries, we also are open to energy and infrastructure investment taking to the relevant Ministers, so to make it a more appealing proposal.

At the moment we are negotiating with Vietnam, Balkan countries, East and West Africa. The aim is to become multipurpose ports and take bulk and minerals into container through an interchange as we did in Gebze for chromo through tanktainers. Recently we had two MoU signed in West Africa and are now looking to Mozambique, Tanzania, Kenya” the Turkish supremo

said.

“In developed countries we are presently active in Montreal Gateway with ongoing negotiation, plus being making another big deal in North America. We want to expand in the Baltic region and are also talking in Russia, Latvia, Estonia, Finland. Our philosophy here is mainly to

improve the equipment and operations since there most investors are funds which are not used to spend in such ameliorations. These ports are looking for real investors, we are such! Now we are very close to sign with Ecuador, Colombia and Brazil (where as many as 160 ports are to be privatized) where we are to team up with local funds and

operators”.

Yildirim is aware they are something else from the pack. “Yilport is to present a new concept, different from the liner’s one. We are unique: a Turkish port operator but also a global port operator, such as Arkas. We are only and one such Turkish operator, a true *glocal* concept. To keep such ambitions

*to be continued at page 11*



Robert Yildirim (Yilport)

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*continued from page 10*

we need to make more acquisition since organic growth is insufficient to get into the Top 10 league, that is our target definitely. That is why we are developing a new generation concept, totally ours, we are very proud of it. We are a game changer! Both Drewry and Alphaliner consider us as very serious for the fact of having a long time vision and stability to stay in the top 10 players list within next 10 years” says the Turkish tycoon, stressing that their “job is harder because not only of competition from rivals, but also made difficult to get loans from banks and due to some strange situations happening in Turkey, where we built a port but are still waiting for the licence to operate it. In any case we are to become a Turkish global conglomerate, Marmara terminals act as regional hubs and gateways servicing major consumers and industrial markets in Turkey and the Black Sea. Another strong point is that Yilport is a very international group with an US CEO, Japanese engineer technicians, Filipino masters and manager from Belgium and Italy”. The latter country is out of their reach as are some also belonging to the non-peripheral part of Europe. “Indeed Eurogate proposed us to buy in La Spezia and Ravenna but it is too much difficult to deal with Italy, we would



have lost a lot of energy in tackling the strong trade unions over there and would have had to stop our growth plan elsewhere. So we had to quit this appealing idea. Also in Portugal we negotiated with seven ports with the local most important bank but failed to find an agreement;

and in Spain we were close to sign for TTA in Algeciras but then it has gone to another operator...”

Yildirim as past experiences in shipping before tacking the port business. “In 1993 we made our first charter and in 1999 we set up Yilmar shipping company. However we are not at all considering to invest more than necessary into shipping where we have a small dry bulk fleet with three old ships and a few coasters just to support our business; but I don’t like to losing control on the investment and a fleet of vessels is never under control, while I can personally check the port day by day. I am a mechanical engineer who has worked so many years in many different ports, we are a service industry. On the contrary shipping is full of equity funds which entered into 2006-2007-2008. We also made a speculation investment, and not an industrial investments, with CMA CGM. In the end we aim at a balanced portfolio of containers, general and liquid cargos with favorable exposure to high-growth emerging markets as a truly integrated service provider with advanced logistical capabilities and supplementary services, including logistics center, container depot, mineral yard, pilotage and tugs”.

**Angelo Scorza**



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# Athens-based listed shipowners show their results

Latest financial news about Marinakis (Capital), Prokopiou (Dynagas), Economou (Dryships), Martinos (Thenamaris), Frangou (Navios)

## High and low for Marinakis (Capital Products Partners) who changes part of management

Capital Product Partners L.P. released financial results for third quarter ended September 30. Net income was \$11.3 million. After taking into account preferred interest in net income attributable to the unit holders of the 14,223,737 Class B Convertible Preferred Units outstanding as of September 30, 2014, the result was \$0.09 net income per limited partnership unit, \$0.05 higher than the \$0.04 net



