



The NAMS Global eNews

July, 2022

Brian Barton, President
John R. Baird, Vice President
Richard Falcinelli, Secretary
Ave Boudreaux, Treasurer
David Pereira, Immediate Past President
Phil Peterson, eNews Editor
Jennifer Yovan, Association Director

The President's Corner

Fellow Surveyors,

As always, we are continually looking to improve our efforts to support our international organization and this month was with no exception. This quarter, our committees are working on the following:

- The Education Committee – Our Education Committee is working on a proposal to introduce a streamlined and proactive system to obtain and upload your CEU credits.
- Technical Committees – Committee Chairs are in the process of reviewing the current test for CMS exams. The initial goal is to phase out erroneous questions. Each question will have a specific technical reference as required by our bylaws and will be specific in nature to our survey discipline. I have asked the Hull and Machinery Committee to commence in their area of expertise and will support the other committees in the near future with this same task. As this is a monumental chore, we will be reaching out to experienced surveyors for input.
- Marketing – The NAMSGlobal initial introduction letter will be sent to our contracted marketing agency – Rushton Gregory, Inc. soon to layout our plan for international and national recognition/exposure.
- Qualification and Certification Committee – We have had a significant interest in membership for Yachts and Small Crafts this month, mostly from California.
- Ethics Committee – We will have an updated and most impressive “Ethics Course” that will be introduced at our next online meeting in July.



Brian Barton, NAMS-CMS
NAMS President

- Apprenticeship, Sponsor Reviews, and Mentor Recruitment – In the roll out phase.
- RVP - CMS Positions Vacant: South Pacific, and Western Canada. Please contact me if you are interested.

Many thanks and appreciation to each of our committee members for your time and efforts to make these most important contributions to our organization. Members and Colleagues, please get involved in our committees. It doesn't take as much time as you think.

Please join us for the next NAMS Online Conference July 12, 14, and 19, 2022 Time 1400 to 1800 CDT

Sincerely,



Brian Barton
NAMSGlobal – CMS
President

View from the Helm

A lot of events happening! NAMSGlobal will be holding its Virtual Conference starting July 12th, with more information in the “Upcoming Educational Opportunities,” section, below.

For those on the Great Lakes, large cruise ships are now on our waters, including the new Viking Octantis, sitting on DP for the day just off my hometown of Bayfield, WI, on Lake Superior.

Also included are several articles by Capt. John Conrad of gCaptain regarding the future of shipping. Thought provoking...

Phil Peterson, NAMS-CMS
NAMSGlobal eNews Editor



The Viking Octantis sitting on DP off Bayfield, Wisconsin late in June. The vessel will be back six more times this season.

Applicants

Name	Region	Applying For		Sponsor
Thomas, James	South Pacific	Y&SC	CMS	John Baird
Harbaugh, Stanton	North Pacific	Y&SC	Associate	John Baird
Pulatie, Mitchell	West Gulf	H&M	CMS	Lee Rohlfing
Wanamaker, Evan	South Pacific	Y&SC	Associate	Lee Frain
Mudd, Kevin	West Gulf	Y&SC	Associate	Dick Frenzel
Jones, Wayne	South Atlantic	Y&SC	CMS	Charles Hazouri
Callahan, Tyler	East Gulf	H&M	Associate	Tim Callahan
Oakley, Robert	Central Pacific	Y&SC	CMS	Ward Graessle

NAMSWorthy Articles of Interest

North Pacific Region VP Notes - July 2022

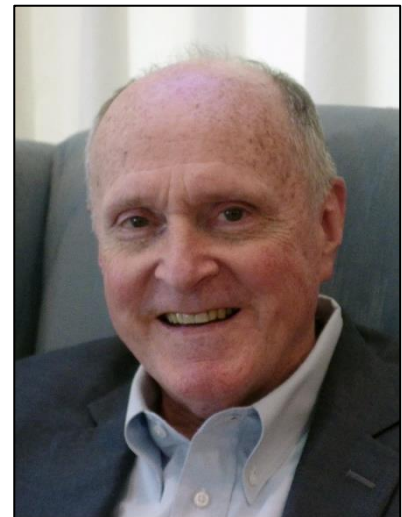
CAPT Joseph A. Derie II, NAMS-CMS; SAMS/AMS; CMI
 Vice President, North Pacific Region, NAMS
 Contributing Editor, NAMSGlobal e-news
 Chair, Fishing Vessel Technical Committee, NAMS
 Southwest Passage Marine Surveys, LLC

I hope everyone has enjoyed our wet cold spring in the Pacific Northwest. Despite that, everyone I've spoken with have told me that they are staying busy and that's always a good sign.

Plan to attend the 2023 NAMS Annual Seminar which will be held somewhere on the West Coast. Right now San Diego and Vancouver, WA, are in the running. If anyone has a suggestion for another West Coast venue or has comments or suggestions on these areas please let me know. As mentioned previously, some thoughts on what make a good venue are:

- Reasonable hotel rates.
- Hotel is easy to reach from the airport.
- Outside speakers are easy to find in the local area.

The annual regional meeting will be held on Friday and Saturday, 28-29 October, in Bremerton in the Fairfield Inn the same hotel as last year. Rooms will be available there and also at the Hampton Inn around the corner. 12 CEUs, including one Ethics CEU, will be awarded to attendees for both days. The Saturday session will end early in the afternoon to be immediately followed by the fall NAMS BOD meeting. Everyone is encouraged to stay for the BOD.



CAPT Joe Derie,
NAMS-CMS

Distinguished guests for the regional seminar will include Brian Barton, NAMS President who will Chair the BOD meeting, and our own John Baird, NAMS VP. Brian is looking forward to meeting everyone and hearing what they have to say about NAMS and any concerns.

