

CAP-LETTER

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THE MARKET IS TURNING

Signs are growing that low rates will not last

Even owners with poor insurance records can still get big premium reductions but that may be beginning to change. Berry, a 25-year veteran of JLT and joint leader of its marine team, predicts a turnaround is on the way although still 12 to 18 months down the line. Long-sighted owners are beginning to seek 18 or 24-month hull-insurance deals to lock in the current low rates for as long as possible. The broker sees no significant sign of the London hull market hardening but Scandinavian underwriters are taking a tougher line.

Source : Lloyd's List - 09/05/2008

A clear warning that hull and P&I insurance costs will continue to rise was also delivered by Frans Malmros, outgoing Managing Director of The Swedish Club, at the Club's June 12 AGM in Gothenburg.

In his final address to members, Frans Malmros set out the harsh market realities. He said hull cover remained "significantly under priced" in 2007. He added: "There can be no doubt that a profound correction in the hull market is inevitable. Current premium levels are completely out of step with risk and cannot be sustained." He observed: "Inevitably, P&I premiums will continue to rise, to match increased exposure."

CAP-MARINE sponsorise le record SNSM

Depuis plusieurs années déjà Cap-Marine soutient la SNSM sous forme de don ou d'achat de cartes de vœux. Cette année, Cap-Marine a sponsorisé le bateau «600 vies sauvées» à l'occasion du record SNSM 2008, qui s'est couru le 22 juin dernier entre Saint-Nazaire et Saint-Malo.

Plus d'infos sur www.recordsnsm.com



« Et pour quelques dollars de plus... »

Un article récent publié par une équipe d'économistes du groupe bancaire canadien CIBC World Markets commente la situation du négoce international, dans un monde où le prix d'un baril de pétrole atteint 150 US\$.

Un monde, selon les auteurs de l'article en question, dans lequel le baril pourrait bientôt coûter 200\$.

Or chaque augmentation du prix du pétrole se répercute de manière sensible sur le coût du transport de marchandises. Par exemple, expédier un conteneur 40 pieds de Shanghai à la côte est des Etats-Unis coûte aujourd'hui environ 8.000\$, alors qu'en 2000, quand le baril plafonnait à 20\$, cela ne coûtait que 3.000\$. Si le prix du baril s'élève à 200\$, le coût de ce même transport sera de 15.000\$. C'est la fin de l'époque bénie du transport conteneurisé à bas prix.

Et si l'on considère la part que représente le coût du transport dans le prix final des marchandises, on peut se rendre compte à quel point le coût de l'énergie est devenu néfaste pour le commerce international. Aujourd'hui, le coût du transport représente en moyenne 9% du prix des marchandises. A 150\$ le baril, cette proportion atteindra 11%. A titre de comparaison, en 2000, le coût du transport représentait seulement 3% du prix des marchandises sur le marché américain.

Dans un monde où le prix du pétrole semble durablement installé au dessus des 100\$ le baril, le transport coûte cher. La distance c'est de l'argent.

Source : Lloyd's List - juin 2008 par Sam Ignarski

English version of this Article on Page 3 :
« the world is getting rounder »



Le Parlement Européen veut rationaliser le démantèlement des navires

Le démantèlement des navires reste problématique dans le monde et notamment en Europe où les députés du Parlement souhaitent une rationalisation rapide de toute la filière. Chaque année, dans le monde, entre 200 et 600 grands navires commerciaux sont désarmés et voués au marché de la ferraille.

Or, l'essentiel du secteur de la démolition est implanté au Bangladesh, en Inde et au Pakistan où il procure des milliers d'emplois certes, mais où l'absence de mesures de protection de l'environnement et de la santé se solde par un taux d'accidents extrêmement élevé chez les travailleurs. De plus, la pollution induite par les activités de démantèlement contamine des portions étendues du littoral. Les anciens navires contiennent en effet de nombreuses substances dangereuses telles que l'amiante, les polychlorobiphényles (PCB), le tributylétain et d'importants volumes d'huiles et de boues d'hydrocarbures.