Evangelos Marinakis

income from the previous quarter but \$0.26 lower than the \$0.35 net income per unit in the third quarter of 2013. Notably reported net income for third quarter 2013 included a \$24.8 million gain from bargain purchase of Hyundai Prestige, Hyundai Privilege, Hyundai Platinum'. Operating surplus was \$29.8 million, \$2.9 million higher than second quarter 2014 and \$4.0 million higher than third quarter 2013. Revenues were \$48.2 million, compared to \$42.7 million in third quarter 2013 as a result of the increased fleet size of. For the same reasons expenses were \$32.8 million compared to \$30.7 million in third quarter 2013

As of September 30, 2014, the Partners' capital amounted to \$886.6 million, \$105.2 million higher than as of December 31, 2013; total debt has decreased by \$4.0 million to \$579.3 million as of December 31, 2013, as a result of the loan amortization in one of our credit facilities. The Partnership in September 2014 made issuance and sale of 17,250,000 common units representing at a public offering price of \$10.53 per unit, including 2,250,000 common units sold as a result of the full exercise of overallotment option granted to underwriters of the public offering.

The net proceeds of \$173.5 million have partly been used to repurchase from Capital Maritime 5,950,610 common units at an aggregate price of \$60.0 million, and to cancel such common units. The remaining proceeds will be used to partially fund the \$311.5 million aggregate purchase price for 3 new-build Daewoo 9,160 TEU eco-flex containerships and 2 new-build Samsung eco medium range product

tankers agreed to acquire from Capital Maritime. Capital secured a right of first refusal over 6 additional eco MR product tankers currently on order for delivery in 2015 and 2016.

The Board of Directors declared a cash distribution of \$0.2325 per common unit in line with annual distribution guidance and an additional cash distribution of \$0.21375 per Class B Unit.

Petros Christodoulou is CEO and CFO replacing Ioannis Lazaridis, who served for 7 years; the Board of Directors unanimously approved the appointment of Jerry Kalogiratos as COO.

## Prokopiou enjoys better results for Dynagas

On its Annual General Meeting held in Athens Dynagas LNG Partners LP approved a few resolutions, including to re-elect three managers as Directors for 1, 2,3-year terms respectively.

The LNG carriers operator owned by George Prokopiou declared a quarterly cash distribution in quarter ended September 30 of \$0.39 per unit, a 6.8% increase from the prior quarter's distribution of \$0.365 per unit that reflects the contribution to operating results for a full quarter of the 2013 built LNG carrier Arctic Aurora, delivered on June 23; in addition, and as a result of the acquisition of the 2013 built LNG carrier Yenisei River on September 25, the management recommends a further increase to the quarterly cash distribution



George Prokopiou

The current fleet of Dynagas LNG Partners consists of 5 LNG carriers of 150,000 to 155,000 cbm.

## Economou (Dryships) closes offering of 250,000,000 shares of common stock

DryShips Inc., listed at NASDAQ, closed the offering of 250,000,000 shares of its common stock, priced at \$1.40 per share, where RS Platou Markets, Inc. and Pareto Securities Inc. acted as joint

of between \$0.030 and \$0.035 per unit, which would become effective for the distribution in quarter ending December 31.

*to be continued at page 13*

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George Economou

as joint lead manager and placement agent. DVB Capital Markets LLC acted as co-manager and placement agent. The total net proceeds, after deducting offering fees and expenses, were \$333.7 million which Dryships intends to use to repurchase a portion of its \$700.0 million debt under the 5.0% Convertible Senior Notes maturing on December 1, 2014.

Founded and owned by George Economou, Dryships is an owner of drybulk carriers and tankers. Through its majority owned subsidiary Ocean Rig UDW Inc., it owns 13 offshore ultra deepwater drilling units, comprising 2 ultra deepwater semisubmersible drilling rigs and 11 ultra deepwater drillships, 1

*continued from page 12*

lead managers, joint bookrunners and placement agents in the offering, while ABN AMRO Securities (USA) LLC acted

of which to be delivered in 2015, 1 during 2016 and 2 during 2017. Dryships owns 39 bulkers (13 Capesize, 24 Panamax and 2 Supramax) with a combined tonnage of 4.3 million dwt and 10 tankers (4 Suezmax and 6 Aframax), with a combined tonnage of 1.3 million dwt.