The preliminary agenda for the Regional Seminar is:

Topic
Keynote Address
Ethics
Loadlines
You can't make this up!
Marine corrosion/electrical
Computer modeling, yacht design and tooling
Admiralty Moot Court

Speaker
TBD
TBD
Joe Derie
Lloyd Griffin
Kevin Ritz
Chris Nokes
Kara Pinetti

As you can see, there are openings for more speakers. Please give me your thoughts on topics you'd like covered. Better yet, volunteer to speak about that or another topic.

Another visit to the *Horse and Cow* is also being planned.

Anyone who has questions about or would like to discuss this column, NAMSGlobal issues, local issues or commercial fishing vessels should contact me at 503-236-6818.

NAMS Mentoring

John Baird, NAMS-CMS
NAMSGlobal Vice President

In the last NAMSGlobal newsletter I provided a brief overview of our apprentice program. As we all realize, the need for well qualified marine surveyors is great, but greater yet, is the need for well-qualified NAMS-CMS mentors. It can't be understated that the surveyor/mentor provides a unique educational opportunity and practical experience for the apprentice which is critical for the successful outcome of the apprenticeship. But what makes a great mentor? In my opinion, a great mentor has the ability to train, support, coach, and make their apprentice to believe in him or herself.

So, what defines a great mentor. Here some key points from an article on mentoring given to me years ago.

Mentors are teachers which requires us to share experiences as a seasoned professionals. We need to step back and understand that the apprentice is just beginning; to see marine surveying as the apprentice does and remember how difficult it was to learn new skills.

Mentors are coaches where the apprentice performs tasks and the mentor looks on, giving positive and constructive feedback as the situation demands but never fails to motivate with encouragement, support, and incentives. A great mentor will never criticize the apprentice in the presence of others (something I always appreciated with my mentor years ago).

A great mentor is an advisor to help his apprentice develop professional interests and set realistic career goals; explaining what's required to meet those goals. On the other hand, the mentor has the critical responsibility to be totally open and honest with an apprentice whose destiny may not match-up with their professional ambitions.

A great mentor has to open doors to help the apprentice establish a network of contacts within our industry. This gives apprentices a chance to meet other people for professional, as well as social development. As a door opener, a great mentor introduces his apprentice to their own contacts to help build their own network structure.



John Baird, NAMS-CMS
NAMS Vice President

Most importantly, a great mentor is a great role model setting the example of the values, ethics, and professional practices. In my experience, an apprentice will tend to imitate their mentor, therefore, NAMSGlobal mentors must have high standards of professionalism, solid work ethics, and a positive attitude of an experienced professional marine surveyor.

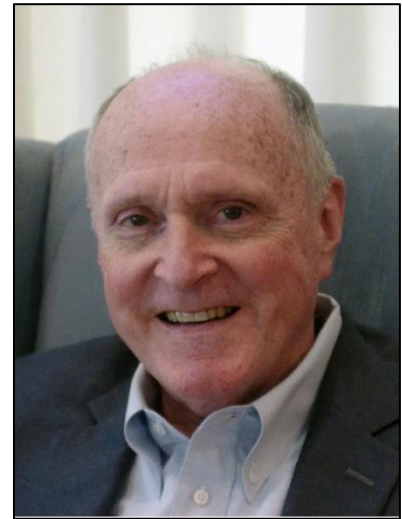
If anyone has any questions or comments, please don't hesitate to contact me. My email is john@jrbaired.com and telephone is 360.471.6148.

TOWING VESSEL INFORMATION BUREAU (TVIB) TOP 10 SUB M VESSEL SURVEY FINDINGS

**CAPT Joe Derie, NAMS-CMS; AMS, SAMS; CMI
Vice President, North Pacific Region, NAMS
Corresponding Editor, NAMSGlobal e-news
Chair, Fishing Vessel Technical Committee, NAMS
Southwest Passage Marine Surveys, LLC**

The below are TVIB's Top 10 Sub M vessel survey findings for the period 22 Nov 2021
– 17 May 2022:

1. Electrical systems, general (46 CFR 143.400). Open/exposed wires; missing blanks, marking of current/voltage ratings and/or circuit served incorrect/missing; connections not installed correctly to prevent coming loose; not protected from wet/corrosive environments, connections through watertight bulkhead not installed correctly to maintain watertight integrity.
2. Shipboard lighting (46 CFR 143.410). Sufficient shipboard lighting not provided within crew living and working areas (lighting inoperable, missing globes, portable battery lights missing, phosphorescent strips worn, etc.).
3. Readiness and testing (46 CFR 143.245). Essential systems and other equipment not tested/examined IAW manufacturer's instructions and/or at frequency required (PRVs, Gen. Alarm, Alarm setpoints, Pilothouse alerter, etc.).
4. First aid equipment (46 CFR 140.435). No first aid kit onboard or items in kit expired.
5. Guards in dangerous places (46 CFR 144.820). Various guards missing from hazards such as gears and rotating machinery.
6. Lifebuoys (46 CFR 141.360). Water light inoperable and/or lanyard not attached; vessel name deteriorated/missing; lifebuoy deteriorated or missing.
7. Marking (46 CFR 144.160). Watertight doors, watertight hatches, emergency exits not appropriately marked.
8. Hatches and other openings (46 CFR 140.610). WTH/WTD dogs, seals, operation, and wastage.
9. Alarms and monitoring (46 CFR 143.230). Missing or inoperable gauges at machinery location (Lube oil pressure, RPM gauge. Cooling water temperature; Steering fluid pressure).



