

# RICKMERS MARITIME *Newsletter*



Rickmers Trust Management Pte. Ltd.

5th Edition, November 2009

## GREEN IS IN

In recent years, both corporations and individuals alike have increasingly adopted environmentally friendly practices, making "green efforts" a priority in their business operations and livelihood.

The shipping industry is no exception. Due to astounding amount of research undertaken and awareness generated as a result, industry players have been propelled into action more urgently than before.

In 2008, it was reported that carbon dioxide emissions from shipping was almost three times higher than previously believed. According to a United Nations study, annual emissions from the world's merchant fleet had reached 1.12 billion tonnes of carbon dioxide (CO<sub>2</sub>), or nearly 4.5% of all global emissions of greenhouse gases, compared to 2% as earlier estimated.

The report also suggested that maritime emissions, which did not come under the Kyoto Protocol, the climate change treaty agreed in 1997, or any proposed European legislation on CO<sub>2</sub> emissions, would become the largest single source of man-made CO<sub>2</sub> after cars, housing and agriculture. Separate studies showed that shipping emissions could rise as much as 75% in the next 15 to 20 years on the back of continuing growth in world trade.

The worrying figures have prompted calls for industry players to "think green". In September 2009 at climate talks in Bangkok, the European Union proposed preliminary measures to reduce emissions generated by the shipping industry by 20%.

Shipowners too have been put under pressure to play a more active role in protecting the environment. A growing number of liner companies are slow steaming not only as a response to higher bunker fuel prices but also as a means of cutting CO<sub>2</sub> emissions. Slow steaming is the practice of sailing at lower speeds which enables fuel consumption to fall from about 350 tonnes to about 100 to 150 tonnes a day, thereby significantly reducing fuel costs and CO<sub>2</sub> emissions. More than 100 ships in the Maersk Line fleet alone have adopted slow steaming since 2007.

Underscoring its commitment to environmental preservation, Rickmers Maritime in cooperation with MOL has also taken steps to reduce its carbon footprint. Two of its vessels MOL Destiny and MOL Devotion have been equipped with Propeller Boss Cap Fins, an innovative propeller enhancement feature that reduces fuel consumption and carbon emissions, and the Trust plans to introduce such features in more of its vessels in the future. In addition, the Trust is also extending all assistance to its charterers in relation to their respective slow steaming programmes.



## Dear Investor,

Much of 2009 has come and gone and we are now fast approaching the end of the year. It has been a period of unprecedented challenges for the global economy. Crippled by the crisis, many companies across the world have either dissolved or been acquired, disappearing completely from the corporate landscape. The shipping sector too has gone through extremely tough times, battered by a confluence of factors including poor consumer demand, plunging freight rates and overcapacity.

However, there have been upbeat reports in recent weeks, declaring that the global downturn has finally bottomed out. In Singapore, advanced estimates show that the economy expanded by 14.9%\* in the third quarter of 2009, following a 22% expansion in the previous quarter, while the employment market is showing strong signs of a turnaround with fewer layoffs reported and more jobs created. On the whole, most economists expect the global economy to be on track for recovery, although they remain divided as to whether it will be a U-, V- or W-shaped.

I wish I could say that the positive economic indicators will lead the way for an immediate recovery of the shipping industry. However, the reality is that the shipping industry continues to be overshadowed by a substantial backlog of new capacity yet to be delivered, thus having a negative impact on the fundamentals of the industry. In addition, shipowners continue to find it challenging to finance their vessels as shipping banks have taken to trimming their loan portfolios.

Nonetheless, we are starting to receive nuggets of good news from the sector. According to media reports, liner companies such as A.P. Moller-Maersk have noted signs of improvement in the sector, including the rise of shipping volumes and freight rates. Container traffic through Singapore has also continued to expand, with volumes at its highest in August since November 2008. Indeed, as Second Transport Minister Ms Lim Hwee Hua said at the Singapore Shipping Association's annual gala dinner in September, while it is still too soon to predict when a full recovery for the shipping sector will take place, industry numbers are already starting to improve and its fundamentals are strong.

As we approach the festive season, we bring to you our third newsletter for the year. In this issue, we take a look at some of the world's most important waterways and their colourful history. We also share insights into what some shipping companies are doing to minimise the environmental impact of its business operations. As an environmentally-responsible organisation, Rickmers Maritime too has implemented environmentally-friendly features on a number of our ships, and plans to do so for more of its vessels going forward.