Angeliki Frangou

### Navios' Frangou sees the company's revenue leap and bound

Navios Maritime Partners posted net income of \$13m for the third quarter 2014 almost resembling the same period of last year. "We used the prolonged market weakness to strengthen our company" CEO Angeliki Frangou commented to *Tradewinds*. "We improved our balance sheet, worked with our sponsor to increase operating efficiency, grew our dry bulk fleet and entered the container industry, where we acquired container vessels with an average charter length of 8 years generating \$60m of annual Ebitda."

Quarterly revenues for were \$55m, +18% increase from the same quarter last year, an increase motivated by acquisition of Navios Joy on September 11, 2013, Navios Harmony on October 11, 2013, 5 containerships in December 2013, Navios La Paixand Navios Sun in January 2014 and YM Utmost in August 2014. Frangou

added to be about to expand its boxship fleet with longer durations and has already identified buying opportunities while seeking to sell some of its older bulkers.

### Thenamaris orders aframaxes in South Korea

Martinos' Thenamaris has placed orders for 2 + 2 aframax tankers with Sungdong Shipbuilding & Marine Engineering for delivery in early 2017, costing about \$55m. The vessels join an existing aframax ordered, the 112,800 dwt Seasprite which is due for delivery in 2015 from Daewoo Shipbuilding & Marine Engineering. Its



Athanasios Martinos

tanker fleet averages 8 years and lists three 12-year aframax and one 14-years unit; Thenamaris has also 6 bulker newbuildings due to come by 2015, one 160,000 cum LNG to be delivered from Samsung Heavy Industries.

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## Growing performance for International logistic providers

Good quarter results for Norbert Dentressangle and UPS, while TNT reorganizes its business, DHL adds Japan to its network and VOS Logistic wait for new shareholders



### TNT's revenue falls in Q3 2014

Falling financial results in Q3 2014 for TNT, engaged in a strategy to refocus on its core operations. The company announcement that it will invest €185m in its European road network, but in the last three months it has seen year-on-year falls in both its operating income and revenue, caused by the costs of restructuring, and the disposal of certain businesses, these



results were also adversely affected by a provision of €50m for a fine from the French competition authority, explains TNT.

For Q3 2014 the logistics provider reported an operating loss of €47m, compared to operating income of €3m in the comparable quarter of 2013, meanwhile revenue decreased of 2% to €1.65bn.

“Q3 revenue was significantly reduced by the strategic disposals of China Domestic in November 2013 and TNT Fashion Group B.V. in March 2014” added TNT.

### Nine month of growth for Norbert Dentressangle

Good performances for Norbert Dentressangle in its latest 9 month, with figures showing an overall underlying increase in revenues of 5.1%.

Yet even in France, which accounts for 58% of revenue, Norbert saw growth of 1.4% in like-for-like sales over the 9 months. The core transport business showed an increase of 3.7% in revenue, meanwhile the contract logistics division performed even better with a 6.7% increase in like-for-like terms driven by ‘the start-up of major e-commerce and Russian contracts during the period.’ Underlying volumes were described as stable but acquisitions drove-up revenues to €1,670m, an 18.5% increase on a consolidated basis. The small forwarding business that Norbert is developing was not so dynamic with an underlying increase of 0.8%.

“UK has proved to be a stable base for our business against a troubled France, however other parts of Europe such as Spain, which saw growth of 10.1%, are in the vanguard of expansion” ND said.



### UPS record in the third quarter

The Q3 2014 showed record figures for UPS: total shipments increased 6.9% to 1.1bn, total revenue increased 5.7% to \$14.3bn and operating profit increased 8.3%. All three segments reported good results, with US Domestic revenue increased 5.3% to \$8.7bn while the International group noted a 5.5% increase to \$3.2bn and the Supply Chain and Freight segment reported a 7.4% rise to \$2.4bn.

While e-commerce continues to play a major role, B2B shipments appear to be making a return, up 3.4% for the quarter. Meanwhile, average daily export shipments jumped by 9.4%, the result of strong growth out of Asia and Europe, up 16% and 14% respectively. Volume from Asia to both the US and Europe benefited somewhat from high-tech product launches at the end of the quarter.