CAPT Joe Derie,
NAMS-CMS

10. Fire detection system requirements (46 CFR 142.330(b)). Smoke detectors inoperable, missing batteries, not installed.

As always, I hope anyone who wants to discuss this column or has questions about commercial fishing vessels will contact me at 503-236-6818.

Oceans are Hotter, Higher and More Acidic, Climate Report Warns

The world's oceans grew to their warmest and most acidic levels on record last year, the World Meteorological Organization (WMO) said on Wednesday, as United Nations officials warned that war in Ukraine threatened global climate commitments.



A bleaching coral is seen in the place where abandoned fishing nets covered it in a reef at the protected area of Ko Losin, Thailand June 20, 2021. Photo:

Oceans saw the most striking extremes as the WMO detailed a range of turmoil wrought by climate change in its annual "State of the Global Climate" report. It said melting ice sheets had helped push sea levels to new heights in 2021.

"Our climate is changing before our eyes. The heat trapped by human-induced greenhouse gases will warm the planet for many generations to come," said WMO Secretary-General Petteri Taalas in a statement.

The report follows the latest U.N. climate assessment, which warned that humanity must drastically cut its greenhouse gas emissions or face increasingly catastrophic changes to the world's climate. Taalas told reporters there was scant airtime for climate challenges as other crises, such as the COVID-19 pandemic and war in Ukraine, grabbed headlines.

Selwin Hart, U.N. Secretary-General Antonio Guterres's special adviser on climate action, criticized countries renegeing on climate commitments due to the conflict, which has pushed up energy prices and prompted European nations to seek to replace Russia as an energy supplier.

Dangerous increase

"We are ... seeing many choices being made by many major economies which, quite frankly, have the potential to lock in a high-carbon, high-polluting future and will place our climate goals at risk," Hart told reporters.

On Tuesday, global equity index giant MSCI warned that the world faces a dangerous increase in greenhouse gases if Russian gas is replaced with coal.

The WMO report said levels of climate-warming carbon dioxide and methane in the atmosphere in 2021 surpassed previous records.

Globally, the average temperature last year was 1.11 degrees Celsius above the preindustrial average - as the world edges closer to the 1.5C threshold beyond which the effects of warming are expected to become drastic.

"It is just a matter of time before we see another warmest year on record," Taalas said. Oceans bear much of the brunt of the warming and emissions. The bodies of water absorb around 90% of the Earth's accumulated heat and 23% of the carbon dioxide emissions from human activity. The ocean has warmed markedly faster in the last 20 years, hitting a new high in 2021, and is expected to become even warmer, the report said. That change would likely take centuries or millennia to reverse, it noted.

The ocean is also now its most acidic in at least 26,000 years as it absorbs and reacts with more carbon dioxide in the atmosphere.

Sea level has risen 4.5 cm (1.8 inches) in the last decade, with the annual increase from 2013 to 2021 more than double what it was from 1993 to 2002.

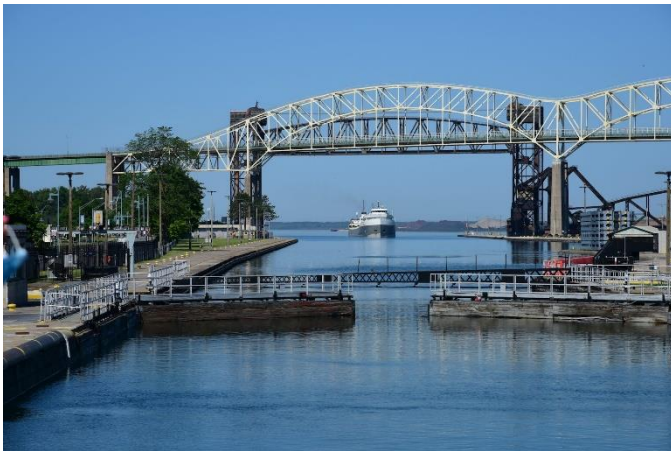
The WMO also listed individual extreme heatwaves, wildfires, floods and other climate-linked disasters around the world, noting reports of more than \$100 billion in damages.

(Reuters - Reporting by Jake Spring and Rachel More; Editing by Katy Daigle and Janet Lawrence – 5/18/22)

USACE Awards \$1 Billion Contract for Soo Locks Phase 3 Upgrade

The U.S. Army Corps of Engineers has awarded a \$1.068 billion contract to Kokosing Alberici Traylor (KAT) for Phase 3 of the Soo Locks upgrade project. The contract allows KAT, a joint venture headquartered in Westerville, Ohio, to begin the largest phase of the project, the new lock chamber and rehabilitation of the downstream approach walls. USACE officials expect Phase 3 construction to take seven years, with Phase 1 nearly complete and Phase 2 scheduled for completion in summer 2024.

“The Corps of Engineers looks forward to beginning construction on the new lock chamber later this summer, and we continue to work hard to maintain the pace and continue to make progress toward New Lock at the Soo total project completion in summer 2030,” said New Lock at the Soo Project Manager Mollie Mahoney.



Downbound vessel coming off Lake Superior

A major cost increase led to a five-month delay in the contract award while the Corps of Engineers developed necessary reports to deliver a new cost estimate for reauthorization to Congress. In fact, the changes in cost since the project's authorization in America's Water Infrastructure Act of 2018 changed from a first cost of \$922 million to \$2.932 billion, and \$1.031 billion to \$3.189 billion fully funded.

USACE said the root causes of the cost increase included changing market conditions, inflation, a nationwide labor shortage, design modifications and early estimate assumptions.