Pourtant, l'exportation de déchets dangereux à destination des pays en voie de développement est interdite par le règlement communautaire sur les transferts de déchets conformément à la convention de Bâle. C'est pourquoi, en attendant l'entrée en vigueur d'une convention internationale sur le recyclage des navires, la Commission a publié en mai 2005 un document de consultation sur la façon de rendre le démantèlement des vieux navires moins dangereux pour les travailleurs et l'environnement. Il souligne par exemple la nécessité d'un régime de financement capable d'assurer un démantèlement écologique, qui pourrait revêtir la forme d'un « fonds de démantèlement des navires » alimenté par des taxes prélevées sur le secteur des transports maritimes. Les députés demandent que des mesures concrètes soient arrêtées d'ici à 2010, avant l'adoption de la convention de l'OMI et avant l'année où le processus d'élimination accélérée des pétroliers monocoques atteindra son point culminant.

Plus d'infos : http://www.actuenvironnement.com/ae/news/navire_clemenceau_dementelement_dechet_5106.php4

BV classed fleet reaches 60 M GT and more than 8.000 ships

The Bureau Veritas classed fleet has experienced rapid growth since 2004, rising from 41m gt in 2004 to 60.2m gt in April 2008. The number of classed ships grew from 6,650 ships at the beginning of 2004 to 8,015 ships classed in April 2008. Strong growth continues as so far this year 305 ships totalling more than 2,700,000 gt have joined the register, against 215 ships totalling 0.8mgt and with an average age of 18.9 years leaving BV class.

The breakdown of ships newly classed in April shows 63 new constructions delivered totalling more than 730,000 gt and 22 ships classed after construction totalling 270,000 gt transferring to BV. It is to be noted that the average age of the ships classed after construction which joined BV in April 2008 is 7.03 years, which together with the new constructions delivered, reduces the average age of the whole BV classed fleet to 15.6 years.

Ageing ships are fine with good owners, says report

Even tankers over 25 years old can be maintained safely unless operated by a 'bad shipowner'

GOOD ships, no matter what their age, come from good shipowners.

That is the conclusion of a recent study into the problem of ageing ships, headed by France's former minister of the sea, Louis Le Pensec. Mr Le Pensec said: "Our plea is in favour of responsible operators, much more than in favour of recently-built ships."

Although recent data from the Nordic area's Central Union of Marine Underwriters suggests that escalating claims incidents are spread across all varieties of shipping quality, the French lawyer and politician makes a strong case that phase-out deadlines can still be abused by owners.

In the tanker sector, the drive towards quality, younger tonnage has meant that the segment now has the lowest number of vessels more than 25 years old — with just 6.5% in this age range.

Paris MoU statistics show that oil, chemical and gas tankers all have detention rates lower than the average, showing greater than average maintenance quality.

The fleet is young, too, because of its renewal under the single-hull programme — with only 15% of vessels now more than 20 years of age.

The study, which was carried out with maritime consultant Henri Pinon, observes that the debate about the age of ships, or their lifespan, is inseparable from the navigation of sub-standard ships — particularly at the end of their operational lives.

Most tankers over the age of 15 years old can still be reasonably operated for many years, Mr Le Pensec points out, and for vessels over 25 years major progress has been made in vessel safety. "The fact that a vessel at the end of its lifespan can be legally acquired by what should be called a 'bad shipowner' is the risk that must be detected and fought," said Mr Le Pensec.

He argues that the hunt for these substandard owners will remain unsatisfactory while certificates issued by flag states are not all reliable.

But the Court of Paris barrister argues that more of what he calls "objective measures" — the increased layer of regulatory measures governing the tanker and general shipping industry — are having a "perverse effect" on the industry.

Source : *Lloyd's List* - 23/05/2008

Ban on anti-fouling

As of September 17, the use of harmful anti-fouling paints will be prohibited on ships. An International Convention adopted on October 5, 2001 by the International Maritime Organization (IMO), which bans the use of the harmful chemical compound organotins found in anti-fouling paints used on ships hulls, will be enforced.

Studies show that these compounds persist in the water, killing sea life, harming the environment and possibly entering the food chain, according to the IMO report.

The Convention will now be law as of September 17, and will apply to ships flying the flag of a Party to the Convention, as well as ships not entitled to fly their flag but which operate under their authority, and to all ships that enter a port, shipyard or offshore terminal of a Party.

It will apply to all ships, including fixed or floating platforms, floating storage units (FSUs), and floating production storage and off-loading units (FPSOs).