Good volumes continued for UPS Freight with LTL shipments up 4.7% and Forwarding benefitting from higher air

freight tonnage thanks to the government and high-tech sectors. However, Forwarding operating profit was down due to rates out of Asia.

### DHL links Japan with its multimodal network

DHL Global Forwarding has announced the launch of a multimodal service linking Japan to its existing rail solution from China to Europe which uses a combination of trucking, sea and rail solutions, offering customers in Japan access to DGF China's rail freight solution which reduces the delivery time to Europe by up to half compared to solely using ocean freight and reduces costs by up to 85% compared to air freight. Goods to be transported to



Europe can be picked up from anywhere across Japan by truck. Using 40' containers, cargo is then transported to any of four ports across Japan: Tokyo, Nagoya, Osaka and Hakata. Upon arrival, cargo is transported by sea across the East China Sea to Shanghai. This enables goods from Japan to reach any part of China via DHL's multimodal sea-rail service; from China the goods can be transported to Europe via either of DHL's transcontinental rail corridors. From Europe, the multimodal service is also available via China rail and sea to Japan for the import shipment.



### New owner for VOS Logistics

VOS Logistics management announced the intention to acquire all shares in cooperation with Scheybeeck Investments. The parties will be supported by Delta Lloyd Mezzanine Fund by means of a subordinated loan. “The change in share ownership is a logical step in the company's growth strategy and ambitions” commented in a press release Vos Logistics (whose 80% shares are held by banks) which has undergone a sweeping transition in recent years, cutting its structural costs and returned to health in a competitive and rapidly changing market. The new shareholders are willing to invest in this long-term strategy. In addition, the capital position will be further strengthened and the debt position will be reduced to lay solid foundations for the company's future. The proposed transaction must still be approved by the Netherlands Authority for Consumers and Markets (ACM) and is expected to be completed in several weeks.



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# Fixed-premium P&I for small shipowners

Rocco Bozzelli, Underwriting Manager of RaetsMarine, reports on this subject

Fixed-premium P&I insurance coverage, latest formula provided to shipowners as an alternative to the ones offered by the International Group's Clubs, are progressively developing internationally, although "not yet popular and consequently not particularly exploited by medium-small fleets", reports Genoa-born Rocco Bozzelli, working in Paris as Underwriting Manager of RaetsMarine, "established in the early '90s by entrepreneur Martin Lanting, who sold it last year for 60 million dollars to British group Amlin".

The British corporation, listed on the London stock exchange, was already operating in marine insurance and determined entering the P&I through 'fixed-premium', specialties of RaetsMarine: "We are headquartered in Rotterdam – reports Bozzelli – and have branches in London, Singapore and Paris, recruiting 100 employees and collecting over 90 million dollars premium per year".

Amlin – with an A S&P rating as Amlin Syndicate 2001 and A- S&P as Amlin Europe – aims at turning into a global leader in marine insurance, liability, freight and P&I.

"Fixed-premium insurance coverage differs from the ones provided by

traditional Clubs because the premium is based on each customer's performance and no across-the-board increase induced by unpredictable disasters are



Rocco Bozzelli

charged" continues Bozzelli. In essence fixed-premium P&I ensures a higher suppleness and skillfulness to meet single shipowners' requirements, "as it happens on maximum coverage: usually 500 million dollars, that may sometimes also reach one billion, as it occurs with Clubs. Major difference is that we can also decrease the value and whether no such coverage exists the

premium drastically drops".

This shipowning coverage, on which RaetsMarine is second in the world with over 5,000 insured ships up to 35,000 dwt, is particularly suitable for medium-small fleets, "while giant shipowning company will continue appointing the Clubs, often also joining their boards", pinpoints Bozzelli.

Fixed-premium shipowning insurances represents 60% of Amlin group's business, while the left relates to fixed-premium Charteres Liabilities, for which we are global leader, encompassing the international Group's clubs".