The remaining work, valued at \$803.95 million, may be awarded over the next three years. “We recognize funding a larger amount for the New Lock at the Soo is a challenge that could potentially result in schedule impacts,” said Deputy District Engineer Kevin McDaniels. “The Corps of Engineers is partnering with industry and federal agencies to find collaborative solutions aimed at addressing the cost impacts to Corps of Engineers programs and projects nationwide.”

The project's long-awaited first phase to deepen the upstream channel began in spring of 2020 and is substantially complete with punch-list items and final cleanup remaining. The project's second phase to rehabilitate the upstream approach walls began in spring of 2021 and is scheduled to be complete summer of 2024.

The Soo Locks are situated on the St. Marys River, linking Lake Superior to Lake Huron, at Sault Ste. Marie, Michigan. The locks are a vital link in the nation's supply chain, allowing vessels to transit the 21-foot elevation change at the St. Marys Falls Canal. Over 88 percent of commodity tonnage through the Soo Locks is restricted by vessel size to the Poe Lock.

The new lock project will construct a second Poe-sized lock, measuring 110' by 1,200', on the existing decommissioned Davis and Sabin locks site.

A 2015 Department of Homeland Security study estimates a six-month Poe Lock closure would temporarily reduce the U.S. gross domestic product (GDP) by \$1.1 trillion, resulting in the loss of 11 million jobs. This Great Lakes Navigation System critical node is essential to U.S. manufacturing and National Security according to the study.

President Biden's Bipartisan Infrastructure Law provided nearly \$479 million to finish a long-awaited new lock. (gCaptain 7/5/22)



Soo Locks from the air. Ste. St. Marie, Michigan in the foreground, and Ste. St. Marie, Ontario in the upper left hand corner

Viking cruise ships will visit Bayfield, Wisconsin, on Great Lakes tour this summer

Viking cruise ships are setting sail this summer on the Great Lakes, and the cruise line will be making stops for the first time at the northern Wisconsin tourist city of Bayfield on Lake Superior.

The 665-foot Viking Octantis is billed as the largest modern cruise ship on the Great Lakes, and the vessel will be stopping in the small harbor city of roughly 500 year-round residents as part of eight-day cruises from Milwaukee to Thunder Bay. The ship is the Switzerland-based cruise line's new expedition vessel that can house 378 guests with a crew of 256 people.

Ted Dougherty, chair of the Bayfield Harbor Commission, said Viking approached the city several years ago about making Bayfield a stop on their Great Lakes tours. COVID-19 halted those plans as the Centers for Disease Control and Prevention issued a no sail order during the onset of the pandemic. Now that travel has resumed, Viking Octantis made its first visit to the Port Milwaukee on early in May. The vessel's first scheduled stop in Bayfield was set for May 31. but 40 kt winds prevented the vessel from stopping.

"If everything goes as well as I hope it will, it'll be a win-win," said Dougherty. "It'll be good for Viking. It'll be good for the city of Bayfield."

The cruise ship is expected to make seven visits to Bayfield over the next six months on Tuesdays. Dougherty said that puts city workers and businesses in a better position to accommodate visitors. "Bayfield is packed in the summer, and so the fact that Viking is cooperating and planning those visits on what is traditionally a slower day of the week makes a lot of sense," Dougherty said. The Viking Octantis includes lavish accommodations that include a restaurant, spa, library, auditorium, science lab and several pools. Prices for the Great Lakes cruises range from roughly \$7,000 to \$14,000.

The ship, which is roughly the length of two football fields, won't be able to come into port at Bayfield's city dock. The vessel will remain offshore, and smaller boats will ferry guests to the mainland to undergo security screening. "We learned it's really akin to landing an airplane and going through TSA," said Dougherty. "We had to work with the Coast Guard to file a facility security plan."

That plan involves setting up portable fencing and hiring a Duluth contractor to screen guests as they come to shore. The cruise line has agreed to pay the city around \$95,000 this year. The money will cover security costs and provide up to \$45,000 in new revenue to support the harbor's infrastructure. Kati Anderson, marketing director for the Bayfield Chamber of Commerce, said the cruises offer an opportunity to expose the northern Wisconsin city to a new group of tourists. "The cruise line has set up a number of excursions for their passengers, so people will be able to experience Bayfield on a number of different levels," Anderson said. "Whether that be going on an excursion into the orchards...or whether they are just able to kind of mull around downtown Bayfield. (That's) also a really great opportunity for our businesses."



Viking Octantis sitting on DP off Bayfield while passengers explored Bayfield

Dougherty said those day-trip excursions include taking a cruise of the Apostle Islands National Lakeshore with the Apostle Islands Cruise service. He said guests can also charter a sailboat, take a charter bus to go birding at the Northern Great Lakes Visitor Center in Ashland, walk around downtown, or visit the Red Cliff tribe's reservation.



One of the Viking Octantis tenders ferrying passengers ashore for the day

Chris Prysok offers kayak tours of mainland sea caves outside the Apostle Islands National Lakeshore. He said the Viking cruise stops will be a benefit to area businesses.

"They've got their own ship to stay on, so the lodging people aren't going to benefit as much, but definitely restaurant people will, and the shops will benefit, and the services and the activities," Prysok said. "That'll be great for everybody."

turnaround port of choice," said Tindall-Schlicht. "So as new cruise ships are coming into the Great Lakes market, (we're) really trying to induce them, welcome them to Milwaukee and other locations in Wisconsin."

