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## Venezuela-China oil flows fail to stem plunging tanker demand



**HARsher US SANCTIONS** have pushed Venezuelan crude exports to multi-decade lows over August as record volumes divert to ship-to-ship transfers in waters off Malaysia, as well as northwest Europe and the Caribbean. The shipments help disguise the oil's origin and destination.

Seventeen tankers had loaded 14.2m barrels this month from Venezuelan ports, according to Lloyd's List Intelligence data through to August 23. That compares with 22 shipments and 25.5m barrels for the entire month of July.

The collapse in exports is also mirrored in ton-mile demand, which shrunk to 14.1bn miles this month, compared with 34.4bn miles in January, before sanctions started on the 25th of that month. This has implications for very large crude carrier, aframax and suezmax tonnage, which comprises 40%, 39% and 16% respectively of tankers that transport Venezuelan oil. Ton-mile demand multiplies volumes carried by distance travelled and measures the health of utilisation levels for a route or vessel sector.

The US Treasury extended sanctions on Venezuela on August 5 to freeze assets and property to businesses helping the government of Nicolas Maduro. While oil buyers from India and Europe have drastically curbed imports even before these new measures, they are failing to stem cargoes heading for China, the biggest buyer. Sanctions rule out any transactions by US businesses or those connected with them, restricting companies with subsidiaries in the US from trading with the Venezuelan government, its entities and those running them.

This prevents trades being undertaken in US currency, and also limits the vessel used, and destination of crude.

Since the US government sanctioned national oil company PDVSA, shipments of oil, which comprises some 95% of Venezuelan revenue, have collapsed to levels not seen since oil strikes in 2002 and 2003. Alongside crumbling oil infrastructure and maintenance, exports have plunged to 460,000 barrels per day in August according to Lloyd's List Intelligence data. That is less than a quarter of levels seen three years ago, and well below the 1.37m bpd tally in January when sanctions were first announced.

Of the 22 tankers that loaded in July, six are sailing for China, three to Malaysia, and one to Singapore. A further three are destined for Asia, Lloyd's List Intelligence data shows. August loadings show seven of the 17 are destined for Asia, with three signalling China as their next destination and one for Malaysia.

Exports to Malaysia have spiked to the highest levels observed over May, June and July, data show. Most vessels are offloading cargoes on to other tankers in ship-to-ship transfers in lightering zones off Malaysia, an Iranian-style tactic used to evade sanctions or obfuscate the origin and destination of the crude.

Twelve tankers carrying 9.3m barrels have discharged cargo at Malaysia since June, data show, almost more than called there for the entire duration of 2018. Most of the STS cargoes are reportedly heading to China, based on vessel-tracking data,

which shows a corresponding spike in the country's imports from Malaysia.

India's Reliance refinery, which has a branch in the US, hasn't imported a cargo since June. India, the second-largest buyer earlier this year, received its last Venezuelan cargo in July.

Most European refineries except Spain and Sweden stopped buying over the first quarter. Belgium took its last cargo in March, Italy in January and the Netherlands in February. However, Spain continues to import crude, with 9.2m barrels delivered via 16 tankers data show. The most two recent vessels arrived in August. Four STS transfers were seen in the North Sea, while transfers were also observed in waters off Gibraltar.

China receives oil in exchange for loans, similar to Russian's Rosneft, explaining the high number of Venezuelan cargoes destined for the country's refineries. Some six cargoes were delivered in July and three so far in August data show.

"I think their deal with the Chinese is causing Venezuela pain as the value of the oil has plummeted and more oil is being shipped to China to pay off the debt," said Marie Bates, tanker analyst with Lloyd's List Intelligence.

Rosneft is now said to undertake marketing and sales for PDVSA as the national oil company struggles to find buyers for its crude. Rosneft reported that PDVSA owes \$1.1bn on the \$6.5bn loaned since 2014, based on its second-quarter results. Some \$700 million was paid back over the second-quarter.

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## WHAT TO WATCH

# Carrier results demonstrate benefits of consolidation

CONTAINER lines have mostly managed to present their investors with satisfactory results this year, despite the various economic and geo-political headwinds they face.

With nine of the major global carriers, with the exception of CMA CGM and Cosco, having filed their second quarter results, the majority have been able to report increases in revenues.

Moreover, of the lines that have reported lifting figures, all but Zim have reported increased volumes

in the second quarter, when compared with a year earlier.

This is quite remarkable in the face of the slowing rate of growth for the container industry.

The latest figures from Container Trades Statistics show carried box numbers at 84m teu through the six months ending June 30, representing a 1.3% increase on the corresponding period of 2018. That compares with a 4.5% growth figure at the halfway mark last year.

