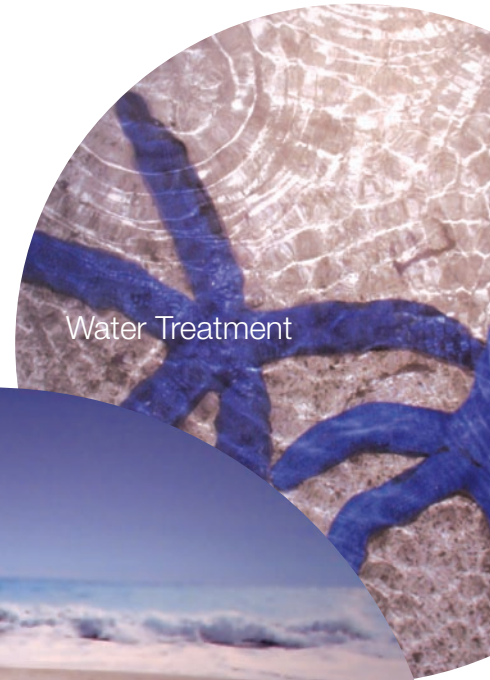


WM MANAGER

The Wilhelmsen Ship Management newsletter - No. 3-2009

Working together

we can make a difference



Water Treatment



Emissions To Air



Waste Management



Energy Management

It's our environment,  Act now!

Professional. Like you.



**Wilhelmsen
Ship Management**

Part of Wilhelmsen Maritime Services,
a Wilh. Wilhelmsen group company



Staying responsive to customer needs

The economic downturn has affected all parts of the maritime industry, including many of our shipping customers. The uncertainty that this causes makes it difficult to plan for next year and in some cases even next quarter. In their search for ways to operate more efficiently, many are re-examining their offer to identify their real strengths. And all are turning every stone to find ways to reduce costs.

Wilhelmsen Ship Management has of course not been immune to the tougher climate. Our response has been to re-examine our offer, work more closely as a global team and get closer to our customers. The need to stay responsive to customer needs has dominated our actions: when things change for the customers, they change for us too!

To begin with, we saw a trend that ship management customers wanted a more flexible offer where they could purchase services on a stand-alone basis. Accordingly, we took a hard look at our corporate strategy and came to the conclusion that our core business would continue to be third party ship and marine personnel services.

But we added a menu of stand-alone services that customers could choose from according to individual needs.

Stand-alone services give customers the flexibility they are looking for when certain types of competence are at a premium or needs are related to a period of time or special circumstances. The first such service to be offered was Dry-Docking Service. Dry-docking can be quite a complex process, where experience and know-how often determine the total cost. When we created our Dry-docking Service offer, we created a global team of competence persons who can respond any where, any time to even the most demanding dry-docking needs.

Asset Care Lay-up Service was the next new service to be offered. This includes developing a maintenance plan that prepares for opportunities to come, arranging for equipment upgrades to “future proof” the vessel, maintain certification and class surveys, prepare a sea trial program, if applicable, and prepare a survey plan to keep classification in order. Lay-up anchorages have been secured at Labuan, East Malaysia and other locations.

Our latest offer is Green Recycling Service. We believe that the lawmakers will sooner rather than later create rules and regulations related to the pollution and health hazards resulting from current breaking practices. Our offer

makes it possible for customers to demonstrate their corporate social responsibility in a meaningful way, before it becomes mandatory. This includes developing an inventory of hazardous or toxic materials onboard, making detailed plans for the breaker, reviewing and approving the breaker’s plans and providing on-site supervision to ensure compliance with plans. Green Recycling is but one of several environmentally related services that we will continue to develop.

Developing stand-alone services was the first part of our initiative to stay responsive to customer needs. The second step was to get closer to the customers. This summer we moved our corporate ship management headquarters to Kuala Lumpur, Malaysia. From here the shorter distance to major shipping markets will help us to further raise our service level and improve communications with our customers.

We at Wilhelmsen Ship Management are working together to continue to provide you, our customers, with first class ship management and marine personnel services that you expect as well as our new array of stand-alone services. Let’s all hope that a recovery is just around the corner!

Carl Schou
President
Wilhelmsen Ship Management
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Working together

we can make a difference

Shipping is the cleanest form of transport and while much progress has been made to reduce its impact on the environment, there is still a lot of potential for further improvement. We at Wilhelmsen Maritime Services believe that environmental thinking makes good business sense and that by working together with our customers we can make a difference. We have therefore collected all of our environmental products and services into one concept under the following endorsement:

It's our environment, Act now!