The ship's arrival in Milwaukee last May marked the first return of cruise vessels to the port since the onset of the pandemic, according to port director Adam Tindall-Schlicht. "Over the pandemic years where cruise activity couldn't take place, we've done a lot of work to foster that reputation as being a

Tindall-Schlicht, who is also president of the Wisconsin Commercial Ports Association, noted that Viking is also introducing a new Mississippi River cruise line that will stop in La Crosse. Milwaukee's port director said the Viking Octantis is the first of 33 cruise vessels slated to visit the port, and they expect to see more than 10,000 passengers this year. That's more than three times the number of cruise passengers who visited in 2019.

Vessels operated by Viking, Vantage Cruise Line, and Pearl Sea Cruises are all expected to call on Port Milwaukee this year. Tindall-Schlicht said he anticipates the ships will provide the port with more

than \$100,000 in new revenue, as well as generate several million dollars for the local tourism economy. (WPR 5/6/22)

Goodbye China, Hello Deglobalization – Shipping Woes Push USA Factory Boom

American executives are working to deglobalize production in the wake of port bottlenecks, parts shortages, port lockdowns, collapsing Chinese demographics, and skyrocketing shipping costs that have wreaked havoc on corporate budgets in the US.

By Captain John Konrad (gCaptain) 6/20/22) There has been a sense in financial circles that the fever among American executives to shorten supply lines and bring production back home would prove short-lived. As soon as the pandemic started to fade, so too would the fad, the thinking went. And yet, two years in, not only is the trend still alive, it appears to be rapidly accelerating. Rattled by the most recent wave of strict Covid lockdowns in China, the long-time manufacturing hub of choice for multinationals, CEOs have been highlighting plans to relocate production — using the buzzwords onshoring, reshoring or nearshoring — at a greater clip this year than they even did in the first six months of the pandemic, according to a review of earnings call and conference presentations transcribed by Bloomberg. (Compared to pre-pandemic periods, these references are up over 1,000%.)

More importantly, there are concrete signs that many of them are acting on these plans. The construction of new manufacturing facilities in the US has soared 116% over the past year, dwarfing the 10% gain on all building projects combined, according to Dodge Construction Network. There are massive chip factories going up in Phoenix: Intel is building two just outside the city; Taiwan Semiconductor Manufacturing is constructing one in it. And aluminum and steel plants that are being erected all across the south: in Bay Minette, Alabama (Novelis); in Osceola, Arkansas (US Steel); and in Brandenburg, Kentucky (Nucor). Up near Buffalo, all this new semiconductor and steel output is fueling orders for air compressors that will be cranked out at an Ingersoll Rand plant that had been shuttered for years.

Scores of smaller companies are making similar moves, according to Richard Branch, the chief economist at Dodge. Not all are examples of reshoring. Some are designed to expand capacity. But they all point to the same thing — a major re-assessment of supply chains in the wake of port bottlenecks, parts shortages and skyrocketing shipping costs that have wreaked havoc on corporate budgets in the US and across the globe.

In the past, says Chris Snyder, an industrials analyst at UBS, it was as simple as “if we need a new facility, it’s going in China.” Now, he says, “this is being thought through in a way that has never been done before.”

In January, a UBS survey of C-suite executives revealed the magnitude of this shift. More than 90% of those surveyed said they either were in the process of moving production out of China or had plans to do so. And about 80% said they were considering bringing some of it back to the US. (Mexico has also become a popular choice.)

This is, of course, a nascent trend. And so many manufacturing jobs were lost here over so many decades — about 8 million from peak to trough — that almost no one would argue that the current trend marks a return to those halcyon times. The rise of automation, which has eliminated many low-skilled, low-paid jobs, means US factories today require a much smaller group of workers. What’s more, the soaring US dollar threatens to curtail the whole thing just as it’s beginning. As the dollar surges against the yuan, yen, pound and euro, it becomes costlier to make goods in the US rather than in those countries.

‘Better and Cheaper’

To Kevin Nolan, the CEO at GE Appliances, all this fretting about high costs in the US is overdone. It has been for years, he says. Around 2008, he came to realize that on large items — like, say, dishwasher size and up — the savings earned by eliminating overseas shipping could outweigh the

extra money spent on labor here. The key, he determined, was to wring maximum efficiency out of the factory floor to keep those labor costs down. A year later, he decided to test the thesis out and moved some of GE's water-heater production to Louisville. Other product lines followed. It's all been such a success for the company — which is now, ironically, owned by China's Haier Smart Home — that Nolan has been waiting for other CEOs to follow his move. It took a pandemic to convince them to do it.

"I've always said, this is just economics, people are going to realize that the savings they thought they had aren't real," Nolan said in an interview, "and it's going to be better and cheaper to make them here."

For some companies, the first nudge they got to revamp their supply-chain lines came two years before Covid, when then-President Donald Trump began slapping tariffs on Chinese products again and again.

Generac Holdings, a maker of power generators, started mapping out plans to shift some production from China, and when the pandemic hit, those plans got supercharged. The company now gets more of its parts from suppliers in the US and Mexico, produces more generators near its headquarters outside Milwaukee and runs a brand new plant in a small town just north of Augusta, Georgia. "We wanted to be closer to our customers in the southeast," said Chief Operations Officer Tom Pettit. Low shipping costs and quick delivery times are proving a hit with clients and paving the way for the company to keep growing, he said. Opened just a year ago, expansion work on the plant is already underway.