Regarding geographical distribution, it depends on the nationality of brokers cooperating with the company "from Paris we follow customers spread all over the world but cooperating with French, North African, Monegasque, Swiss or Italian brokers".

Bozzelli confides that fixed-premium P&I boasts a high growth potential because, for the time being, they are not particularly popular on the market. "Currently, 90% of the global fleet is covered by International Group's Clubs, however small-medium size shipowners are continuously turning to other insurance formulas".

**Francesco Bottino**



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## Damen riding on the 7-Waves to make a *Magnifica* repair

Damen Shiprepair Rotterdam shipyard has been awarded a cruise repair and maintenance contract for the 2010-built MSC *Magnifica*, 293 m long and capable of over 2,500 passengers, which arrived in the Netherlands main port two weeks ago and is berthed at the yard's largest drydock (307 m in length). The scope includes extensive steelwork, cleaning, painting and replacement piping, as well as the entire renewal of the rudder system; the ship is expected to stay for 18 days, then the MSC *Magnifica* will

sail straight on to Hamburg, where she picks up her passengers for her next cruise.

Meanwhile the naming ceremony and delivery of the seismic research survey vessel 7-Waves for Dutch shipowner Rederij Groen occurred. The offshore unit, second of a total 3 sisterships, was built by Damen Maaskant Shipyards Stellendam. Once the third of these so-called offshore chasers will join the fleet in January 2015, all of Groen's 5 units will have been built by Damen's Maaskant.



## Jurong assigns Deltamarin the design of Libra FPSO to be converted for Petrobras

Deltamarin Ltd has entered into a 3.2 million Euro contract, to be completed during second quarter of 2015, with Jurong Shipyard Pte Ltd for the basic engineering of Navion Norvegia shuttle tanker conversion into Libra FPSO to be performed at the Singaporean yard. The vessel is expected to be owned and operated by OOGTK Libra GmbH & Co KG, a 50:50 joint venture between Odebrecht Oil & Gas and Teekay Offshore and chartered to Petrobras to be serving the Libra presalt field in the ultra-deepwater section of Santos Basin (Brazil) as an early well-testing unit. The FPSO completion is scheduled for third quarter of 2016 and planned to start operations in late 2016. The production capacity will be 50,000 barrels of oil and 4 million cubic metres of LNG per day.

## SBM Offshore launched two Imodco companies for C.A.L.M. terminal

SBM Offshore has launched two new subsidiary companies to operate independently and meet the challenges of the dynamic market for Catenary Anchor Leg Mooring (CALM) Terminals and after sales services; this



step will facilitate the two newly born companies in their objective to become recognised leaders on the relevant technical and commercial innovations by providing bespoke solutions over the full lifecycle for CALM Terminals. Imodco Terminals is responsible for sales and execution of CALM Terminals

turnkey projects while parts sales and inspection & intervention services are provided by Imodco Services.

Back in the 1950s, SBM Offshore contributed to the innovation and development of the CALM concept; since then over 400 CALM offshore terminals have been delivered.



## Genoa - Istanbul, a centuries-long connection

Ufuk Ünal, Turkish Airlines GM in the Ligurian city, makes an assessment of the work done until now and unveils company's plans for the near future

“Now, fortunately, when I ask some Turkish friend if they know Genoa, they no longer answer ‘Yes, it is a great ski resort in Switzerland!’.”

Ufuk Ünal, General Manager of Turkish Airlines for Genoa, sums up with a smile the results of the work done until now by the airline in the city, where it's present for almost four years now.

A job, says the manager, which of course had its main focus in the development of the ‘GOA-IST’ – the air connection between Genoa and Istanbul launched in 2011 and now operating on a daily basis - which has been supported by a continuous promotion (started on several fronts, from the institutional level, for example, carried on with the Genoa Municipality and the Port Authority, to the commercial one, which involved travel agencies and tour operators, among them Costa Cruises and MSC) in order to strengthen the ties between the two cities.

