

GRAIG HORIZONS

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Double hulls, double benefits

Future proofing bulk carriers means moving to double hulls

Owners, crews, authorities and class have all been struggling with the simple fact that current bulk carrier designs don't always do what is required of them, will be unable to meet new standards and operational requirements and suffer too many structural failures.

Double hull designs offer a way forward which combines enhanced safety, enhanced environmental protection with fitness for purpose and operational cost savings for both owner and charterer. Double hulls offer double benefits, and the sooner shipping moves to double hull bulkers, the sooner it will have safe ships which do what they are designed for. Double hull bulkers are a safe investment for owners and a safe ship for crews and cargoes.

A typical optimised bulker from a Far East yard today offers a design which maximises dwt, cubic and fuel economy for given dimensions, but which is weak on environmental protection, vulnerable to heavy seas, and is often founded on

unrealistic loading conditions. A double hull design can offer broadly similar dwt, fuel consumption and cubic, but with additional advantages and cost savings.

The case for double hulls is simple. Properly thought out, the design can be proof against structural and operational changes for the future. The better steelwork distribution provides a much stronger ship for a small addition of lightweight. Realistic load conditions mean that the ship can load cargoes evenly, without overstressing. All the steel can be inspected easily, even when the ship is loaded, without need for staging. The ship will discharge and clean more quickly and cheaply. And there is no need to use a hold for ballast water, making ballasting, and ballast water exchange at sea, simple and safe.

Initial studies by Graig show that charterers using a modern double hull design can achieve savings worth \$400,000 per annum in port time, port charges and cleaning costs. Owners can achieve savings of \$140,000 per annum in reduced operating and maintenance costs.

A safer, more efficient ship, which won't need modifying when new standards come out. Marry that to operational cost savings and a building package which can provide a price and delivery terms which match the best available for old designs and weaker ships, and it is no surprise that Graig is able to announce the first orders for the Diamond 53, a future proof double hull handymax bulk carrier design produced by its Graig Carl Bro Ship Design joint venture (see page 2).

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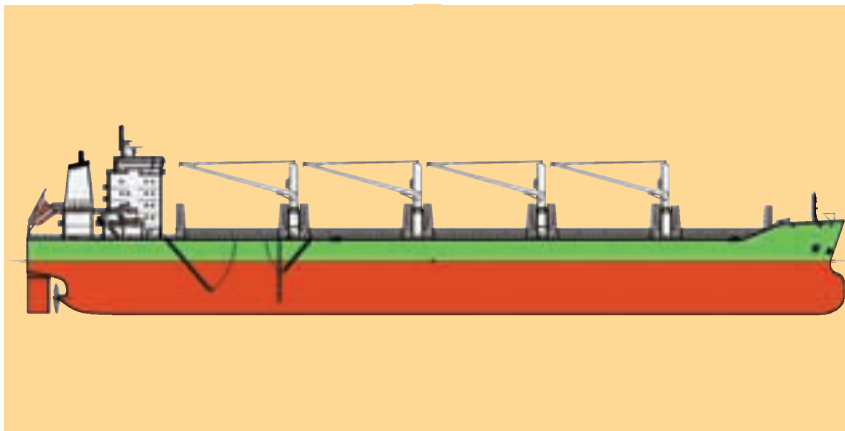
Welcome

Welcome to the second issue of Horizons, our newsletter which brings you news and views from Cardiff-based Graig Shipping Plc.

This issue celebrates a busy year to date, during which we have doubled our managed fleet and secured the first orders for a future-proof bulk carrier design.

Graig is a global marine services provider with interests in shipowning, ship management, ship design, newbuilding supervision, shiprepair, IT support and ship finance. One of the first shipowners to realise the potential of Chinese shipyards, Graig has supervised over twenty-five newbuildings on behalf of itself and major shipowning groups. Graig Ship Management currently manages forty-four vessels.

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Above – The Diamond 53 is the first of a new generation of bulk carriers designed for life

Four ship boost for Diamond 53

A consortium led by the UK-based Graig Group and its China-based subsidiary have given a major boost to the Diamond 53, a new, future-proof double hull ultra-handymax bulk carrier design, by signing a letter of intent to build four vessels, with four options, at CSIC yards in China.

Delivery of the first of a series of Diamond 53 type vessels is scheduled for 2004. "Double hull bulk carriers are the way forward," says Hugh Williams, ceo of Graig. "The Diamond 53 design, developed over the past 12 months, offers owners and charterers major operational cost savings, while significantly enhancing safety and environmental protection. The design features ensure that the vessel will exceed any future standards which come out of the studies into bulk carrier safety which IMO and IACS are currently conducting. And given our experience of successfully building over 25 vessels for a range of prominent shipowners building in China, and the excellent financial package we have developed for this design, we know we will have high quality ships at competitive prices."