Certains armateurs ont d'ores et déjà anticipé sur l'entrée en vigueur de cette convention internationale de 2001 sur l'anti-fouling, à l'image de MSC Cruises, dont les nouveaux navires présentent sur leurs œuvres vives un revêtement bleu sombre à base de silicone. Cette peinture, respectueuse de l'environnement, satisfait aux exigences de la nouvelle réglementation internationale. Elle améliore en outre l'hydrodynamisme du navire, ce qui permet à l'armateur d'économiser du carburant.

Seul bémol : les contraintes liées à l'application de cette peinture, qui requiert des conditions météorologiques bien particulières.

Blue Cards for Bunkers Convention



The Bunkers Convention (the International Convention on Civil Liability for Bunker Oil Pollution 2001) will enter into force in state parties on November 21, 2008. It provides a liability, compensation and compulsory insurance system for the victims of oil pollution damage caused by spills of bunker oil. And it will make ship owners liable to pay compensation for pollution damage - including the cost of preventive measures - caused in the territory of a state party, as well as its exclusive economic zone or equivalent area.

Owners of vessels registered in a state party, or entering or leaving a port in the territory of a state party, will be required to maintain insurance that meets the requirements of the convention and to obtain a certificate issued by a state party asserting that such insurance is in force. The state-issued certificate must be carried on board at all times.

INTERNATIONAL Group P&I clubs are to issue 'blue cards' to enable states which are signatories to the Bunkers Convention to issue certificates with effect from August 2008.

Owners requesting Blue Cards must ensure that they have in place P&I war risks cover on standards terms with a separate limit for P&I liabilities.

Vessels registered in a state party need only to obtain a certificate from the relevant authority in that state attesting that the required insurance coverage is in force. Vessels registered in a state which is not a party to the convention must obtain a state-issued certificate from a state party to the convention, ideally from the issuing authority of the state in which the port at which they are calling is situated.

www.igpandi.org - 29/05/2008

The world is getting rounder

If you are tasked with protecting the interests of carriers from cargo claimants, you soon learn that times of economic transition make certain kinds of claim from merchants much more likely, writes Sam Ignarksi.

A recent short paper by a team of economists from the Canadian banking group CIBC World Markets that came my way this week addresses the patterns of North American oil trade in the light of the \$150-per-barrel world we are entering, a world which, the authors opine, may soon turn into a \$200-per-barrel world.*

According to the paper, each dollar rise in the price of oil over the last three years has added 1% to the cost of transport and every 10% increase in trip distance translates into a 4.5% increase in transport costs.

The duration of a typical sea voyage from China to North America is four weeks. Including inland costs, shipping a standard 40 ft container from Shanghai to the US eastern seaboard now costs \$8,000. In 2000, when oil prices were \$20 per barrel, it cost only \$3,000 to ship the same container. But at \$200 per barrel, it will soon cost \$15,000 in transport costs to ship from China to the US eastern seaboard. So we are seeing an end to the time when the price of container shipping was the bargain of all bargains.

"Converting transport costs into tariff-equivalent rates provides a poignant perspective on just how trade-disrupting soaring energy costs have become. Even back at a \$100-per-barrel oil price, transport costs outweigh the impact of tariffs for all of America's trading partners, including even its neighbours, Canada and Mexico," the paper states.

"Back in 2000, when oil prices were \$20 per barrel, transport costs were the equivalent of a 3% US tariff rate.

"Currently, transport costs are equivalent to an average tariff rate of more than 9%. At \$150 per barrel, the tariff-equivalent rate is 11%, going back to the average tariff rates of the 1970s. And at \$200 per barrel, we are back at 'tariff' rates not seen since prior to the Kennedy Round GATT negotiations of the mid-1960s."

"In a world of triple-digit oil prices, distance costs money. And while trade liberalisation and technology may have flattened the world, rising transport prices will once again make it rounder."

* *Will Soaring Transport Costs Reverse Globalization?* Jeff Rubin and Benjamin Tal, CIBC World Markets. http://research.cibcwm.com/economic_public/download/feature1.