The slowdown has been driven by a number of factors, including slowing economic growth in the eurozone, the trade war between China and the US, tensions in the Middle East Gulf and fears of a looming recession in developed economies.

“The risks are indeed palpable, and we do not envy the executives within shipping lines, cargo owners, and logistics providers who need to chart a course through this uncertainty,” said Sea-Intelligence chief executive Alan Murphy. “The one keyword that must take overriding precedence is resilience.”

Nevertheless, at a tactical level, carriers had already begun successfully matching capacity to unpredictable demand, through blanking sailings, cancelling services and adding extra loaders where necessary.

“In this aspect, the carriers are reaping the benefits of the consolidation wave of the past 20 years,” Mr Murphy said. “Such an approach is only truly effective in a market of reasonable consolidation, a state of affairs we have now reached with nine major global carriers collaborating in just three major alliances.”

As long as carriers continued to focus on yield management rather than gaining additional volumes

## The worst may be over for LNG shipping

LIQUEFIED natural gas shipping rates emerging from a trough earlier this year will continue to climb this winter, albeit not hitting the record highs seen last year.

Evercore ISI’s equity analysts, noting a pick-up in shipping demand would experience a lag from a back-end loading of new export capacity in the US this year, downgraded their full-year forecasts for spot rates by 9%-12%.

LNG shipping rates have performed dismally since the start of this year, a response to front-end loaded deliveries of newbuild carriers and weak global gas prices.

LNG spot prices in Asia, the region accounting for the largest share of imports of the super-chilled fuel, fell to near three-year lows in March and were trending at half of last year’s peak in May to June.

However, the worst could be over for LNG shipping, with spot charter rates having already rebounded from a low of \$40,000, analysts Jonathan Chappell and Sean Morgan said in a research note.

through price cutting, they will have achieved a level of resilience towards this increased uncertainty, he added.

The historically low orderbook offered some additional succour to lines, as the supply/demand balance is not under threat, making the sector more resilient to a downturn than it has been in the past.

But the ongoing trade dispute between the US and China will act to accelerate the shift in trading patterns that is already ongoing, Mr Murphy said.

“Manufacturing shifts away from a few large locations to a range of smaller locations, spread over a much wider geographical area,” he said. If we assume demand is retained, this presents a problem.”

Carriers had built their networks around the utilisation of ultra-large containerships that ply the mainlane trades.

“This results in fewer weekly services, and hence the network is less resilient when demand gets dispersed,” Mr Murphy said. “Perhaps the time has come for the versatile 15,000 teu vessels to outshine of 24,000 teu behemoths.”

This view is backed by data from shipbrokers pointing to rising shipping rates particularly in the spot market since July.

Weekly LNG spot rates published by Fearnleys surged as much as \$12,000 during the week of July 14, and posted gains ranging between \$2,000 and \$6,000 over the following weeks.

As with the previous two years, LNG shipping rates are poised to increase as winter draws closer in the northern hemisphere.

Evercore’s analysts pointed to LNG shipping rates increasing closer to winter in the northern hemisphere as a trend that will be repeated this year.

Beyond this, they argued that LNG shipping demand stands to outpace end-user LNG demand growth, with support from increasing requirements of new LNG export plants in the US coming online in late 2019 to early 2020.

Eight new liquefaction plants with a combined annual capacity of 29.1 m tonnes have started or will

begin production before the year-end. The market would require 47 new LNG carriers to balance out the incremental demand from these new export plants in the US.

On the supply side of the equation, the analysts forecast that newbuild tankers delivered or to be delivered this year will number just 38 vessels.

“There is likely to be an incremental shortfall of new (shipping) capacity in 2019, which is now beginning to become more apparent based on available tonnage in most loading regions.

“Any seasonal uplift in demand ahead of and during the winter ... (would) result in material upside to spot or short-term rates,” the research note projected.

The analysts qualified however, that the full shipping requirements of the eight new plants would

“take time to develop” along with a ramp-up in production volumes.

For now, a combination of front-end loading of newbuild tanker deliveries and a back-end loading of new liquefaction plants in the US has so far dragged down shipping rates this year.

Consequently, the analysts have lowered their forecast shipping rates for the three generation of carriers to between \$50,000 and \$80,000, down from between \$55,000 and \$90,000.

The demand addition from the new US export plants will be fully reflected in the global fleet utilisation next year, with the tonne-mile multiplier of LNG trade set to increase if the incremental US LNG output finds its way to Asia.

The LNG trade tonne-mile multiplier has increased by 50% to 4.5x from 2000 to 2018, the analysts noted.