As always, we hope you'll enjoy reading this issue and welcome any feedback you may have.

Thomas Preben Hansen  
Chief Executive Officer  
Rickmers Trust Management Pte. Ltd.

\*seasonally-adjusted

## MAJOR WATERWAYS

The beginnings of commerce were carved out in major trade routes both on land and at sea. As trade grew, so did the popularity of certain maritime routes that linked faraway lands. Today, with the shipping industry responsible for 90% of world trade, these sea routes play a very important role in our lives.

Let's take a look at some of the major waterways in the world:

### Panama Canal

Built by the United States in 1914, the Panama Canal is located at the narrowest part of the American continent and the lowest region of the Panamanian isthmus. The canal connects the Pacific Ocean to the Atlantic Ocean through Central America so that ships do not need to sail around the southern-most tip of South America. A vessel sailing from New York to San Francisco would therefore need to travel just 9,700km, instead of 22,500km.

Vessels transiting the Panama Canal are restricted to a maximum beam of 33.2m. To this end, a large number of ships are built to the absolute maximum permissible size in order to transit the canal and as such, these vessels are defined as 'panamax' vessels. Panamax containerhips range in size between 4,000 and 5,200 TEU. As a result of the growing demand for world trade and larger ships, the Panama Canal Authorities have initiated a massive project to widen the Panama Canal, and by 2014, the canal would be able to accommodate containerhips of up to 13,100 TEU.

### Suez Canal

The Suez Canal provides the shortest route for ships voyaging between Europe and Asia. It is also the shortest sea route between the eastern seaboard of North America and ports on the Indian Ocean.

The main limiting factors of the canal are draft (which refers to maximum depth below waterline) and height due to the Suez Canal Bridge, which has a 70-metre clearance over the channel. As the current depth of the canal only allows for a maximum of 16 metres draft, most super tankers are unable to pass through.

Suezmax, the standard which represents the limitations of the Suez Canal, is used almost exclusively in reference to tankers. These tankers typically have a cargo carrying capacity of 150,000 deadweight tonnes (DWT).

### Cape of Good Hope

As one of the great capes of the South Atlantic Ocean, the Cape of Good Hope has been of special significance to sailors for many years and is widely referred to by them simply as "the Cape".

Capesize ships are generally too big for the Panama or Suez canals and therefore have to circle around Cape Horn or the Cape of Good Hope. The term "capesize" is also more commonly used to describe bulk carriers rather than tankers or containerhips, with standard capesize bulkers of around 175,000 DWT in size.