The Diamond 53 ultra-handymax double hull bulk carrier design has been developed

jointly by Graig and Denmark's Carl Bro, with whom Graig has a joint venture design company based in Shanghai, with extensive input from Det Norske Veritas.

The first series of ships are intended to be built at Bohai and other nominated CSIC Shipyards in northern China. The building will be supervised by Graig China's experienced Shanghai-based supervision teams.

Diamond 53 is a geared, wide hatched, 53,000 dwt handymax bulk carrier with double hull. The vessel has 5 cargo holds, equipped with end-folding hydraulically operated hatch covers and four 36 tonne level luffing cranes. The development of the Diamond 53 design focuses on economical operation and maintenance, environmental friendliness, loading flexibility and robustness, future regulations for bulk carriers and safety.

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Above – The reception at our new Shanghai office

Below – One of our new conference rooms in Shanghai



Managing the managers



Hans Jorgen Clausen knows where his skills lie. "I run a company that manages companies," he says, "which in turn means I have

to manage managers. We don't seek to build up specialist experience ourselves. Instead we look for specialists to manage the needs of the companies under our management, and then manage what they do for us."

After nearly twenty years managing real estate and shipping investment companies Hans has built up a lot of experience of what he needs, and what he can expect, from contractors. As general manager of Jutland-based DMK Holdings, he manages the companies which own and

operate 28 vessels. "All our ships are owned by Danish investment companies," explains Hans. "But that is their only similarity. We have a mixed fleet of panamax obos, large and small containerships, reefer vessels and project cargo vessels. About half the fleet is on bareboat or long lease arrangements, and about half is under our technical and commercial management."

Hans says DMK, which is a subsidiary of Denmark's Sydbank, decided from the outset not to try and build up its own shipmanagement team in house. "We want to be flexible, and we want the best managers for each particular ship, because we want the best returns for our investors. It would be very hard to build an in-house team that could do all we need," he says. "So instead we decided to look for the right technical and commercial managers who have good experience and track record in specific areas."



Today DMK uses three different commercial managers and three different technical managers for the actively managed fleet and has relationships with several more management companies who are employed by the bareboat charterers. "We find that in general shipmanagement companies try really hard to give us good service," he says. "We are always looking at what they do, and it is easy for us to make comparisons and follow the market. We have to be sure we are getting a quality service, and a cost-effective one."


Big lift for GSM

Graig Ship Management has had a big lift this year.

It has doubled in size, to forty-four vessels, in one year. David Ellis, GSM chief executive, says the key to growth is focussing on clients' needs.

"Over the last year we have taken on the technical management of twelve multi-purpose vessels from Elite Shipping, five more from DMK, a Danish ship finance institution, and four ships from Habro, another investment fund," explains David. "We have also taken three newbuildings in the Confidence series into the fleet. We now manage a very focussed fleet of multi-purpose vessels with heavy lift capability, on behalf of a number of European owners."

Why do owners choose Graig? "Two reasons," says David. "We have a successful partnership and track record with certain well established owners, and that gives confidence to other owners. They see that we can bring a little certainty to their lives. Also, and very important, is the fact that they expect to receive an individual service. We are small enough to be able to match our culture to the culture



As Hans manages companies on behalf of investors, he has to cope with the pressure of satisfying their varying needs. "That can make us in turn a demanding customer for our shipmanagers," he says with a smile. "We have very specific needs and we ask a lot of questions."

DMK entrusted five Dawn class 4,300 dwt project cargo vessels to Graig's technical management one year go. "We saw that Graig was trusted by our commercial managers, CEC, we saw that they had good project cargo experience and we also saw that although they are a growing company, our five ships would still get the attention we want them to," says Hans. "We find them open minded and very ready to respond to our questions."

of the clients. Each fleet team can reflect the different needs of their particular owners. And of course, I'm always available if the client needs to talk."

Managing GSM's growth has left David little time for talking. "We had three challenges," says David. "We had to have the vision to put sound systems and IT in place before the business came, so that we could deliver seamless and state-of-the-art service as we grew. We had to match our human resources to the demand, which has meant increasing our shore staff by fifteen to a total of forty-eight while finding over 200 new sea staff, bringing us up to over 600 seafarers. And we had to do all that while maintaining the cultural values of a family-owned shipping company so that its staff, partners and clients can all feel that vital sense of belonging."