## Tariffs on US crude imports will shake up VLCC market

THE trade dispute between China and the United States has gradually impacted the tanker market as Beijing plans to levy 5% tariff on US crude imports.

The first set of measures announced on crude, which was exempted in the previous round of retaliatory tariffs, is part of a package of duties on \$75bn a year of US exports, that will be implemented in two batches from September 1 and December 15, China State Council’s Tariff Commission said in a statement last week on the Ministry of Finance website.

Indeed, the tax will hurt domestic Chinese refining margins, reduce the competitiveness of Chinese petroleum product exports and disadvantage the Chinese energy industry ahead of the 2020 IMO high sulphur bunker fuel phase-out deadline because US crudes are among the lightest and sweetest worldwide, Bank of America Merrill Lynch said.

For the tanker market, the trade barriers will curb US oil exports to China, putting the once-booming trade in jeopardy and shaking up trade patterns for the very large crude carrier segment.

China’s appetite for US crude oil flourished ahead of escalating trade war tensions, reaching roughly half a million barrels per day during the summer of 2018. Since then, tariff uncertainty has discouraged crude oil trade between China and the US.

At present, crude oil imports from the US account for only a small fraction of China’s total imports. According to China customs data, US crude represented less than 1% of China’s imports till the end of July of this year, and China purchased only 5% of US crude oil exports over the same period, data from US Energy Information Administration shows.

However, overall US crude exports have continued to ramp up higher, averaging just shy of 3m barrels per day in the second quarter of this year, from half that level in the first quarter of 2018, and with infrastructure bottlenecks easing as new pipelines come online, this figure is likely to continue to expand, Evercore ISI noted in its latest report.

Most of the shipments are going to other parts of Asia due to their competitive prices, which means a small reduction in tonne-mile demand for VLCCs with the change in trade patterns.

What is more, the demand for US crude oil is likely to increase further as the IMO 2020 implementation date nears, offsetting some of the negative effects of China’s tariffs.

Meanwhile, BofAM warned that China could retaliate against US tariffs by purchasing huge amounts of oil from Iran in defiance of Washington’s sanctions on the OPEC nation.



Amidst the trade war escalation, China has been fairly cooperative on Iran and Venezuela sanctions.

CNPC recently announced it would suspend loadings of Venezuelan oil, which should reduce shipments to China. Additionally, China has

significantly curtailed its imports of Iranian crude.

“Tariffs on US oil stands to limit the economically viable crude oil available to China’s refining sector, making imports of Iranian crude that much more attractive,” the bank conceded.

## Iran tanker diverts again as cargo reportedly sold, with buyer to decide destination

AN Iranian tanker at the centre of a confrontation between the US and Tehran was reported to be south of mainland Greece over the weekend.

*Adrian Darya 1*, formerly called *Grace 1*, had been heading to the port of Kalamata, but Greece had said it would not offer any facilities to the tanker after pressure from the US.

Reports yesterday indicated the vessel was moving towards the southern Turkish port of Mersin, where it would arrive on August 31.

On Monday, there was no specific destination for *Adrian Darya 1*, which is currently west of the island of Crete, Reuters said.

The very large crude carrier was freed earlier this month from detention off Gibraltar after a five-week standoff over whether it was carrying Iranian oil to Syria in breach of European Union sanctions. Iran has since said it has sold the 2m barrels of oil on the laden tanker to an undisclosed buyer.

“The Islamic Republic of Iran has sold the oil of this ship and now the owner and purchaser of this oil

will decide the destination of the cargo,” government spokesman Ali Rabiei was cited by Reuters as saying.

The US, which says the tanker is controlled by the Iranian Revolutionary Guard Corps, which Washington says is a terrorist organisation, has told countries in the Mediterranean not to assist it.

Meanwhile, in signs of further escalation Reuters reported that Iran has deployed a destroyer with long-range cruise missile systems to the Gulf of Aden to provide security for Iranian ships travelling through the region.

The warship, reportedly Iran’s most advanced destroyer, will be accompanied by a support vessel and a helicopter carrier, the news wire Press TV as saying.

The Tehran Times had earlier cited Iran’s deputy army chief for coordination affairs, Rear Admiral Habibollah Sayyari as saying naval forces are ready to escort *Adrian Darya 1* if it is required by the country’s authorities.

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## ANALYSIS

### Carriers failing to address trade imbalance

EFFORTS to curb capacity during the third quarter on the Asia-Northern Europe trade will prove futile with load factors and similarly freight rates both expected to be largely unmoved.

In addition to changes made in service features and the termination of others, container lines have been busy cancelling vessel departures to realign the market fundamentals.