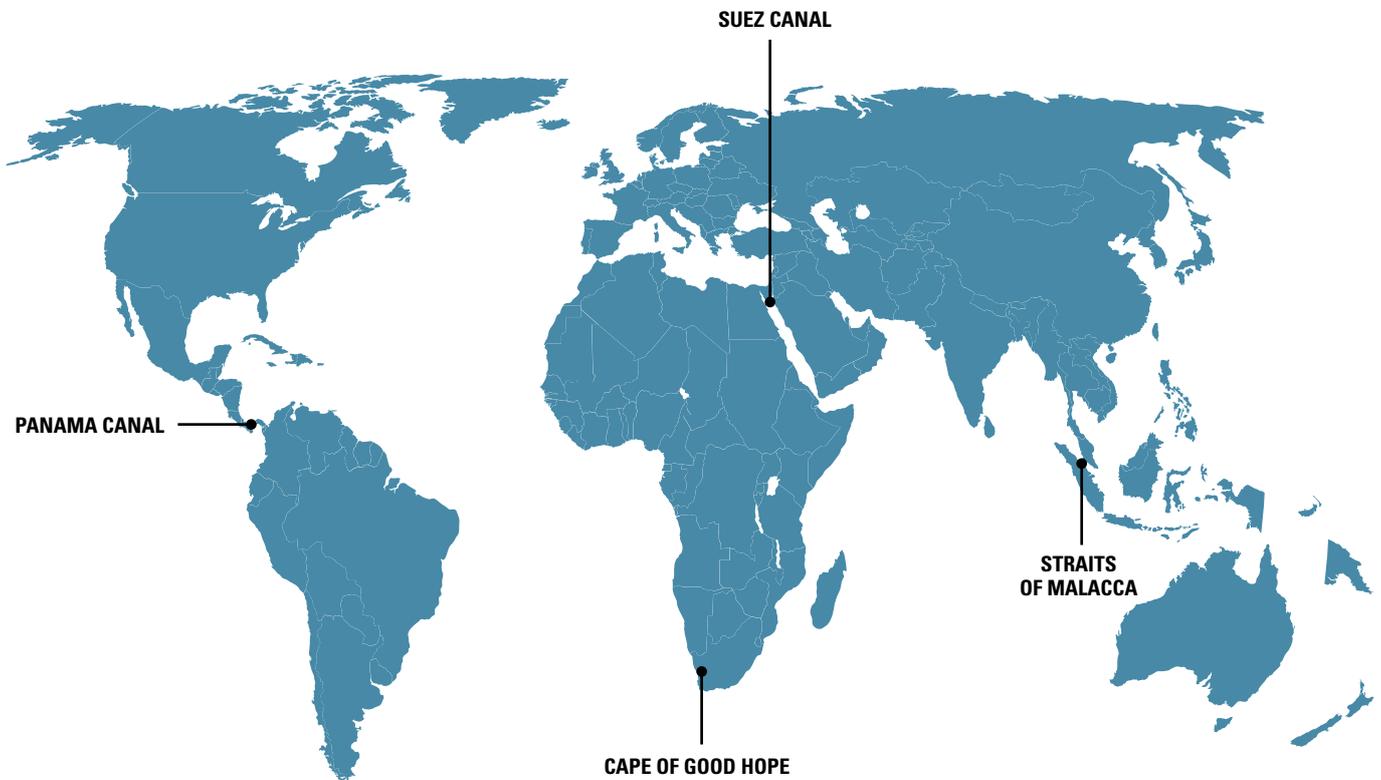
### Straits of Malacca

The Straits of Malacca is a narrow 805km stretch of water between Peninsular Malaysia and the Indonesian island of Sumatra. It is one of the most important shipping lanes in the world as it is the main shipping channel between the Indian Ocean and the Pacific Ocean, linking major Asian economies such as India, China, Japan and South Korea.

The maximum size of a vessel that can pass through the Straits is termed "malaccamax", which is around 300,000 DWT or 18,000 TEU. Such large ships are usually bulk carriers or supertankers. Currently, there are no containerhips of 18,000 TEU in size, although shipping analysts are not ruling out the availability of such large ships in future.

References:

- [http://www.associatedcontent.com/article/1317520/the\\_suez\\_canal\\_and\\_the\\_panama\\_canal.html?cat=47](http://www.associatedcontent.com/article/1317520/the_suez_canal_and_the_panama_canal.html?cat=47)
- [http://benmuse.typepad.com/ben\\_muse/2007/03/panamax\\_malacca.html](http://benmuse.typepad.com/ben_muse/2007/03/panamax_malacca.html)
- <http://www.acp.gov.pa/eng/index.html>
- <http://www.5min.com/Video/Learn-about-the-Panama-Canal-38365794>
- <http://www.shipfinance.dk/Shipping-Research/Container-Ships/Segments.aspx>



## WHEN A SHIP IS IN PORT

What happens when a ship berths in a port and how long does she stay?

While the procedures differ among ports and vessel types, here's a glimpse of the preparation involved in getting one of our containerships, ANL WARRINGA, ready before, during and after a port call here at the Singapore Keppel Harbour Brani Terminal.

### Pre-Arrival

Before arriving, the Master sends a Notice of Arrival to the Harbour Master (the Maritime and Port Authority of Singapore) for advance clearance, formally signalling the vessel's intention to enter Singapore. Arrival and departure crew lists, which contain full names and particulars for the crew on board are sent to the ship agent for advance immigration clearance.



The vessel will receive a pre-stowage plan from the charterer's local planner. A pre-stowage plan is a master plan detailing the loading and unloading of container cargo, providing the best possible arrangement of containers on the vessel, taking into consideration the units' cargo class such as hazardous cargo, weight, destination, as well as the weight distribution on the vessel, possible draft restrictions and her stability. The Master or Chief Officer checks this proposal closely, using the on-board ship-specific loading computer, and amends the stowage if required for vessel's safety and/or compliance with relevant regulations.

### Arrival at Berth

A containership normally stays in port only as long as she needs to complete cargo operation, in this case about 30 hours, but frequently less! Once she has been tied up alongside the designated berth, the crew swings into action with a standard set of procedures - internal communication channel is set up, the necessary signal flags and lights are displayed, mooring lines are checked, safety net and rat guards (to prevent rats from entering the ship!) are rigged and the gangway is lowered to the quay, allowing access to the vessel.

