

# **MEDIA FOR MARITIME: JONATHAN ATKIN**

WORLD WIDE PHOTOGRAPHY & VIDEO PRODUCED WITH LOCAL KNOWLEDGE & SEAFARING SAVVY. SPECIALIZING IN AERIAL & SHIP-TO-SHIP IMAGES for cruise lines, cargo operators, port authorities & the workboat community.



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Dear Friends:

Just returned from attending the stellar Marine Money Conference held in NYC at the Pierre Hotel. So, what is Marine Money? Its a highly focused, and targeted exploration of past, current and future global micro and macro economics and other world wide factors affecting the investment/financial trends and profitability in the cargo ship sector. That sector embraces three major types of cargo vessels: tankers, container ships and dry bulk ships.

Global ship owners, fleet managers, charterers, both private and public, coupled with international investment bankers, managers, analysts, hedge funds folks and others met to discuss the industry. And I was invited to attend.

While I'm no economist or expert, my personal "take away" of some of the key points digested from the meetings, presentations and coffee break discussions follow:

(Any errors or omissions in the following are totally my own. Any insight and brilliant analysis is simply a result of the fine panelists, presenters and speakers that I was privileged to listen to during three days of discussions.)

a.) Until the technology of "Beam me up Scotty" is a reality, world commerce for the foreseeable future relies on ship transport from Point A to B. Shipping directly reflects the ebb and flow of raw materials and manufactured goods due to world demand.

It is guaranteed to be subject to cyclical markets and trends, with factors affecting same including and not limited to: consumer demand, economic health on a world scale, production of automobiles, population growth, wars and conflagrations, (human), availability of fossil fuels, the new technologies producing same and the unique role of ship builders, the aging of various fleets, the cost benefit of scrapping older ships, the availability of "2nd hand" ships and "new builds" that answer to new commodities & markets such as LNG. While there is a trend towards massively large VLCC, Aframax, Capesize, Panamax tankers & container ships and even dry bulkers, there is also a profitability in the market for smaller "handy max" ships that deliver in unimproved ports and benefit from short sea shipping. The "woe is me", current trend of excess ship bottoms, and down sizing of pricing, particularly in dry bulk shipping. is countered by some analysts that dry bulk shipping is actually up a significant percentage than previously perceived. That oil tanker growth is flat but LNG growth is the shining star, at least right now.

Also in the mix are the not so insignificant cost savings in smaller more efficient engines, propellers and underwater hull coatings.

b.) The world of shipping is loosely made up of about 600 Greek shipowners, 400 German ship owners and 1000 miscellaneous including Chinese, Japanese, Korean, Norwegians, Italians, Danes, Dutch, Turkish, Americans..you name it. Some of these companies are family owned, privately held and others are public. It is pretty much an investment free for all. Some believe that inevitably there will be greater consolidation of ship companies and fleets. There are already alliances and consortiums between several large fleets. What can be said loudly, about most of the 2000 ship owners is that unlike some global industries, it is an industry of strong family ties, passion and limited “exit strategies” as entire legacies are built on the sector, in ways that few other markets appreciate or enjoy.

c.) However, some far sighted ship companies hedge their own profitability by integrating a vertical economic model, with involvement in mining, port development, energy production and a vast array of achieving a balance sheet by doing a dance of owned, chartered, & leased vessels in their portfolios. One analyst underscored the necessity of understanding the changing patterns of trade as the key to shipping profits. One small example is the small bulk carriers plying the gypsum trade. Gypsum, a commodity used in manufacturing wall board and fairly low cost has been shipped for decades from various ports to factories as a mined product. However for the past 20 years, synthetic gypsum created from “scrubbing” of coal fired power plants has reduced the need for ships to transport the mined product. Yet in other areas, the natural laws of entropy exist as goods and products from emerging markets in South America, India and Africa have provided new shipping opportunities.

d.) Some of the larger trends and issues affecting shipping are the big elephant in the room, mainly, China and India as emerging ship owners, ship producers, and importantly producing and consuming nations. Though the jury is out on China in terms of its overall affect on shipbuilding as the country just changed their focus regarding ship building.

e.) World wide the availability of what has been termed “easy oil” is now limited if not extinct. North America’s production of newer fossil fuels, notably shale oil, LNG, and gas is viewed as a potential net export for North America by 2020 and a world wide game changer, called an “energy revolution,” by one analyst.... Not only in terms of transport of fuels but the world wide picture in cost of fuel, and the newer ships required to service the industries. Moreover, while the ship builders are experiencing a lack of new builds in their order books 18 months out and beyond, the outlook in the long term is that the world fleet will age and newer ships, will be required, not only as the aging ships are scrapped but the newer ships provide operating cost savings. It is predicted that hundred or more new ships specifically for the LNG trade are required in the near future.

Additionally, in drilling licenses or “blocks”, off Angola, Brazil etc, deep sea drilling is progressing to depths that can only be called, “YOU AIN’T SEEN NOTHIN YET,” with sub-salt drilling and other amazing drilling exploration. As one analyst said, the stone age didn’t end because they ran out of stones. With some tongue in cheek, therefore, the use of fossil fuels will not end because we run out of fossil fuels.

f.) What I did not hear in the conference, were how factors of loyal, trained, and committed seafarers affects the investment picture of how ships are operated. And perhaps that’s a conference for another day.

Though on various ship owners websites, ship owners are strident about their global view coupled with their home town responsibility to their brilliant captains, crews and employees.

g.) One overriding refrain at lunches and cocktails was the continuing cluelessness that much of the public has regarding the shipping sector and how it impacts all of us.

Yet the arcane nuances of ships, slow steaming, short sea shipping, low sulphur fuel credits, various regulations such as circular ladders in bulker holds required by Australia vs other safety issues of other countries, the advancement of emerging African ports and markets, port development in the US and off shore, new business strategies and shipping routes serving volatile markets, are the life blood of those whose lives are built around the industry.

It is a rich and fascinating choreography of many nations, and legacies, generations of seafarers all with the supporting players of bankers, lenders, and the world of finance, which dates back in terms of modern economics to the Venetians in the 1200's or the Dutch Merchant Men that came later or the British Merchant fleet etc etc.

h.) So what does all this have to do with me and the aerial photography I am privileged to provide to shipping concerns? In a word: KNOWLEDGE.

If I am to serve my clients, well, with insight, and to design photography within the vagaries of shipping needs, markets and the complex logistics of ship arrivals and departures then it behooves me to bring to clients, an assurance that "we speak the same language." Producing photography from an intimate familiarity of the industry, its needs, its growth, its economics, and how photography fits into a client's larger picture is paramount. And also paramount is the ability to produce powerful images, safely and within budget, representing shipping's own unique economic engine; the pride of ship owners, in their livelihood and legacy.

Thanks for reading.

**AND A BIG THANKS to the tireless producers of the stellar conference: "Marine Money."**

respectfully,

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