CMA CGM has announced that it would withdraw the FAL 1 loop on the Asia-North Europe trade lane,

scheduled to arrive in Dunkirk on August 21, as well as its FAL 3 loop scheduled to call Rotterdam on September 11.

But CMA CGM has not been alone to adopt this strategy to respond to the imbalance between demand and supply on this route, with its affiliated Ocean Alliance also holding back capacity in a trend almost carrier wide.

Despite the series of cancellations, characterising the peak season of the Asia-Northern Europe trade

lane, lines have not succeeded in addressing the gap between demand and supply nor have they seen improvements in their freight rates.

During the first two weeks of August, the Shanghai Containerised Freight Index saw a decline of 14% compared to the same period of last year.

MDS Transmodal forecasts that average load factors on the key east-west trading route — the sum of both directions, will fall from around 74% in the second quarter of 2019 to nearer 72% in the third. Utilisation level are expected to continue their downward track into 2020.

Focusing on the most recent data the most significant change in services serving the Sub-Saharan Africa market that occurred between the second quarter of 2018 and the second quarter of 2019 have been:

Even with the cuts to supply, MDST estimates that deployed capacity during the third quarter will have increased by approximately 5.3% against the same three-month period of 2018, and albeit growth will be slower than last year (estimated at 8.6%) it will still climb at a faster rate than demand.

On the Asia-Mediterranean trade MDST expects combined load factors on services heading east and west to stay largely unmoved at around 50%.

However, efforts to limit supply should relate in higher freight rates towards the end of 2019 and into 2020. Indeed, the SCFI already showed a 3% improvement during the first few weeks of August against the corresponding period of 2018.

Based on MDST's latest Containership Databank, we estimate that deployed capacity on the Asia-Mediterranean trade lane increased by 3.2% in the year to the third quarter of 2019.

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In mid-July, Hapag-Lloyd announced the launch of a new service between India and Europe with the only call in the Mediterranean being at the Greek port of Piraeus.

“COSCO will leverage the major hub of Piraeus to offer comprehensive coverage at Black Sea and Adriatic, along with swift transit to central Europe and the Balkans by land-sea express,” Cosco said. This service, however, remains unique.

According to the latest MDST Containership Databank, there is only one other fully cellular service that connects the two areas directly, namely CMA CGM/HAPAG-LLOYD - NEMO/EAX, which is a Northern Europe - Australia service calling at Chennai westbound.

# Argentina promotes unrealistic expectations regarding Vaca Muerta LNG

CONSULTANT GlobalData has taken exception to recent reports about the viability of liquefied natural gas production from Argentina's Vaca Muerta, saying that successive governments in Buenos Aires have fostered unrealistic expectations.

"Vaca Muerta requires commitment in investment from upstream producers and LNG developers, which, in turn, requires macroeconomic stability, additional infrastructure and enough local equipment and service providers," said Adrian Lara, senior upstream analyst at GlobalData.

"For Argentina, all of these conditions are, at best, being developed and, at worst, still challenging and uncertain," Mr Lara said.

GlobalData claims that Vaca Muerta has been seen by multiple governments in Argentina as "an engine for economic growth, creating expectations that almost never correspond to reality".

GlobalData does acknowledge that in the last five years, operating projects have made "significant technical improvements" in well productivity through longer laterals and more fracking stages.

But it says that even with the support of Argentina's government, Vaca Muerta will still take "many years" to be the driver of an LNG export boom in the southern cone.

Although the development of several projects has proven the economic viability of the resource, production is still not enough to adequately complement the supply needed to meet domestic natural gas demand.

## Maryland Port Authority eyes increased throughput for port of Baltimore

THE Maryland Port Authority has announced several new developments being undertaken to capitalise on the increased throughput at the port of Baltimore following the recent expansion of the Panama Canal.

"In order to support the economic giant that is the port of Baltimore, we need to continually dredge our shipping channels to accommodate the massive ships that are carrying more cargo than ever before," said Governor Larry Hogan.

"This is specifically the case during the winter months of June to September when there is a deficit of supply of approximately 2bn cubic feet per day," the firm said.

Through Resolution 46, it said, the Argentinian government offered a price subsidy, starting at \$7.50 per MMBtu in 2017, gradually decreasing to \$6 per MMBtu by 2021.

"However, beyond 2021 there will be no subsidy, guaranteeing a higher price for new unconventional wells, which can discourage the drilling of new wells – especially for operators without the necessary expertise," GlobalData said.

In July, consultant Wood Mackenzie claimed the opposite, saying that rising natural gas production in Argentina, particularly from its Vaca Muerta field, as well as competitive global LNG transportation costs, are expected to boost the country as an emerging source of gas supply to Asia.