Russia's invasion of Ukraine also got Pettit's attention. Not just because the war further snarled global trade and added to the surge in freight costs but because it reminded him that China could try something similar in Taiwan. And in the same way that business ended for most Western companies in Russia, so too it could end in China. Suddenly, that benign geopolitical backdrop that had helped encourage so many executives to globalize their operations over the past few decades was vanishing. And this, Pettit said, added to his sense of urgency to change things up. "President Xi Jinping has not been shy about wanting to reunify China and Taiwan," Pettit said. "We still think China is incredibly competitive. However, we need to have dual sources outside of China." By Ryan Beene (Bloomberg 7/5/2022)

The End Of The World Is Just Beginning For Shipping

by Captain [John Konrad](#) (gCaptain) There is a large shipping company that's made record profits in recent years after changing its operational model to bet against the US Navy. Their secret weapon is an influential geopolitical strategist who claims the decline of the US Navy (and its apathy towards commercial shipping) poses the biggest threat to the world economy. Others gCaptain interviewed believe he's just an American alarmist who uses fear to drive book sales. Who is right?

The problem for those who discount the work of Peter Zeihan, author of the new book ***The End Of The World Is Just The Beginning***, is his bold predictions – like the Russian invasion of Ukraine, which he predicted in his 2014 book *The Accidental Superpower* – are coming true at an alarming rate.

Zeihan is not one to pull punches. He flat out believes the world is headed for serious trouble as it deglobalizes due to a lack of maritime leadership on the part of the United States and increasing tensions with Russia and China. He is not alone, an increasingly vocal set of influential people are warning about a changing world, what makes Peter Zeihan different is his focus on maritime security and shipping (including inland and short-sea shipping).

The Changing World Of Shipping

Besides Zeihan there are three broad categories of people who believe we are facing a changing world order with heavy seas ahead.

1 Climate Change

The first category basically states that climate change and pollution is our primary concern. These leaders typically believe globalization will continue to be driven by cheap ocean transport and low-cost financing. These are leaders with open mindsets who believe science and technology coupled with smart economic policy can provide the world with green alternatives while increasingly socially progressive policy will assure global peace. This “more of the same” outcome pervades most shipping conferences and maritime newsletters chock full of articles about green fuel alternatives, free trade, operational efficiency, and an end to regional cabotage.

2 The Rise Of China

The second possible outcome for global trade is the dominance of China in the coming decades. This outcome is described in Ray Dalio’s latest book which charts the rise and fall of oceanic empires over centuries and plots out China’s growing influence and eventual rise over Pax Americana. These leaders believe in the cyclical nature of empires and they make historical connections between the fall of Rome or the collapse of the British Empire with the fall of Pax Americana. This opinion is not as popular in shipping circles but most executives agree it’s at least a possibility.

3 Deglobalization

The third possible outcome is deglobalization. Very few people in shipping talk about this (even those who believe it’s the most likely outcome). In this view, the oceans will become increasingly dangerous as regional powers fight openly with neighbors and wield integrated defense strategies – a Pentagon term for weaponizing all instruments including financial, contractual, cyber, etc. – as the western world fights amongst itself or shrugs off responsibility for ocean security leading to an increase in piracy, privateering, and general chaos.

Zeihan’s latest book – *The End Of The World Is Just the Beginning* – is very much in the third camp. The age of globalization has made the world cheaper and faster – bits and bytes snake through subsea cables at the speed of light, smartphones bring encyclopedic knowledge to your fingertips, and the shipping container has allowed goods to be consolidated, placed aboard a ship, and transported around the world at breakneck speeds. According to Zeihan this is all coming to an end thanks, in large part, to the decline of the US Navy.

Deglobalization seems far-fetched at first. When a friend first introduced me to Peter Zeihan’s work years ago I immediately dismissed most of his assertions and lost interest... but then something strange happened. I began hearing how certain terminal operators are using his work to predict port congestion, how others have made fortunes betting on deglobalization play stocks, then I learned that executives at one of the largest and most conservative shipowners on the planet were using Zeihan’s work to transform their operational models.

Multiple sources have confirmed to gCaptain that Zeihan’s principles are being taken seriously by a small group of very influential industry players. There is even a secret Zeihan maritime book club. Sources who are influential enough that I dropped everything and read all his books.

Those in shipping who promote Zeihan’s work say the United States turned its back on ocean policy decades ago and for a good reason. The oceans are a dangerous place but following World War II the United States made a deal with the rest of the world. If nations promised to use the US dollar as the denomination of trade and English as the lingua franca of global logistics then the US Navy would protect the shipment of goods globally. You provide the boots/butter and America will open up its markets to you and provide security at sea. And not just some seas but ALL the world’s trade routes

to all the nations of the world – including to the United States’ competitors like Russia and more recently China – not openly belligerent to shipping.

Pax Americana

For three-quarters of a century from (mostly forgotten) maritime battles like the Tanker Wars of the 1980s to land wars in Korea, Iraq, and Vietnam... the United States secured corporate interests and the movement of trade globally. In addition to maritime security, the US also opened up its market to world trade along with access to financial markets and government-backed lending.

There were only a few prerequisites for a nation to succeed during globalization. You could not attack ships. You needed deepwater ports and harbors protected from natural elements plus lots of land and you needed to – preferably via Wall Street banks and consulting firms – borrow a lot of cash to invest in cranes, docks, warehouses, and intermodal transport. In addition, you needed enough flat geography to move heavy materials to population centers inland. The nations with the best navigable waterways (e.g. Germany, Japan, United States) used those waterways to generate capital and to move the heavy coal, oil, rebar, and concrete needed to invest in industrial growth. These nations had a head start but – as finance grew abundant and capital became cheap – all nations near the sea could secure loans and materials to build the infrastructure of trade and prosper. Only those nations secluded from navigable waters – e.g. Afghanistan, Chad, Mongolia, Bolivia, etc. – failed to prosper (note, the high coastal bluffs and lack of coastal protection throughout most of Africa slowed investment in most of the continent).

Nearly everyone prospered and the oceans became safe for ships of immense size and slow speed, unlocking economies of scale that became possible only because the ocean became safe enough for shippers to put all their eggs – or at least 26,000 TEU’s worth of eggs – in one basket.