Our environmental solutions cover four areas in which we will develop competitive products and services that provide benefits to our customers. The areas include: emissions to air, waste management, water treatment and energy management. The products and services embody the best environmental solutions available throughout the ship's life cycle, from design to recycling. In addition, the WMS group companies offer advisory services in all areas. Already in the design phase, services ensure optimised power for shipboard lighting, HVAC and electrical installations.

During the building phase we can supply systems that link the ship's electrical systems to the land based power grid; treat ballast water; reduce emissions of noxious gases and particles; reduce discharges of oily water, optimise fuel efficiency and reduce sludge.

During the ship's operating lifetime, we offer a range of environmentally responsible refrigerants and equipment that prevent leaks into the atmosphere; a wide range of environmentally acceptable cleaning and maintenance chemicals; products for cleaning up oil spills; recycling preparation services; energy optimisation of HVAC systems, lighting and electrical equipment; identification of areas for energy optimisation; power management for generation and distribution plants; training courses; inspections and audits; incident investigation and prevention, as well as clean lay-up service. Finally, during the recycling stage of a ship's life cycle, we offer project management services and advice on green recycling.

BUSINESS BENEFITS

Our range of products and services are designed to solve environmental problems while delivering benefits to the customer. Using an example of the Unitor Fuel Homogeniser, here is how it works. The system reduces the size of the fuel oil droplets prior to combustion. As a result, the fuel burns more efficiently, resulting in fewer emissions and less engine sludge. This gives improved operational performance and efficiency and reduces the total cost of ownership. The ship owner enjoys a better image and contributes to a better marine environment.

AN OPEN-ENDED PORTFOLIO

The portfolio of environmental solutions is under continual expansion and development. The following products and services are currently included:



Dag Schjerven, President and CEO of Wilhelmsen Maritime Services explains the group's new environmental concept, Act

Emissions to air: cold ironing, fuel homogenisers (air), refrigerants and refrigeration service, equipment for NOx reduction, water based and clean agent fire suppression systems.
 Waste management: clean lay-up services, green recycling, fuel homogenisers (waste) and waste management equipment.
 Water treatment: ballast water treatment systems, sustainable chemicals, equipment for reducing oily water pollution and sludge and oil spill equipment.
 Energy management: Fuel efficiency improvement systems, HVAC optimisation services, power management systems, power optimisation for lighting and electrical equipment.

A MATTER OF CONFIDENCE

The Act endorsement symbolises that product or service delivered to the customer is based on the best or most appropriate technology available at the time of delivery through WMS' service and supply network.



The world economy's domino effect



By Niklas Carlén

Niklas Carlén, Vice President, Global Market Intelligence, Wallenius Wilhelmsen Logistics

Considering rising stock market trends these days, one could almost ask what became of the recession. The world's economy, however, is a good deal more complex than the capital markets. Recent world economic forecasts paint a less-than-rosy picture. This affects car and construction equipment sales as well as the ships that carry them.

MARKET EXPECTATIONS SLIDE

The economy was expected to grow by 1.1% in 2009, according to Global Insight's November 2008 forecast. A soft landing in the emerging markets would, it was reasoned, compensate for expected declines in the US, Japan and Western Europe. Global Insight's May 2009 report had a more sombre tone: the global GDP forecast for the year was revised downward by 2.6% due to downward revisions in both mature and emerging market expectations. While the market is still expected to bottom out and turn in 2009, the upturn is likely to be weak. Further, some of the major economies will remain in recession for much of 2010. China and India are expected to recover first, with the US leading the recovery in the mature economies.

LIGHT VEHICLE SALES ARE DOWN

Lower economic and consumer activity in North America and Western Europe has hit sales of light vehicles. These two markets represented about 50% of

sales of light vehicles in 2008. Year-on-year sales for Q1 show a decline of 36% and 19% respectively. Q1 2009 sales are slower in most major markets, except China and Brazil. Without recycling incentives implemented in some countries, the decline would have been worse. Further recycling incentives are expected to give some impetus to vehicle sales in the second half-year. It is also important to note that Q1 2008 light vehicle sales were strong, so the decline for 2009 as a total is not expected to be as severe as the Q1 drop might suggest. Following a 5% decline in total global vehicle sales in 2008, the forecast at May 2009 indicates a further 16% decline this year, with mature markets hardest hit.