"Vaca Muerta's gas production has dramatically changed the outlook for Argentinian gas. It is already bringing cheap gas for local industry and supporting the construction of new major gas pipelines," said Wood Mackenzie's principal analyst for Latin America gas and LNG, Mauro Chavez Rodriguez.

"Nevertheless, not even the domestic demand and exports to neighbouring countries such as Chile and Brazil are enough for Vaca Muerta's gas potential. LNG exports could be a solution that enables Vaca Muerta's production to continue its growth story," he said.

The dredging plans seek to improve container throughput at the port by deepening existing channels to enable the passage of larger ships while halting erosion at two islands in the Chesapeake Bay.

MPA said James Island will accept dredged sediment from main Chesapeake Bay channels leading to the port, while Barren Island will accept sediment from nearby shallow-draft channels.

A four-year, \$9m engineering and design phase of the project will begin this year, utilising 65% federal funding and 35% state funding. Pending permits, restoration at Barren Island could begin in 2022, with James Island following in 2024.

The announcement follows recent reports that port and state officials, together with railroad CSX Corp, are seeking to rebuild Howard Street Tunnel, a railway link that is currently 18 inches too low to allow the passage of double-stacked container trains.

MPA said the tunnel expansion project will allow for up to 100,000 teu a year of additional throughput due to the use of double-stacked container trains heading to and from the port.

Currently, port rail traffic is limited to a single layer of container boxes per rail car, considered a major competitive disadvantage to other ports along the US Gulf and east coasts.

“We’ll be selling our future ability to compete with all the other major US ports in double-stack,” said MPA executive director Jim White.

“We’ll go from not having good rail service here to having competitive rail service. Once we get the Howard Street Tunnel done, we’ll have a tremendous package here to offer container lines,” Mr White said.

The tunnel development has become especially critical for the port following expansion of the Panama Canal in 2016. That expansion enabled a new generation of container ships to use the all-water route to carry cargo from East Asia directly to the US east coast, bypassing west coast ports and the national rail system.

Earlier this year, the port welcomed its largest-ever container ship, the 14,424 teu *Evergreen Triton*

after its passage through the expanded Panama Canal.

Since the opening of the expanded canal, Baltimore has experienced double-digit growth in container volume, with a record 1.02m teu passing through the port in 2018.

As a result of the increasing throughput, firms in the region are gearing up for extra business.

In June, Baltimore-based Greenspring Realty Partners, Inc, and The Berg Corp, announced the acquisition of a 12-acre waterfront site at 4601 Newgate Avenue near the Seagirt Marine Terminal.

GRP said the acreage is equipped with a 700-foot pier on the east side of the property and a 1,400-foot pier on its west side, in addition to surrounding land which is available for a build-to-suit warehouse or outside storage.

“Our initial interest in 4601 Newgate Avenue was predicated on its status as the only available deep-water berth situated in the greater Baltimore metropolitan region, other than Tradepoint Atlantic,” said GRP principal Dan Flamholz.

“Waterfront sites such as these become available for purchase on an infrequent basis and there remains an extremely high barrier to entry to gain control of such a strategic parcel with deep water berth capabilities and in close proximity to the port of Baltimore,” Mr Flamholz said.

GRP’s decision comes as Ports America Chesapeake, which operates the Seagirt Marine Terminal, begins to develop a second 50-foot deep container berth at the port. MPA said that construction will begin later this year and is expected to be operational in 2021. A second deepwater berth will allow the port to handle two supersized ships simultaneously.

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## MARKETS

# Swedish Club first-half combined ratio hits 108%

THE Swedish Club has seen its combined ratio for the first half of 2019 slip out to 108%, up from 96% in the corresponding period last year.

The outcome follows a run of poor results for most clubs revealed after the renewal deadline in February.

However, managing director Lars Rhodin said it was too soon to call the trend. “What the future holds in this volatile business is not an easy prediction,” he said.

The Gothenburg-based International Group affiliate reported an underwriting loss of \$2.2m for the period,



compared with a surplus of \$4.7m last time round.

This was offset by solid investment returns, meaning that the result before appropriations, tax and discount was \$16.9m, representing an annual return on free reserves of 16.6%.

Retained claims developed largely in line with expectations and the club incurred no significantly large marine or P&I claims, according to an

interim financial statement on its website.

Although the club did not itself notify any claim to the IG Pool, other clubs' pool claims saw its combined ratio climb above the 100% mark.

The Swedish Club currently insures over 3,000 vessels on hull and machinery, doubling its volume during the past decade in P&I to over 70m gt including charterers' liability.