The promotion has paid off: since last year, as a matter of fact, Genoa is twinned with the Beyoğlu district (the Istanbul neighborhood overlooking the Bosphorus, the symbol of which not coincidentally is the Galata Tower, built by Genoese) and also the tourist

traffic between them has ‘taken off’. On figures, from 2011 to the present the performances of the Turkish company in the Cristoforo Colombo



airport, says Ünal, is more than satisfactory: “We closed 2013 with 55,000 passengers (+ 50% on 2012), 15,000 of which were tourists, while 2014 is expected to be closed with 75,000 visitors, slightly below the initial estimates, which still forecasted a very ambitious +45% over last year”. “The growth - he says - was driven by the flights to Turkey (alone grown by some 50%), while incoming flights to Genoa were slightly discouraged, among other things, by the unfavorable exchange rate between the Turkish lira and euro .

A significant portion of the traffic along the route, as natural, is guaranteed by the shipping industry: “Not only with regard to the so-called ‘international business class’, but also considering the crews travelling to and from Genoa towards countries such as Bangladesh, India, Philippines and Indonesia”. At this time from Genoa one may reach, via Istanbul, 264 destinations in 108 countries.

Turning to plans for the immediate future, after the expansion of this one and the last few years, for 2015 Turkish Airlines plans to keep on the Genoa - Istanbul route the current frequency (7 flights/week), and says it is confident about the positive effects



Turkish Airlines staff in Genoa: Manager Ufuk Ünal is the third one from the right

Expo may guarantee: “We expect prices of the flights to Milan to go up sharply, which we hope would lead many to prefer airports like Genoa or Turin.”

A further increase in flights frequency in the Genoa – Istanbul connection (up to 10/week), already under evaluation, could be introduced as early as 2016 or 2017, adds Ünal; in this case, Turkish Airlines could also consider enhancing its staff in Genoa, which currently is composed by 7 people, working from 4 offices based in the C.Colombo airport.

Meanwhile, the daily work of Ünal to promote his hometown in Genoa (and

vice versa) won't stop: “We have given our support to the two exhibitions currently taking place in Palazzo Lomellino and Palazzo Bianco, dedicated to the Ottoman period (respectively ‘Arte Ottomana’ and ‘Turcherie’, *ed*) and to a documentary on the same subject which will be presented next month at Palazzo Ducale, as well as two years ago we supported the exhibition ‘Genoa. An enchanted glance’ in Beyoğlu, which was open to the public for five months. Always with the aim to tighten the link between the two cities and increase trade” he concludes with some pride.

**Francesca Marchesi**

## Take over and joint venture for Rhenus, a tender won by Hoyer

The German leading freight forwarder takes over the Brenner Group while its UK branch office announced a partnership with Austrian logistics giant Transdanubia

Rhenus will expand its services in the field of material flow logistics through the purchase of the specialist wood logistics firm. The German company has in fact agreed to take over Brenner SE & Co. KG, based in Plaidt in Rhineland-Pfalz, effective as from 1st January 2015, provided the anti-trust authority gives its approval.

All areas of the Brenner Group and its branches in Germany, Luxembourg and Switzerland will then become part of the Rhenus Group at the turn of the year although Brenner will continue to operate as an independent entity. The firms being taken over by Rhenus include Brenner Holding GmbH & Co. KG, Brenner Holding-Verwaltungs-GmbH, Brenner Internationale Holz- und Spänehandels-gesellschaft mbH, Brenner-Industrieholz-Späne GmbH and Brenner-Schweiz GmbH.

“Through it we’re providing an even broader geographical base for customers and also tapping into new markets for

transporting, purchasing and selling wood; Brenner has gained a good name also in the energy and insulation materials sector; its specialist vehicle fleet for handling waste, industrial and recycling wood and biomass will complement our existing range of services” commented Sascha Hähnke, member of Road management team in Rhenus Port Logistics business area, “Meanwhile Rhenus Logistics UK has announced a new partnership with Austrian logistics giant Transdanubia to provide an improved logistics service across central Europe.

Transdanubia handles over 500,000 shipments a year distributing a wide range of products including hazardous goods and automotive parts and holds an impressive client portfolio, including some of Austria’s leading organisations such as Schöller Foods. Rhenus and Transdanubia at present operate 3 scheduled trailer departures per week encompassing a full reverse logistics solution from the UK to Austria; the joint venture is a signal of both firms’ ongoing expansion with early volume reports



suggesting the partnership is a great success.