“In the age of globalization, everyone could get in on global access, manufacturing, and mass consumption,” writes Zeihan in a chapter titled The Americanization of Trade. “The world needed more ships to transport more products, but in a world where competition among the Imperial Centers was no longer the global environment’s defining feature, security was no longer the overriding concern. Competition was no longer about guns and sea-lane control, but instead about cost. This shift from security to efficiency as the predominant corporate concern meant the world didn’t simply need more ships; it also needed different kinds of ships.”

The world needed bigger ships that provided economies of scale and it needed to cut costs in other ways including slow steaming which significantly reduces fuel costs and carbon emissions but lengthens the amount of time a ship spends in hostile waters. US Naval protection eliminated hostilities which enabled companies to slow-steam an increasingly large amount of valuable cargo through historically dangerous waters. With naval protection, insurance companies could underwrite the risk at rock-bottom prices.

Globalization Of Trade And Logistics

And it was not only just-in-time consumer goods packed in shipping containers destined for Walmart and Amazon that became cheap but the world’s supply of energy, via ULCC’s, and the materials of trade aboard bulkers. The massive amounts of copper and iron ore needed to build wind turbines, silica for solar panels, concrete to build almost everything, and more basic human essentials like food and energy. Even the rebar used in most construction projects came from the dismantling of older, smaller ships to make way for large new ones.

Everyone prospered from more efficient shipping but there was a cost paid by the one nation that did not need maritime security because it had two large oceans protecting it from would-be aggressors, was a net exporter of food and fuel, and had more miles of rivers (and protected coastal waters) than anyone other nation. One nation with an abundance of most natural resources. One of the very few nations that is not facing imminent demographic collapse. The United States of America.

The Cost Of Maritime Security

The cost to America was incredibly large, trillions upon trillions of dollars. Maintaining security at all times in all of the world's oceans not only requires hundreds of warships, submarines, and super-carrier strike groups. It also requires naval bases placed strategically around the world. The logistical costs of maintaining dozens of permanent forward-positioned garrisons, protective airfields, fuel depots, security cutters, and America's 911 force (Hoorah Marines) are incredibly expensive. Maritime security has always been a hard sell to a mostly isolationist American public but lawmakers worked hard to hide the costs and eliminate all means by which the public could protest against the costs. Naval expenses were buried in joint operational spending bills. The US Maritime Administration was dismantled and the American merchant marine was allowed to rust away. Without many American ship captains or powerful American shipping executives around there simply weren't many people with political clout or the type of media access needed to sound the alarm. That worked for a time but no longer does for one very big reason. China.

China

China is THE one nation that has benefited the most from secure maritime trade and the Freedom Of Navigation (FON) of all merchant ships at American taxpayer expense. China is also, hypocritically, the one nation most hostile to American naval protection and freedom of navigation. Americans are willing to pay taxes for "national security" that protects their national interest and reduces the cost of products sold by Walmart and Amazon but would hesitate to pay taxes that benefit commercial European and Asian shipowners above their own. After the death of the US Merchant Marine, however, the American public was given no alternative but to protect foreign ships. Once China started building the world's largest shipyards, the second largest fleet of merchant ships, and the world's largest Navy... funding global maritime security stopped making political sense. President Trump, who many forget was Commander In Chief of all US Naval operations globally, railed against the cost of American military protection. President Biden poured gasoline on the fire when, starting last summer, he blamed foreign shipping companies for inflation. It is not by accident that Trump's top trade advisor dedicated his book to a US Navy intelligence officer. And it's not by accident that Biden is openly hostile to shipping, yet few European shipping experts we talk to understand the true reasons for these hostilities.

Back to the Future? Cargo Giant Cargill Turns to Wind to Cut Carbon

In a new take on ancient technology, Cargill, one of the world's biggest charterers of ships, is to add state-of-the-art sails to a vessel early next year to test whether wind power can cut its carbon emissions, a top company executive said.



BARTech WindWings by Yara Marine Technologies

wind could cut emissions by 30%.

With about 90% of world trade transported by sea, shipping accounts for nearly 3% of the world's CO2 emissions, yet environmental campaigners say efforts by the sector to cut emissions are slow. Leading agri group Cargill will start testing a dry bulk vessel with two wind sails in the first quarter of 2023, Jan Dieleman, president of Cargill's ocean transportation division, told Reuters. "There will be cargo on board, this will not be sea trials but real commercial use."

"We might want to use a period of three to six months to see how it works and then be ready to pull the trigger on an additional series of ships and that will depend on availability of the right ships," Dieleman said, adding that a ship fully optimized for

“This has never been done before with hard wings for a commercial vessel this size,” Dieleman said, adding that Cargill was also exploring combining wind power with zero carbon fuels.

BAR Technologies, which has designed boats for the America’s Cup, is developing the sails that are being built by Norway’s Yara Marine Technologies. Earlier this week, the two companies also signed an agreement with dry bulk owner Berge Bulk to fit wind sails on a vessel, which will be installed in the second quarter of 2023.

Cargill charters between 600 to 700 ships, of which 90% are for dry bulk and the rest are tankers. Cargill’s overall seaborne volumes transported rose to 240 million tonnes in the 2021-2022 (June-June) fiscal year from 220 million tonnes in the previous year.

The group is part of an initiative called the Sea Cargo Charter that tracks emissions for ships by companies. Cargill’s emissions were 5.9% above the trajectory set.

“You had supply chain disruptions, booming economies with a lot of speeding up of ships, which resulted in more emissions,” Dieleman said, adding “there was still work to be done”.