## Frontline well-positioned for tanker upturn

FRONTLINE Management, the Norway-based tanker company owned by shipping tycoon John Fredriksen, said it is well-positioned to capture an expected upturn in the market.

"Frontline is well positioned as we approach what we believe is an important inflection point in the tanker market," said chief executive Robert Macleod. "The increase in US crude oil production is driving tonne miles, refineries are coming back from maintenance and the impact of IMO 2020 is expected to be positive."

The company expects exports from the Atlantic basin to continue to grow, mainly as a result of rising US output, which is forecast to grow by 1.4m barrels per day in 2019 and 900,000 bpd next year, with a large amount earmarked for Asia.

The owner and operator also expects that a "large number of older vessels will be taken out of the market and either be recycled or repurposed for floating storage as part of a regulation-driven phasing out" of older tonnage. There are still 170 very large crude carriers over the age of 15 years, it said.

It therefore has a "constructive view" on the market and has made recent acquisitions and contracted newbuildings. Last week, it announced a deal with Trafigura for the purchase of 10 suezmax tankers built in 2019, which was expected to instantly add incremental earnings generation potential.

The company has obtained a \$42.9m loan from Credit Suisse to partially fund a suezmax resale. The vessel, which is expected to be delivered in May 2020, is being built at the Hyundai Samho Heavy Industries in South Korea at a cost of \$65.4m.

The company posted net income of \$1.1m in the second quarter versus a loss of \$22.9m a year earlier, it said in a statement. It made a loss on derivatives of \$5.6m.

Its VLCC fleet made \$25,600 per day in the second quarter, while its long-range two/afamax tankers generated \$18,100 per day, and its suezmaxes fetched \$16,200 per day.

The company estimates that in the third quarter its VLCCs will generate \$28,000 per day for 83% of the vessel days, but that the full quarter should end up lower due to "the impact of ballast days at the end of the quarter".

It has an "extensive" dry dock programme in the third and fourth quarters of this year due to scrubber installations, it also said, without elaborating.

It expects the LR2 Front Altair to resume operations in the fourth quarter following an explosion in June when the vessel was passing through the Strait of Hormuz. It is currently undergoing repairs.

The financial impact from the incident is expected to be minor, the company said.

## Beijing places additional 5% tariffs on copper and aluminium scrap shipments

CHINA will implement an additional 5% tariff on imports of copper and aluminium scrap from the US, increasing the total tariff to 30% as of mid-December this year.

The new Chinese tariffs are a part of a total of \$75bn worth of new tariffs on US goods Beijing announced last week in retaliation for planned US tariffs on \$300bn worth of Chinese goods that are to go into effect in September and December.

China had already levied a 25% tariff on copper scrap from the US, one of its biggest suppliers, in a previous round of duties. It twice hit US scrap aluminium with a 25% tariff last year.

According to Chinese customs data, US copper scrap shipments to China have dropped sharply year on year amid the higher tariffs and stricter scrap quality standards in China.

For the first half of 2019, Chinese imports of US copper scrap totalled 52,405 tonnes, down from 259,667 tonnes in the first half of 2018.

China imported around 229,837 tonnes of aluminium scrap in the first six months of the year,

down by 16% as compared to the same period year ago.

The move is expected to be bad news for the owners of the smaller supramax and handysize bulkers and will also reduce tonne-mile demand significantly for the segment.

An India-based analysts said that as China had already switched its procurement away from the US, it was increasingly looking towards Malaysia, Taiwan and Japan to source the scrap materials. Meanwhile, US shipments of copper and aluminium scrap would eventually find a home in other Asian countries.

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## IN OTHER NEWS

### **Grimaldi signs up to environmental charter**

GRIMALDI Group, the Naples-based ro-ro, ferry and car carrier operator, has become the first Italian company to sign up to the Sustainable Actions for Innovative and Low-impact Shipping charter launched in July by French shipowners' association Armateurs de France.

The charter allows companies operating in the maritime transport to formalise and pursue their commitments to protect the environment, Grimaldi said in a statement.

Last week, CMA CGM chief executive Rodolphe Saadé presented the charter to French president Emmanuel Macron ahead of the G7 meeting in Paris.

### **Cork boosts customs facilities ahead of Brexit**

THE port of Cork has doubled the size of its customs facilities in preparation for the likelihood of the UK leaving the European Union on World Trade Organisation terms at the end of October.

In an emailed statement, the port said after close examination of historical data and several simulation studies, it had

concluded that if the UK left the EU without an agreement, it was likely that more intensive checks and declarations would be required, substantially increasing processing times at the border.

"The Port of Cork, including the new Cork Container Terminal, has made extensive preparations to ensure that importers' and exporters' operations from the port run smoothly when the UK leaves the EU," said chief executive Brendan Keating.