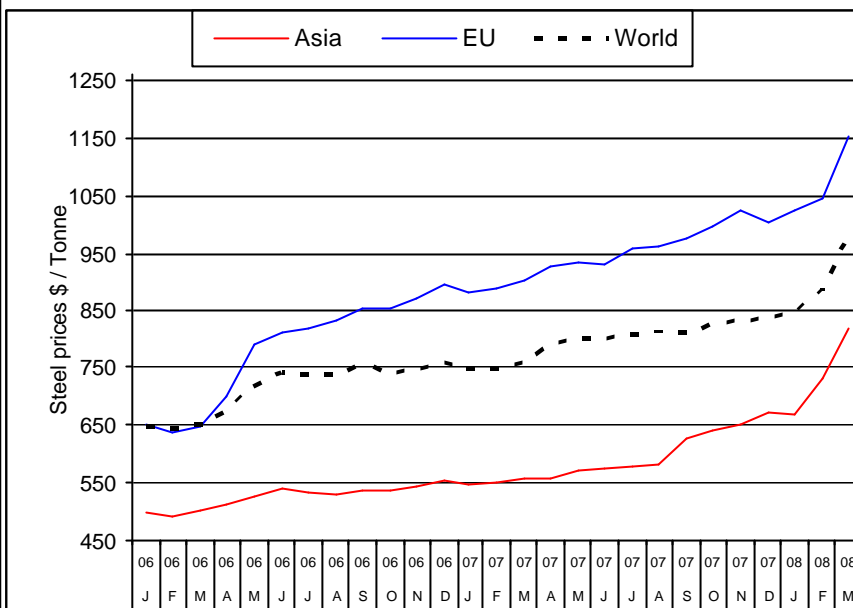
Source : Lloyd's List - 11/06/2008

Un Coût de l'Acier préoccupant

Les prix de l'acier ont subi une nouvelle accélération vers le haut en atteignant en mars 2008 978\$/T. La tendance s'est poursuivie mais il est important de remarquer que le marché mondial n'est pas parfait et qu'il existe des différences importantes d'une zone géographique à une autre.

Certes dans les classes de navires construits en Europe l'importance relative du coût de l'acier est moins grande que pour les navires construits en Extrême-Orient dont l'intensité en acier est plus grande. Il n'empêche que nous sommes en présence d'une distorsion qui représente une lourde charge. En janvier 2006 l'écart était de 30%, il atteint maintenant 50%. Soit une différence de prix de quelque 300\$/T.

Coût des laminés à chaud / Price Comparison for hot rolled plate



Steel prices have reached 978\$/T in March 2008. This increase is not new, but it is important to note that the world market is uneven amongst the different world areas.

Although the impact of steel price is less important for ships built in Europe than for ships built in Asia (with a greater proportion of steel), this price difference creates a heavy burden for European shipyards. In January 2006 the difference in steel price was of 30%, but it is of 50% now. European steel is about 300\$/T more expensive.



IMO welcomes Security Council moves on Somali piracy

IMO has welcomed the adoption, on the 2nd June 2008, by the United Nations Security Council of a resolution authorizing a series of decisive measures to combat acts of piracy and armed robbery against vessels off the coast of Somalia.

Under the terms of resolution 1816 (2008), which was adopted unanimously, the Security Council decided that, following receipt of a letter from Somalia to the President of the UN Security Council giving the consent of Somalia's Transitional Federal Government (TFG), States co-operating with the TFG would be allowed, for a period of six months,

to enter the country's territorial waters and use "all necessary means" to repress acts of piracy and armed robbery at sea, in a manner consistent with relevant provisions of international law.

He added, "IMO has been asking, since June 2007, that the Transitional Federal Government of Somalia consent to naval ships entering the country's territorial waters to protect shipping under attack by pirates and armed robbers. This has now been done.

Philippe Louis-Dreyfus, président de Louis Dreyfus Armateurs, a été élu le 15 juin à la tête de l'European Community Shipowners' Associations. Pour la marine marchande hexagonale, il s'agit d'un événement d'importance, aucun armateur français n'ayant pris la présidence de l'ECSA depuis 25 ans.

24 organisations au sein de l'ECSA

L'association des armateurs européens regroupe 24 organisations. Son rôle est de promouvoir le transport maritime européen auprès des institutions de l'Union mais aussi « d'encourager le plus haut standard parmi les armateurs afin d'améliorer la qualité des services fournis à leurs clients ».

ALGERIE : la fin du contentieux sur les assurances

Le 7 mars 2008 a été signée une Convention entre les assureurs algériens et les assureurs français afin de permettre aux entreprises françaises d'investir directement sur le marché algérien.

Cet accord historique met fin à plus de quarante années de monopole des compagnies d'assurance publiques algériennes, depuis que le secteur avait été nationalisé en 1966.

Dans un pays où la culture assurance est peu répandue, le secteur des assurances algérien présente un fort potentiel de développement, et constitue donc pour les assureurs français un marché porteur.