On the systems front, a partnership with ShipNet and ShipServ has given GSM what David calls "good aids to navigation." GSM is now one of the largest online purchasers with ShipServ. "It works, it saves time and money, but it does need the co-operation of sea staff and our technical people to work properly," says David. "And no system I know of will ever replace what I value most in our people, which is common sense."

For sea staff, David had prepared the ground by identifying pools of officers with good heavy lift vessel experience. "We need people who know this business," he explains. "Who can be assertive, and who have project cargo experience. Although we have been employing UK officers, and also bringing Filipinos up through the company,



Above – David Ellis, CEO GSM

we had to look outside to meet the demands of our rapid growth. We saw that Croatia, Estonia and Russia all had companies which operated mpvs, and which had surplus staff. So using our agents Pasat, in Croatia, and V Ships/BGI in St Petersburg, we have been able to source Croatian, Estonian and Russian officers for twelve of the new ships. At the same time we can offer an improved career structure to our Filipino seafarers as we can now move some of them up to master. We have also strengthened our UK training scheme. We are in this for the long term and need to look to the future, and training is vital to that. We already have a 92 per cent seafarer retention ratio, and we expect that to improve now we have a larger fleet with more opportunities for seafarers."

David has a deep personal pride in the growth of GSM. He says, "I'm enormously proud now that we have been able to ally our technical strengths and family culture to innovative business ideas, and become a modern, highly professional, growing, service-orientated company. We had to learn to work to clients' needs, and as every owner is different, that is not as simple as it sounds."

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Centre of excellence in China

Graig Shipping Plc has opened a new facility in Shanghai, China, to provide a centre of excellence for ship design, newbuilding supervision, shiprepair and classification.

Graig China, which provides the highest quality newbuilding supervision services, Graig Carl Bro Ship Design, which is launching new designs for Chinese yards, and Graig Harris Pye, which offers competitive repair and vessel upgrading, are all under one roof. DNV, the leading classification society in the Chinese market, shares the complex.

Spotlight

Wu Ye, senior naval architect

Wu Ye, Graig Ship Management's chief naval architect, has commercial designs.

After ten years experience working in the design departments of shipyards, he wanted to see the other side of life. *"When you can only see projects through technical eyes you miss one dimension,"* he says. *"In the yard we focussed on technical solutions. Working for an owner is more interesting because I have to see the commercial aspects of everything we do. Combining the technical and commercial aspects of a project to produce a successful design is very satisfying."*

Shanghai-born Wu Ye chose a career in shipbuilding because as a child he was always fascinated by machinery and how things worked. After graduating from

Shanghai Jiao Tong University, and completing a Design Strategy Course at Warwick University, he worked on a number of designs, before becoming head of the hull section for Zhonghua Shipyard. There he worked with Carl Bro and Graig, and eventually became vice director of the yard's business department, before deciding to broaden his horizons by moving to the owner's side of the table.

"I want to learn more about how ships are financed, and to develop my commercial knowledge so that I can be in charge of a major section of the company," says Wu Ye. *"Seeing this side of shipbuilding is fascinating, and I only get frustrated if owners or yards are slow to respond to my ideas."*

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Above – Wu Ye, Senior Naval Architect for Graig Ship Management Limited

crew news

- **A big welcome to the fifteen new office staff and over 200 new seastaff who have joined Graig this year.** Russians, Estonians and Croatians have joined our existing British and Filipino seafarers, as well as the shore staff who have moved to Cardiff to join the GSM management teams and enjoy life in Wales.
- **Congratulations to Mervin Mahilum on his promotion to master.** He joins the CEC Venture in September.



Above – Mervin Mahilum, Master of the CEC Venture

- **More congratulations to Phil Atkinson, technical director, on his election as a Chartered Engineer by the Institute of Marine Engineering, Science and Technology.**

- **GSM may be a forward looking company, but it is built on solid traditions.** Alex Whitty, one of our British cadets, was recently welcomed into the realm of Poseidon with a traditional crossing the line ceremony and certificate on board CEC Caledonia.



Above – Alex receiving his certificate from Captain Chapman



Alex Whitty at his crossing the line ceremony on board the CEC Caledonia – why are they all smiling?

- **The future of the company looks sound, with staffing Cardiff and Shanghai adding to their families. Congratulations to the following:**
 - Kevin Probert, Logistics Co-ordinator, Cardiff office on the birth of Thomas James Probert on 28th December 2001;
 - Justin Shefferd, Marine Electronics Superintendent, Cardiff office on the birth of Amy Rose Shefferd on 20th January 2002; and
 - Rena Lu, Accountant, Shanghai office, on the birth of Rebecca Ni Lu on 21st April 2002.