Encompassing rail, road, air and sea, one of Britain’s leading freight forwarders has over 75 years’ experience in logistics; through a network of 11 facilities strategically located across England, Scotland and Ireland, it delivers a fast and flexible import and export service to all industries and specialises in clients with a proactive approach that ensures an efficient supply chain is maintained.

Rhenus Logistics UK is based in Manchester, with an additional 11 facilities in the UK and Ireland, providing services direct to overland markets and global destinations. Rhenus Logistics UK specialises in all modes of freight forwarding, road, rail, air and sea transport for sectors including automotive manufacture, hazardous cargo and express consignments.

Rhenus Group has turnover of 4.1 billion Euro and employs 24,000 staff in 390 sites worldwide.

Angelo Scorza

## Hoyer takes on plant logistics in Bergkamen

Hamburg-based logistics provider Hoyer is taking on the in-plant transport operations at a corporate global leader in the field of health promotion with a 3 years contact. The primary concern in Bergkamen, Germany is to supply the production facilities with raw materials and to dispose of the residues. “This successful tender bid is an important milestone for us in establishing ourselves as a full-service provider in the pharmaceuticals industry” says Ulrich Grätz, Director Supply Chain Solutions. Within the scope of the contract, Hoyer is recruiting new specialists and investing 100,000 euro in new equipment to carry out 15,000 in-plant transport operations per year.

An independent family enterprise dating back to 1946 which has become one of the world’s leading bulk logistics providers, offering comprehensive transport services and complex logistics solutions to the chemical, food, gas and petroleum industries – with over 5,000 employees in 80 countries – Hoyer operates 33,000 tank containers, 2,200 trucks, 2,900 road tankers, 22,700 IBCs, numerous logistics facilities, transport

depots, tank cleaning stations and specialist tank workshops.

The Hamburg logistics company reported successful first half year results with an operating earnings (EBITDA) increased by 18% as turnover remained stable. Its Petrolog and Foodlog business units made a substantial contribution, while the Gaslog business unit also increased its level of activity and resultant earnings compared with 2013. The Supply Chain Solutions (SCS) area, which is part of the Techlog business unit, recently notched up a particular success by winning the bid to provide plant logistics for a major chemical company. This contract involves a complex outsourcing operation. SCS is pursuing further expansion projects in the Middle East and China.

“Our long-term strategy of expanding intermodal transport internationally and globally continues to hold good. We will continue to invest in developing terminals in strategically important regions such as China and Europe and to expand our fleet further” said Ortwin Nast, CEO of Hoyer Group.

A.S.



# VAT deposits regime, tax evasion and tonnage tax

Studio CTS Bolla Quaglia & Associati new comment focuses on some hot issues on taxation system

## The EU Court spansk Italy on VAT deposits regime

With the recent judgment in Case C-272/13 of 17.07.2014 (Equoland case), the European Court of Justice (COJ) takes position in connection to VAT deposits and clarifies obligations of VAT payment by the importer of goods through the mechanism of the reverse charge, already in force in other EU Member States.

The *casus belli* rises from the import in Italy of goods from a non-EU country with the Customs declaration that the goods are to be placed in a VAT warehouse and thus not subject to VAT payment obligation (article 51-bis, paragraph 4, letter b) of Law by Decree no. 331/93). At the time of extraction of the goods from warehouse and their sale to third party the importer complied to VAT obligations through the application of the reverse charge mechanism and with an entry in its register of purchases and sales.

Our Customs authority has demanded VAT payment for import of the goods in its entirety, because the goods were not “physically introduced” into the VAT deposit, but they were entered just “virtually or on the paper” with an entry in the warehouse register. The requirement of physical placing of the goods within the warehouse premises constitutes a formality imposed by the Italian lawmakers to benefit from the tax relief of suspension of VAT obligation at the time of importation. The Customs authority claimed that the reverse charge mechanism was unsuitable to discharge the VAT liability and therefore

demanded VAT payment in full plus interest and the sanctions equal to 30% of the unpaid tax (article 13, Legislative Decree no. 471/97).