As part of the standard security measures under the certified Ship Security Plan, there will be one crew member on gangway watch at all times. Visitors are required to record their particulars in the log and are issued a visitor's pass, to keep track of who is on board and for what purpose. In addition a temperature check is currently done on all visitors to avoid the risk of an H1N1 infection being carried on board.

Immediately after inward clearance by the authorities, the stevedores come on board and commence discharge of the containers destined for Singapore and load the export cargo. The crew members monitor the operations, ensure that the containers are stowed and lashed (secured) according to the pre-stowage plan, connect the power supply and set the temperature controls for reefer containers, as well as record and file a notice of liability with the terminal, in case any damage occurs to the containers, vessel or lashing materials.

During cargo operations, the Chief Officer continuously monitors and adjusts the vessel's trim by pumping ballast water in or out or around, to keep the vessel on even keel at all times as required for discharging and loading of containers.

Parallel to cargo operations, bunkering, which is the refuelling of the vessel, is done, i.e. the bunker tanker comes alongside, the hose is connected to the vessel's bunker station and thousands of tons of fuel oil are pumped into the vessel's tanks for the next voyage, under the supervision of the Chief Engineer and a bunker surveyor.

## CORPORATE UPDATES

### 14 Aug 09

Rickmers Maritime reports 52% growth in charter revenue to US\$70.1 million in 1H2009. Operating cash flow for the same period increased 58% to US\$55.9 million. The Trust declares a distribution of 0.6 US cents per Unit with the Rickmers Group, Sponsor, agreeing to defer receiving its share of the 2Q2009 distribution to further support the Trust in its cash conservation efforts.

### 28 Sep 09

Rickmers Maritime participates in the panel discussion on "Revisiting the Shipping Trust" at the 8th Annual Marine Money Asia Week in Singapore. Other panellists in the discussion include the chief executive officers of the trustee-managers for First Ship Lease Trust and Pacific Shipping Trust.

### 9 Oct 09

Rickmers Maritime participates in the panel discussion "Lessons Learnt from the Financial Crisis and Impact on Company Strategy" at a shipping and offshore seminar hosted by RS Platou Markets AS in celebration of RS Platou's 20th year in Singapore.

### 19 Oct 09

Rickmers Maritime organises its quarterly visit to one of its vessels, ANL Warringa alongside Pasir Panjang Terminal in Singapore. For two hours, visitors got to see the inner workings of the ship with the Captain, First Officer and ship manager providing informative commentary along the way.

### 4 Nov 09

Rickmers Maritime participates in DnB NOR Markets' inaugural Asian Investor Conference 2009 in Singapore which focuses on the energy, offshore and maritime sectors.

### 9 Nov 09

Rickmers Maritime releases its third quarter FY2009 (3Q2009) financial results. To access Rickmers Maritime's 3Q2009 results announcement and presentation, log on to <http://www.rickmers-maritime.com/>.

Other crew members are busy taking delivery of stores, spare parts and provisions and doing repairs and maintenance work which cannot be done while the engine is running.

When in Singapore, the ship manager's Technical Superintendent and a representative of the Operations Department will come on board to inspect the vessel, arrange for repairs and supplies if required, and generally discuss matters of concern with the ship's command. Frequent and time-consuming inspections are also performed by the Port State Control officers, flag state and class surveyors, in addition to the statutory audits to maintain the vessel's safety (ISM) and security (ISPS) certification.

Obviously, being in a port is a very busy time for the crew, but, depending on the length of the port stay, crew members have the opportunity to apply for shore leave to "savour the sights and sounds of the city". To ensure that no one "misses the boat", sailing time and latest time to be back on board are posted on the notice board next to the gangway.