### **Monjasa buys five tankers for 2020 supply**

DANISH bunker supplier Monjasa has bought five tankers for bunker operations in core markets in the Arabian Gulf, West Africa and the Panama Canal.

"With global marine fuel logistics expected to be challenged on parameters such as flexibility and storage capacity due to the introduction of the new very low sulphur fuel oil products, Monjasa is active securing the right tonnage for its long-term bunker operations," the company said in a statement.

Chief executive Anders Østergaard said the industry is on the brink of bringing in new

low sulphur fuels and the industry will have to adapt to a multiple-products demand.

### **Citigroup promotes Michael Parker**

CITIGROUP has promoted Michael Parker to chairman of its shipping and logistics division, with Shreyas Chipalkatty stepping up into the veteran ship financier's current role of global head of shipping.

Part of his new brief will be to focus on the top bank's environmental criteria for lending to the industry to the sector, Citi confirmed.

"As chairman Michael will remain actively involved in senior client relationships and overall strategy as well as Citi's sustainability and ESG [environmental, social and governance] agenda with the industry given his role as chairman of the drafting committee of the Poseidon Principles," Citi said in a statement.

### **Allianz Marine moves closer to merger with Pacific Radiance**

DUBAI-BASED Allianz Marine's shareholders have taken steps to consummate a proposed merger with Singapore-listed Pacific Radiance.

Allianz's general manager cum commercial manager, Ahmed Tarek Khalil Ali and founding director, Murali Krishna Krishna Kumar, along with four other company shareholders, have undertaken to subscribe to over 21bn new shares for a consideration of \$180m.

This works out to \$0.0085 apiece, a huge discount from Pacific Radiance's last traded share price of S\$0.104 on the Singapore Exchange.

### **Cosco Shipping boxship damaged after collision in Vietnam**

A COSCO Shipping mega containership has sustained hull damage following a collision at the Port of Cai Mep in Vietnam.

The 14,074 teu CSCL *Jupiter*, as it was about to depart on the evening of August 22 local time, was hit by another vessel that was entering the port, Cosco Shipping Lines said in a customer notice.

The incident had not led to any casualties, cargo loss or pollution, the carrier added.

### **Hornbeck Offshore fails to comply with NYSE trading price rules**

HORNBECK OFFSHORE, a Louisiana-based provider of offshore service vessels in the Gulf of Mexico and Latin America, has received a notice of non-compliance from the New York Stock Exchange for breaching minimum trading price rules.

Under NYSE rules the average closing price of a firm's common stock must be at least \$1.00 per share for 30 consecutive trading days to remain in compliance.

Hornbeck fell under the \$1.00 threshold in July and its average share price has continued to fall since then. On August 23,

Hornbeck's share price on the NYSE closed at \$0.6899.

### **Woodside's Greater Enfield starts pumping crude sought after for low-sulphur blends**

THE Woodside Energy-operated Greater Enfield field development offshore Western Australia has started pumping light sweet crude that would be sought after in the post-2020 marine fuel market.

The floating production, storage and offloading vessel *Ngujima-Yin* began producing crude from the \$1.9bn Greater Enfield project yesterday, Woodside said in a statement.

The FPSO was demobilised last year from the then producing Vincent oilfield for a retrofit of the vessel and to carry out subsea work to tie in wells in the Laverda, Norton and Cimatti discoveries.

### **OOCL sees no transpacific peak season this year**

ORIENT Overseas Container Line, which enjoyed a big turnaround in the first half, remains optimistic about the container shipping outlook this year, despite an escalating US-China trade war.

There was unlikely to be a peak season in 2019 for carriers, but "cargo volume is expected to be stable," said the company's co-chief executive Wang Haimin at a press conference in Hong Kong on Monday.

But a healthy US economy and reduced vessel supply would continue to bolster the freight markets, he added.

### **Fleet expansion an option for OOCL after LBCT sale**

ORIENT Overseas Container Line is pondering the use of proceeds from the sale of a major US port

terminal, which includes ordering new ships, the company's co-chief executive Andy Tung has said.

The Hong Kong-based carrier, now part of Cosco Shipping's box shipping business, is expected to net \$1.3bn from the agreed disposal of the Long Beach Container Terminal to a consortium led by Macquarie Infrastructure Partners.

The transaction, having experienced several delays, is set to close by the end of this year, according to Mr Tung.

### **Supramax feared lost with 25 on board**

MID-WAY through the Southeast Asian wet season, fears are rising of another nickel ore carrier casualty as Indonesian media reported that contact had been lost with the 2002-built, 52,378 dwt *Nur Allya* since August 20.