The issue was submitted to the scrutiny of the COJ. According to the judges in Luxembourg, although a member State may require the physical introduction of the imported goods to ensure payment of the VAT, this requirement remains a pure formality in its nature. The imposed penalty appeared to be utterly disproportionate to the violation committed by the taxpayer, who has nevertheless discharged its payment obligation through the legitimate reverse charge mechanism without having caused harm to the tax authority or that there was an attempt of fraud. In contract, the recovery of VAT conducted by the Customs Agency would result in a clear violation of the principle of judicial double taxation forcing the taxpayer to pay twice the tax and to be deprived of its right to deduct VAT in contrast with the fundamental principle of tax neutrality.

It is worth noticing that the COJ’s ruling overrides a consolidated approach and thread of decisions by our Supreme Court (*ex multis* Cass. n. 11642/2013), which had long validated the VAT recovery action claims by our Customs authority in the absence of a physical placement of imported goods in VAT warehouse. Unfortunately, the above decision will not reverse past judgment against taxpayers. However, the extensive litigation still pending in all likelihood it is destined to end as a result of voluntary initiative by the Customs authority, which will spear itself the litigation costs in promoting doomed

cases.

Another important observation can be made with reference to the penalty. According to the COJ’s ruling, penalties against taxpayers must be in accordance with the principle of proportionality and must take into account the gravity of the offense. These principles will be enhanced by the implementation of the authority granted to the Government for the review of the system of administrative sanctions (article 8 of Law no. 23 March 11, 2014). It is hoped that the principles laid down by the COJ will be promptly adopted and lead to overcome the present formalism with the view of European system of completely harmonized trading.

## Fight against tax evasion on top of the agenda of tax authority

The fight against tax evasion and fraud of significant value appear to be on top of the agenda for the tax authority, which in its *Risoluzione* no. 25/E of 6<sup>th</sup> August set the general guidelines to be followed by its controls offices in 2014.

Of interest is the recommendation made for cooperation and the exchange of tax information with tax authority in other countries. This is a subject matter which is going to inevitably expand in the near future as a result of numerous new regulations, such as the FATCA in force since last July, the new world standard OECD automatic exchange of tax information, as well as the EU Savings Directive.

In wait that these regulations give rise to more detailed directives and internal procedures to manage the flow of information to/from foreign countries, our tax authority makes a step ahead of the game. In the above-mentioned document it recommends its controls offices to cooperate with foreign tax authorities in the common objective to fight against *aggressive tax planning*, that is to say placing untaxed income in countries with low tax rate.

On this regard, requests for information received from foreign States and tax officers have to be answered in a timely manner, not exceeding six months. Vice versa, there has been an urge to controls offices to equally rely on the open channels of cooperation with other countries, requiring foreign tax officers more information to check the status, for example, of Italian citizens who have transferred their tax residence abroad fictitiously.

That threshold of global tolerance to the phenomenon of tax evasion has dropped dramatically, with the result that in the future it will become more difficult to hide under the lens of the tax authority, it is also self-evident after reading the recent news of the fall of the banking secrecy in the Principality of Monaco. Following negotiations and diplomatic efforts in Europe, the Principality has ultimately decided to sign the OECD Convention on Mutual Administrative Assistance (MAAT). Under the terms of the agreement, as of 2018 the Italian tax authorities may send a direct request for information concerning bank accounts in Monaco to verify any violations of its tax legislation by Italian residents without finding anymore an obstacle in the local bank secrecy. A provision in the MAAT also allows sending a request for information as early as 2015 in presence of criminal offence in the country of origin of the bank account holder.

## Renewal of Tonnage Tax regime

By 2015 businesses operating in the maritime transport sector, which opted for the method of calculating corporation tax profits by reference to the net tonnage of the ship operated (*Tonnage Tax regime*) at the time of its entering in force in 2004, are required to renew the irrevocable option for this regime by sending exclusively in electronic manner the related form either directly or through qualified intermediaries. It is worth reminding that the Tonnage Tax regime is present in other EU Member States and has the purpose to enhance competition among maritime transporters by eliminating tax asymmetries among companies in different countries.

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