CONSTRUCTION EQUIPMENT SALES ARE DOWN

Bursting housing bubbles and the credit market meltdown have hit global sales of construction equipment harder than expected six months ago. Global construction declined by 1.8% in 2008 and is projected to fall a further 3.7% this year – the steepest drop in 20 years. The only growth expected this year will come from stimulus-led infrastructure construction. Every region will be affected by this, except Asia. Despite massive public stimulus packages, the mature markets will suffer double-digit declines in equipment sales in 2009. The downturn

in the emerging markets, however, will be milder and shorter. China is the shining star in construction, with the equipment market seeming to respond to government stimulus and showing impressive growth. Farm equipment sales have held up well in 2009, particularly in sales of large machinery. Farm incomes are however under pressure as soft commodity prices decline from 2008 levels and demand for food and biofuels slows. Equipment sales are expected to contract in nearly all countries in 2009.

RECYCLING OLDER PCTCs TO BALANCE FLEETS

The pure car and truck carrier (PCTC) market struggled with severe under-capacity in the years 2004 – 2008, with older tonnage continuing to trade in order to ease the capacity crunch. Only seven vessels were recycled over this five-year period, and at the start of 2009, almost 40% of all PCTCs were 20 years or older. Declining vehicle and construction equipment sales fed through into fewer ocean shipments, so the industry needed to respond to a potential surplus of tonnage. Estimates indicate that during the first half-year 2009, over 70 PCTCs were sold for recycling. This number is expected to surpass 100 vessels by the end of the year. With only 75 new vessels due for delivery in 2009, the PCTC fleet will therefore shrink for the first time in history.

Fact-box on global crewing



W Manager speaks with Capt Tushar Mohile, vice president marine personnel about the global shortage in crewing

CAPT MOHILE, HAS THE ECONOMIC CRISIS HAD AN EFFECT ON SUPPLY AND DEMAND FOR RATINGS AND OFFICERS?

The gap between companies in terms of wages, incentives, infrastructure and returns to the seafarers was wider before. There was a clear demarcation of top, middle and lower brackets of companies, and the gap was wider than now. Good companies had long queues outside their doors, giving the feeling of surplus. The lower bracket companies had difficulty to recruit good manpower. The increase in tonnage and new building activity, coupled with increased world trade tipped the scales to a large extent. This caused the gap between companies to decrease as more money became available for manning activities, including wages resulting from better freight rates. The shortage became more profound. Everyone was affected, including Wilhelmsen Ship Management. Wages had to be increased in order to attract and retain officers. Tankers saw increases of 25% and more, while other segments experienced increases of 15% - 20%. For ship owners, the increased cost of crewing did not necessarily result in better competency or quality. The increase in wages purely reflected an imbalance between supply and demand. Now with the downturn, trade has slackened. Despite lay-ups and recycling of old tonnage, the imbalance remains because of newbuilding deliveries. The downward push on crewing costs is however due to the slowdown of trade. Costs will rise when things pick-up.

WHAT CONTRIBUTED TO THE CREWING SHORTAGE?

Global crewing is reactive by nature, not proactive. It includes a time lag, because the length of the period required to produce qualified officers is anything between three to ten years, depending on rank. I believe that the current shortage can be attributed to the actions of companies ten years ago, when the crew shortage was minimal and the need to recruit was less pressing. Similarly, if the tonnage does not increase as projected, the crewing frenzy of today can lead to a surplus some years in the future.

HOW HAS THE CREWING TURMOIL AFFECTED WILHELMSEN SHIP MANAGEMENT?

Like everyone else, we faced difficulties in filling key positions on board. Crewing costs increased by 15% to 20%. Some companies were willing to poach qualified staff by offering higher wages and better incentives. We saw a reduction in numbers and a drop in retention rate.

HOW CAN CREWING CONTRIBUTE TO EASE THE SHIP OWNER'S BURDEN IN THE DOWNTURN?

Manning costs are between 30% - 45% of total daily operating costs. Of this, the majority is wages to the crew. These are governed by the laws of supply and demand, so our influence is limited. On one hand, we are watching costs like a hawk, while at the same time we are extremely focused on

efficient operations. Efficient operation is only possible when the vessel is manned and managed by qualified, competent and experienced people. This combination is what Wilhelmsen Ship Management has always tried to deliver.

WHAT ARE THE REAL CHALLENGES IN CREWING THESE DAYS?

In the short-term we need to keep the costs down without compromising on quality. In spite of the global economy under-performing, ship deliveries are still taking place and there is a net increase in tonnage. This means that we still need to meet the demand for qualified officers. Once they are on board, we need to find innovative ways to retain them. As the economy improves, so does the need to continually innovate and improve so that we can meet tomorrow's crewing needs.

HOW WILL WILHELMSEN SHIP MANAGEMENT MEET THESE CHALLENGES?