The Indonesia-flagged supramax with a crew of 25 had reportedly left the port of Kendari in North Maluku province loaded with nickel ore and was bound for Makassar in South Sulawesi.

According to Lloyd's List Intelligence, the crew issued a distress signal on Aug 20. Indonesian search and rescue coordinating agency received a report around mid-day on Sunday that contact had been lost with the vessel in the vicinity of Buru Island in Maluku, barely 100 nautical miles from its load port.

### **Bocomm Leasing behind VLCC brace at Yangzijiang**

BOCOMM Financial Leasing, a subsidiary of China's Bank of Communications, has emerged as the owner behind the two very large ore carriers contracted with Yangzijiang Shipbuilding for 2021 delivery.

The China-based, Singapore-listed shipbuilder announced on Friday the deal without

identifying its clients for the of the 325,000 dwt pair.

It said they would be built by its Xinfu shipyard, scheduled for delivery by June 2021.

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## Classified notices



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## **TRITON KNOLL OFFSHORE WIND FARM LIMITED**

### **THE ENERGY ACT 2004**

#### **NOTICE OF APPLICATION FOR SAFETY ZONES DURING CONSTRUCTION AND MAJOR MAINTENANCE OF THE TRITON KNOLL OFFSHORE WIND FARM**

#### **THE ELECTRICITY (OFFSHORE GENERATING STATIONS) (SAFETY ZONES) (APPLICATION PROCEDURES AND CONTROL OF ACCESS) REGULATIONS 2007 – STATUTORY INSTRUMENT 2007 NO 1948**

Notice is hereby given that Triton Knoll Offshore Wind Farm Limited (a company registered in the UK, company number 03696654, registered office at Triton Knoll, Trigonos, Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6PB) have applied for consent from the Secretary of State for Business, Energy, and Industrial Strategy (BEIS) as set out in the Energy Act 2004 and the Electricity (Offshore Generating Stations) (Safety Zones) (Application Procedures and Control of Access) Regulations 2007 (SI No 2007/1948) for safety zones as detailed below, for the consented Triton Knoll Offshore Wind Farm, during construction and periods of major maintenance.

The following safety zones will be applied for:

- 500 metre (m) “rolling” safety zones around any wind turbine or offshore substation (including any associated or partially constructed infrastructure, e.g., foundations) whilst work is underway at that structure, as indicated by the presence of construction vessels.
- 50m pre-commissioning zones around any partially constructed or completed wind turbine or offshore substation prior to final commissioning.
- 500m safety zones around any wind turbine or offshore substation where major maintenance is being undertaken during the operational phase (as indicated by the presence of a major maintenance vessel as defined under the Electricity Regulations 2007 (SI No 2007/1948), e.g., Heavy Lift Vessel, jack-up, SOV).

Details of the safety zones will be provided via Notice to Mariners prior to the commencement of any construction and major maintenance operations. Further details are provided in the safety zone scheme, which may be obtained by emailing [consultation@anatec.com](mailto:consultation@anatec.com) and requesting a copy (referencing “Triton Knoll” in the subject line), or via a request made in writing to the registered address given above.

Any person wishing to make representations to the Secretary of State about the application should do so in writing to the Secretary of State, c/o The Energy Infrastructure Planning Team, Department for Business, Energy and Industrial Strategy, Orchard 2, Level 3, 1 Victoria Street, London SW1A 0ET. Alternatively, consultation responses could be submitted to: [beiseip@beis.gov.uk](mailto:beiseip@beis.gov.uk), stating the name of the proposal and nature of their representations, not later than 28 days from the date or latest date of publication of the notice.

## The Next Generation Lloyd's List Intelligence

Uniquely powerful vessel tracking, characteristics, ownership and incidents data.

At the centre of Lloyd's List Intelligence is our online vessel tracking system, Seasearcher. This gives you access to the transactional and analytical data required to make a measured difference to your business, whether you are trying to increase operational efficiencies, manage risk, or develop new business opportunities.

The new Next Generation platform was launched earlier this year to offer our customers a greatly improved service and some fantastic new features including:

- ▶ A modern, simplified search and mapping interface
- ▶ Streamlined operational workflows and geospatial tools
- ▶ Enhanced visibility of port, terminal and berth activity including new alerting and filtering tools
- ▶ Increased vessel tracking data granularity with improved AIS capabilities
- ▶ Raw data manipulation through Excel downloads

To find out more about Lloyd's List Intelligence services, please email [info@lloydslistintelligence.com](mailto:info@lloydslistintelligence.com), call **+44 (0)207 7017 5392** or visit [info.lloydslistintelligence.com](http://info.lloydslistintelligence.com)