(Reporting by Jonathan Saul; editing by Barbara Lewis) (c) Copyright Thomson Reuters 2022.

Giant Cruise Ship’s Maiden Voyage May Be To A Scrapyard

An unfinished mega-liner that was to be one of the world’s biggest cruise ships by capacity is sitting in a German shipyard, waiting to be scrapped, because bankruptcy administrators can’t find a buyer, according to cruise industry magazine An Bord.

The lower hull of a liner known as Global Dream II, the second global class vessel from insolvent MV Werften shipyard on Germany’s Baltic coast, is to be disposed of at scrap price, An Bord reported, citing insolvency administrator Christoph Morgen. Machinery and much of the equipment, which had already been delivered, are to be sold, the German magazine cited Morgen as saying at a press conference on Friday.

Morgen’s focus is now on its sister ship, Global Dream, which is ready to float in the dock in Wismar, northern Germany, the magazine said. MV Werften’s Wismar shipyard was sold to Thyssenkrupp AG’s Kiel-based naval unit, which plans to build military vessels there from 2024 amid rising tensions following Russia’s invasion of Ukraine. Thyssenkrupp Marine Systems wants the large dock to be available by the end of 2023, it said.



Newly completed 9,000 passenger cruise ship headed to the scrapyard

Both of the ships were initially commissioned by Asia-based Dream Cruises, which collapsed along with its parent company Genting Hong Kong earlier this year after the Covid-19 pandemic sapped demand for cruises.

Plans to complete the Global Dream at the Wismar site have collapsed, An Bord said. Sweden’s Stena AB, which wanted to build a cruise product in Asia, was the only interested party, but bailed out when former Genting owner Lim Kok Thay announced a new cruise brand in Singapore at the same time China upheld strict travel restrictions, the magazine said, also citing tensions in the South China Sea.

Global Dream could be towed to any location in the world by ocean-going tugs, the magazine said. If no serious buyer is found in coming weeks, Morgen will have to start a bidding process, which would allow ship brokers with contacts to maritime scrap yards to submit their bids, it said. German cruise ship builder Meyer Werft could help finish Global Dream, after which the liner would be mothballed due to the current lack of buyers, lo Ostsee-Zeitung reported this week. (Bloomberg 6/19/2022) – © 2022 Bloomberg L.P.

St. Johns Ship Building’s New Owners See Opportunity in Jones Act-Compliant Offshore Wind Vessels

Libra Group subsidiary acquires Jones Act shipyard St. Johns Ship Building, seeing the need for Jones Act-compliant vessels to support the nascent U.S. renewables sector.

Americraft Marine, a maritime subsidiary of the Libra Group, announced the acquisition of St. Johns Ship Building, a full-service marine facility specializing in constructing and repairing Jones Act-compliant vessels, including those used to service offshore wind turbines.



St. John’s Ship Building

Based in Palatka, Florida, near Jacksonville, St. Johns Ship Building performs new construction and repair of a wide variety of steel and aluminum vessels, including ferries, tugs, deck and tank barges, landing crafts, and general cargo vessels. It is also one of the few U.S. shipyards that builds vessels that support and service offshore wind farms.

Libra Group says significant shipbuilding capacity will be needed over the next 10-15 years to support the upcoming demand for vessels that construct and service renewable energy infrastructure.

St. Johns Ship Building is located on a storm-protected 100-acre inland campus with a 850-ton floating drydock. Americraft Marine intends to further bolster capacity at St. Johns Ship Building through workforce trainings and leveraging the yard’s expertise to accelerate the production of Jones Act-compliant vessels, particularly the construction and maintenance of offshore wind supply and support vessels.

“As a group that has over 45 years of maritime heritage through our original subsidiary Lomar Shipping, as well as significant renewable energy experience through four global clean energy subsidiaries, we are proud to invest in the future of U.S. competitiveness and energy security,” said Libra Group Chairman and CEO George M. Logothetis. “With seasoned leaders who have decades of experience in the maritime industry and existing client relationships, Americraft Marine and St. Johns Ship Building will build upon and bolster the U.S. fleet, meeting government and customer needs while supporting the nation’s economic and clean energy future.”

The acquisition is the first for Americraft Marine, which is targeting both organic and acquisition-based growth to address the “dire need” for modern, state-of-the-art vessels, including those that are eco-friendly as more Jones Act-compliant vessels age out of work. The company expects future expansions to prioritize investments that are “sustainable and position the U.S. for leadership in the clean energy future by building and maintaining vessels that support renewable energy projects.” “Americraft Marine is proud to acquire St. Johns Ship Building, which has the right leadership and skilled workforce to accelerate the future of U.S. shipbuilding and advance the urgent need for Jones Act-compliant, future-focused U.S. vessels,” said Omea Khalid, CEO of Americraft Marine. “Our goal is simple: to build a best-in-class Jones Act-compliant shipyard. Americraft Marine will provide stable industrial jobs, invest in workforce training, and leverage St. Johns’ proven expertise as well as the historical maritime heritage of the Libra Group.” (gCaptain 6/22/2022)

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Speaker	Topic	
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Ray Toth	ABYC Standards	NAMS-CMS
Brian Barton	TBA	NAMS-CMS
Chris Palo	Ethics	NAMS-CMS
Lloyd Griffin	Reports	NAMS-CMS
Jonathan Klopman	Failure Analysis	NAMS-CMS
John Baird	Thoughts on Survey Reports	NAMS-CMS
Sean Koomen	Construction of the Dark Harbor Sailboat	Lead Instructor, Northwest School of Wooden Boat Building
Ed Shearer	Zero Emission Tug and Workboats	NAMS-CMS

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