First is to understand the importance of this issue. Our seafarers are our main asset. We fully accept this. So the plan forward is to devise measures that strengthen our staff. We are looking at some interesting new avenues, but continuing to develop our traditional crewing resources is still very important. This strategy seems to work: in spite of the economic situation we are able to take on new ship management clients and offer our full range of technical and crew management. We are equipped to face the challenges ahead.

TARPON CAME TO THE RESCUE

Time: 0645, 13 August 2009.



As MV Tarpon transited Japanese islands north of Okinawa in rough seas, an object looking like a fishing buoy was spotted in the water about a nautical mile in the distance. MV Tarpon is owned by Alcoa Steamship Company Inc. and managed by Wilhelmsen Ship Management USA.

The object in the water turned out to be the third officer of Asahi Tanker Co.'s MT Ariake Maru, which was in transit from Oita to Okinawa. He had last been seen during the turnover at midnight, following his watch.

According to his testimony afterwards, he went to the poop deck to dispose of his cabin garbage at about 0500. The vessel was rolling and pitching in rough seas, causing him to slip and fall into the water unnoticed.

The rescue operation was difficult given the weather conditions, but thanks to the professionalism of the Tarpon's crew, the subject was safely brought onboard at 0744. He was given food and clothing and turned over to the Japanese Coast Guard at 1120. Following the rescue, the President of Asahi Marine Co. Ltd. wrote to Wilhelmsen Ship Management USA to thank the Captain and all crew onboard MV Tarpon. In his letter, he quoted, "You and your crew members' highest degree of seamanship and dedications shown during the rescue as narrated by our crew exemplify the kind of trainings; commitments and unselfishness worthy to be emulated! The crewmember rescued has now been confirmed to be in good health condition. He personally requested us to convey his appreciation and gratefulness for your unselfish acts, bravery and courage in saving his life! Our hats are off to you Gentlemen!"

Kudos to Captain Ricky Fajanilag and his crew for the job well done!

Regulatory Column

Amendment to SOLAS Reg. V/19 - Carriage requirements for a bridge navigational watch alarm.
A bridge watch alarm system is a device which triggers an alarm if an Officer on watch (OOW) becomes incapable of performing the OOW's duties. IMO had adopted the performance standards as MSC. 128(75) and there are ships which have already installed the equipment on a voluntary basis.

- Application: The draft amendments stipulated as follows:
- All new ships passenger ships (regardless of size) and all other ships of 150 gt or over - on or after 1 July 2011 (keel lay date);
 - Ships constructed prior to 1 July 2011 will have to fit the BNWAS by the 1st survey after 1 July 2012 (cargo ships of 3000 gt or over but less than 3000 gt) or 1 July 2014 (cargo ships of 150 gt or over but less than 500 gt);
 - The requirements will till apply to ships not engaged on international voyages as well.

Implication:

Shipbuilders

- Builders are encouraged to take these requirements into consideration when designing a ship keel of which will be laid on or after 1 July 2011.
- This is not stand alone equipment on the navigation bridge. The secondary alarm will be activated in the master's cabin, thus wiring will be required in other parts of the crew accommodation area. Due attention is to be paid to wire penetration at fire-protection boundaries.
- BNWAS is required to meet the IMO's performance standard (MSC. 128 (75)).
- BNWAS is to be type approved by the flag Administration of its Recognized Organization (e.g, Classification Society).

Shipowners

- BNWAS will be required on the existing ships (at the first survey after the date specified) as well. Owners will need to be prepared to make retrofitting arrangements at dry-docking, if there is such an opportunity.

Flag Administration & its recognized organization

- It will be necessary to type approve the system in a timely manner.
- Relevant survey guidelines should be prepared.

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New vessels on management

LPG/C Kodaijisan

VLGC
Owner: Shinwa Marine Corp.
Wilhelmsen Ship Management Malaysia

MV Ala Marine

Container vessel
Owner: Indigo Dolphin Shipping Ltd
Wilhelmsen Ship Management Singapore

MV Straits Success

PCC
Owner: Straits Auto Logistics Sdn Bhd
Wilhelmsen Ship Management Malaysia

MV New Champion

Bulk Carrier
Owner: NYK Bulkship (Atlantic) N.V.
Wilhelmsen Ship Management Singapore

MV Stellar Grace

Wood Chip Carrier
Owner: NYK Bulkship (Atlantic) N.V.
Wilhelmsen Ship Management Singapore

MV Mahakam

Bulk Carrier
Owner: Parbulk II
Wilhelmsen Ship Management USA

MV Ikan Bagang

Bulk Carrier
Owner: Pacific Carriers Ltd, Singapore
Wilhelmsen Ship Management Singapore

MV Tabor

Bulk Carrier
Owner: Setaf Saget, Bourbon
Wilhelmsen Ship Management Singapore