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Hijackers hit jackpot with record \$6m ransom win

Crew of VLCC safe and well after 50-day ordeal, despite reports of gun battles between pirate factions over payment

Nigel Lowry
Athens

SOMALI pirates have enjoyed their biggest pay day so far with a ransom of \$6m that secured the release of the hijacked Greek very large crude carrier *Maran Centaurus* early yesterday morning.

A day earlier, a helicopter dropped \$5.5m on the deck of the very large crude carrier. It is understood that smaller transfers bring the total ransom up to the record amount.

The same day, in a sign of the increasing tensions surrounding the pirating business, the team in control of the laden VLCC fired on approaching skiffs manned by another faction which sought a share of the spoils.

There were reports that two pirates later died ashore in gunfire after the ransom drop as different factions squabbled over the prize. However, these claims could not be verified.

Maran Tankers Management, operators and managers of the 300,000 dwt

tanker, reported that all 28 officers and crew were "safe and well and looking forward to being reunited with their families".

It is understood that the tanker is in good shape, with only minor damage to accommodation areas.

The cargo of about 275,000 tonnes of crude oil that the 1995-built vessel was transporting from Kuwait to the US when it was hijacked on November 29 is said to be intact and there was no pilfering of bunkers.

The vessel was reported to be headed for Durban under naval escort.

The company expressed its relief at the release of the officers and crew, the vessel and its cargo in view of the deteriorating political situation in Somalia, and at having avoided the possibility of an environmental disaster.

A source close to the company said: "With the reported deterioration in the local security situation, and the increasingly violent inter-clan fighting, there was a very real danger to those on board, the vessel and her cargo."

The 50-day ordeal of the company and crew will go down as briefer than the average duration of Somali ransom negotiations, but Maran had hoped to strike a deal sooner.

Lloyd's List understands that the company thought it was close to a conclusion before Christmas, but negotiations were apparently derailed by another violent altercation in the pirate ranks, with



The 300,294 dwt *Maran Centaurus*: hijacked on November 29, but its cargo of 275,000 tonnes of crude oil is said to be intact. AP

reports — again unconfirmable — of one man being killed.

The company also paid heed to concerns expressed last month by International Maritime Organization secretary-general Eftihimos Mitropoulos, who warned of a possible environmental catastrophe from keeping the laden tanker in an unsafe anchorage as bad weather approached.

In a brief statement Maran said it thanked the master, officers and crew for their "courage and fortitude in dealing with this very difficult situation in such a professional manner".

\$6m

Ransom paid for *Maran Centaurus*

\$3.5m-\$4m

Ransom paid for 76,432 dwt panamax bulker *De Xin Hai* last month

\$3m

Ransom paid for 319,430 dwt VLCC *Sirius Star* in January 2009

Shipowners will be dismayed at what appears to be a doubling of the going rate for ransoms in the span of a year since the reported \$3m pay-out for the *Sirius Star*, the only other case in which the pirates seized a laden VLCC.

Experts suggested that the *Sirius Star* ransom was about double the prevailing average settlement in early 2009 for a hijacking in the Gulf of Aden, although even at that stage pirates were making astronomical demands of up to \$15m.

ICS demands unified anti-piracy effort — Page 2

Container derivatives traders eye clearing house for settlements

Janet Porter

TRADES in a new paper product based on container freight rates could soon be settled through a clearing house rather than over the counter, if all goes according to plan.

That would give a significant boost to the fledgling market launched last week at a time when freight rates are showing clear signs of recovery.

Alexander Saverys, managing director of Delphis, which completed the first ever transaction in the new instrument on Friday in a trade with Morgan Stanley, said container freight swap agreements could provide a genuine hedge against future rate movements for both carriers and shippers, if handled via a clearing house.

That removes any risk of losses resulting from default by the counterparty that is the weakness of over-the-counter trading.

Clarkson Securities, which developed the new derivatives product in collaboration with the Shanghai Shipping Exchange, is in talks with a clearing house and hopes events now move on quickly. But first of all,

the pioneers of container swaps need to attract more counterparties, establish some liquidity and create a forward curve before a clearing house will agree to settle trades.

Mr Saverys said hedging tools would be welcomed in box shipping trades that "have been torn apart" over the past 18 months as customers walked away from contracts and demanded new terms amidst plunging freight rates. Operators had no choice but to renegotiate or be saddled with cash flow problems, but hedging opportunities would have helped to mitigate the situation.

Until now, lines have had no means of protecting themselves from a drop in revenue such as the the collapse last year that has brought some to the brink of collapse.

Conversely, they have had no way of compensating for market increases when locked into low rates through annual contracts that are a feature of the transpacific trades. "We definitely intend to remain active [in derivatives]," said Mr Saverys.

Container shipping participants have been debating for years about whether derivatives trading should be based on charter or freight rates.

Although numerous indices based on charter rates are published, very few existed until recently that measure freight rates. However, the European Liner Affairs Association now publishes price indices based on routes serving Europe.

The new hedging tools developed by Clarkson will be based on container routes out of China, however.

Clarkson Securities, the first to launch a paper product, developed the Shanghai Containerised Freight Index in partnership with the Shanghai Shipping Exchange that collates freight rates from lines operating services from Shanghai, and so already had a suitable database.

The index is based on 15 routes, with derivatives trading expected to focus on four of these initially. Even if they do not offer an exact match with physical trades that potential counterparties may want to hedge, the swap agreements should still provide a good degree of protection, said Clarkson.

The new instruments will be quoted in dollars per 20 ft box, with a 30-strong panel established to ensure the index provides an accurate barometer of market conditions.

For Delphis, Friday's trade was not a genuine hedge but an opportunity to be the first to trade in a market that Mr Saverys expects to become much bigger.

The spot container freight market was highly liquid, he said, whereas the spot charter market was potentially illiquid. That was because as soon as the market started to pick up, charter contracts were likely to lengthen to six or 12 months, or more, with genuine spot trading vanishing.



FAST UNDERWATER SHIP HULL CLEANING ON LARGEST CONTAINER VESSELS IN THE WORLD

Recently Hydrex Spain mobilized men and equipment to perform ship hull cleaning work on two container vessels, each with a length of close to 400 metres while at anchor in the bay of Algeciras.

ship's hull. Ultra large vessels like these container ships can therefore be serviced much faster than before.

The operation was performed with the largest hull cleaning units in the set: the MC313 Typhoons. These highly advanced and versatile machines are designed to adapt easily to the shape of a

All Hydrex offices and service stations are equipped with a full range of hull cleaning units which can be mobilized rapidly to any port. All divers are trained to achieve the fastest possible cleaning rates thus restoring a vessel's performance to its optimum. Considerably fuel savings are the result.



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