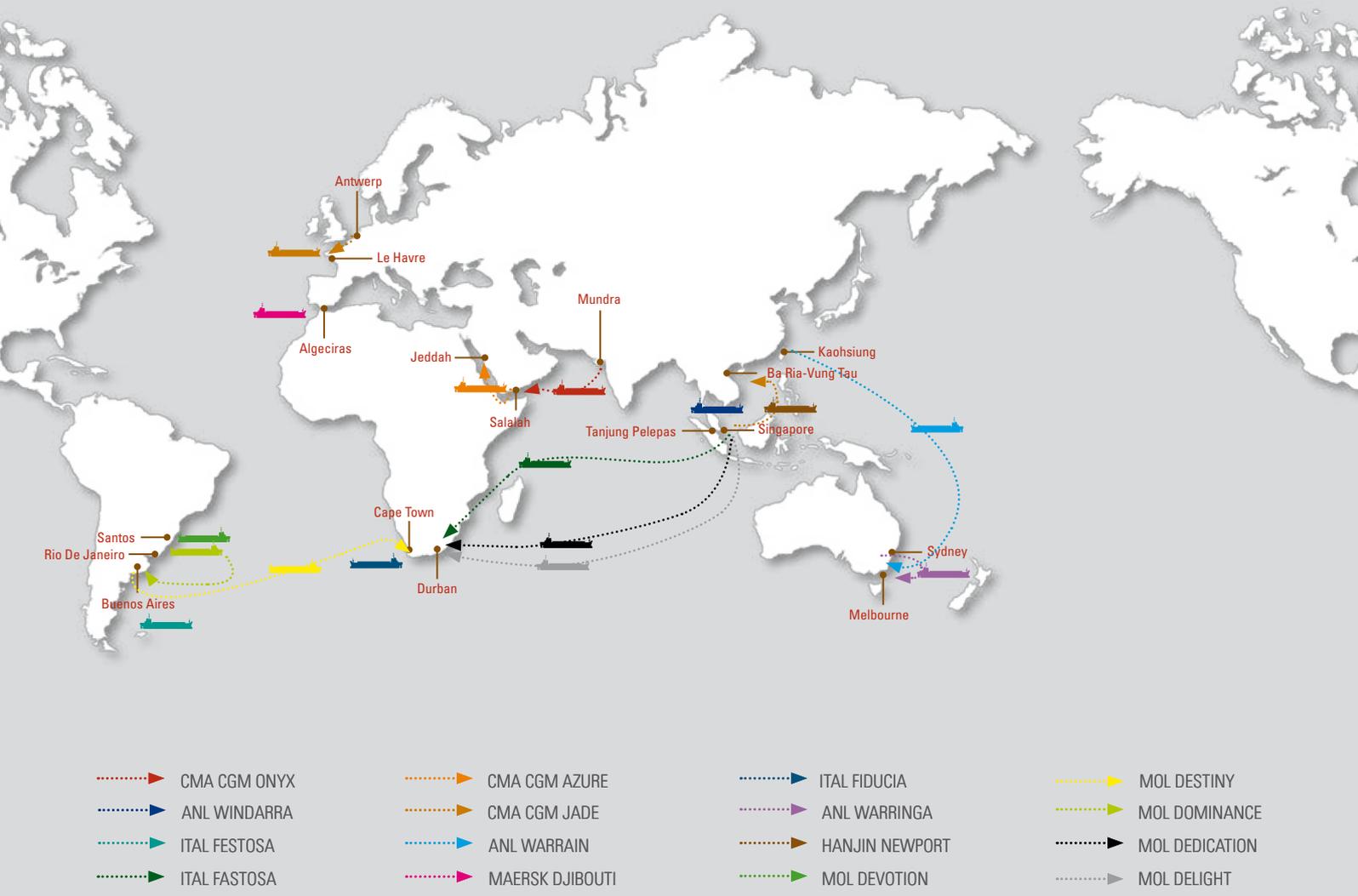
### Vessel Departure

Promptly after completion of cargo operations, the charterer's agents will deliver the cargo documents and as soon as the vessel is cleared by the authorities and the pilot is on board, the vessel will cast off her lines and sail for her next destination.

*We would like to thank Captain Nay Win of ANL WARRINGA for his contribution to the article.*



Our vessels carry goods destined for Europe, Americas, Africa or Australasia on various trade routes and across multiple time zones. Here is a geographic display of our vessel locations as at 30 November 2009.



## GLOSSARY

### NAVIGATION

**Magnetic North** – the direction to which a compass points. Magnetic north differs from true north because the magnetic fields of the planet are not exactly in line with the North and South Poles

**Nautical Mile** – a distance based on the circumference of the planet Earth. One nautical mile is 1,852 metres

**Knot** – the speed of one nautical mile per hour

**League** – three nautical miles

**Backing (Wind)** – the changing of the wind direction, i.e. clockwise in the Southern Hemisphere, counter-clockwise in the Northern Hemisphere

**Upwind** – in the direction of the eye of the wind

**Leeward** – the direction away from the wind, opposite of windward

**Veer** – to change a ship's course from one direction to the other, by turning her stern to windward