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Yard merger reignites talk of Samsung's exit from shipbuilding

ONE PARTICULAR PIECE of gossip has resurfaced on South Korea's maritime grapevine as the merger between the country's two world-class shipbuilders picks up steam.

Many people are wondering how Samsung Heavy Industries will continue to figure in the business portfolio of South Korea's largest-standing chaebol.

Shipbuilding may be South Korea's core industry, but margins from this business are no longer attractive, especially after offshore marine projects lost their lustre since oil prices collapsed in 2014.

The grapevine has thus been abuzz with talk that Samsung scion Lee Jae-Yong may want to divest Samsung Heavy Industries.

Samsung group has officially asserted on several occasions that such talk is just groundless rumour.

Yet, this speculation has found its way back to the mill when the proposed marriage of South Korea's two other top shipbuilders, Hyundai Heavy Industries and DSME built momentum.

This development in South Korea is not unique.

The long-proposed merger of Singapore's largest yard groups, Sembcorp Marine and Keppel Offshore & Marine, was recently back in the spotlight as analysts pondered over the next possible deal following the two announced marriages in South Korea and China.

State-owned CSIC and CSSC have also embarked on consummating their announced marriage just as their South Korean counter-parts seek to tie the knot.

What can lend fuel to such speculation is a leadership change, which often heralds shifts in business focuses.

Samsung crown prince Lee Jae-Yong has taken a more active role in managing the group since his father slipped into a coma from a heart attack in 2014.

Mr Lee previously served as chief operating officer of Samsung Electronics, the jewel of the larger business empire.

He has never really acquired a strong affinity to shipbuilding.

Similarly, Keppel Corp chief executive Loh Chin Hua has not carved out a career in the marine sector. Mr Loh previously founded Keppel Corp's private fund management arm, Alpha Investment Partners.

He further diversified the group's revenue streams soon after the onset of a drastic offshore downturn that hit Keppel O&M's top line and bottom line.

One observer says Mr Loh has sought to bolster shareholders' yield by flipping real estate properties and buying to potentially higher margin business such as telecommunication.

Under his leadership, Keppel O&M has also downsized its yard operations.

Still, any businessman wired to deliver returns of investments would want to reduce exposure to low-yield sectors.

Prolonged trend

One consensual view is yard margins though showing signs of bottoming out may stay lower for longer.

Among South Korea's big three, Samsung Heavy Industries has won the most major offshore contracts dished out since the oil price collapsed in 2014.

More recently, it scooped up the most coveted bulk shipbuilding orders tendered out for Arctic class liquefied natural gas carriers and LNG-fuelled tankers.

It is also tipped as one of two frontrunners for a series of newbuild boxship orders tendered out by Evergreen.

Yet, some suggest, the South Korean yard operator may have gone far too low on bids.

Samsung Heavy Industries, a distinctly separate listed entity from its larger parent group, may have caved under pressure to ramp up revenue even at the expense its future bottom line.

In light of this, it is unsurprising that Mr Lee as the empire successor would not want to proactively consolidate South Korea's shipbuilding by acquiring DSME when the latter was put on offer.

On the flip side, it is hardly unexpected that he may be tempted yet again to review options for Samsung Heavy Industries now that Hyundai Heavy Industries and DSME have embarked on a merger.

That said, Samsung as the family-owned conglomerate answering for a significant chunk of South Korea's economy, remains bound by its duty to help bolster employment.

Shipbuilding in South Korea accounted at its peak over 100,000 jobs and these mostly went to locals, unlike the situation in Singapore.

South Korea's policy makers have also jealously guarded the competitive advantage its top shipbuilders enjoy in various gas shipbuilding segments — namely newbuilding liquefied natural gas, ethane and liquefied petroleum gas carriers.

Analysts estimate the combined market share of Hyundai Heavy Industries, Samsung Heavy Industries and DSME in LNG shipbuilding works out to over 60%.

Some shipowners have thus far expressed concerns that a merger between Hyundai Heavy Industries and DSME will seriously compromise competition in gas shipbuilding.

These may weigh in on anti-trust regulatory reviews of the proposed merger.

Any attempt to divest Samsung Heavy Industries will likewise come under intense regulatory spotlight.

Given the larger political forces at play, it is in interest of Samsung Group to ward off the rumour that holds some truth. The family-controlled group may keep burning cash to keep Samsung Heavy Industries going for now.

World's largest VLCC owner warns of crude shipping risks

CHINA Merchants Energy Shipping, the world's biggest very large crude carrier owner, is cautious about the near-term oil shipping outlook despite the favourable momentum seen in the first half that has helped to boost its bottom line.

Shanghai-listed CMES, which owns 51 VLCCs among a diversified fleet of nearly 200 ships, recorded a 317.6% surge year on year in recurring net profit to Yuan441m ($61.6m) in the first six months.

Odds had increased that the Organisation of the Petroleum Exporting Countries would ramp up output to fill the gap left by reduced supply from Canada, Mexico, Venezuela and Iran, the company said in an exchange filing.

"Exports from the US and Brazil, especially those to Asia, were expected to grow at a faster pace, further lifting the ton-mile tanker demand," it added.

Other positive factors include the revived production of refineries which have finished their overhauls and are gearing up for the 2020 sulphur cap, as well as fewer newbuilding deliveries scheduled for July-December.

But the emerging risks should stop the prevailing sense of optimism.

The US-China trade war is escalating, CMES noted, with Beijing recently adding US crude to its levied product list.

"There is limited capacity from South Korea, Taiwan and other places in Asia to absorb the US crude. The trade haze is estimated to continue to damp the growth of US oil exports."

At the same time, while a widespread rosy sentiment in the tanker shipping community has not led to a surge in newbuilding orders, the acceleration of scrapping old tonnage since the second half of 2017 seems to have been slowed.

"VLCCs demolished in the first half this year are numbered [three units], lower than our expectation," CMES said.

The supply-demand picture would then decide whether the significant extra costs, derived from the upcoming ballast water treatment and low sulphur fuel rules, can be compensated or not, the company argued.

It said it was optimistic about the mid-term prospects about oil shipping. "But there are many challenges and uncertainties in the second half and we should not be overly upbeat about the peak season in the fourth quarter."

In addition to its crude tanker business, CMES controls a large dry bulker fleet that includes 31 400,000 dwt ore carriers on the water, and 18 liquefied nature gas carriers via its 50-50 joint venture CLNG with Cosco Shipping.

The acquisition last year of a large amount of shipping assets from Sinotrans & CSC Holdings — also a subsidiary of CMG — also brought it a roro fleet of more than 20 ships.

The company's total revenue increased 38.1% to Yuan6.4bn.

Sanctions proving 'extremely challenging' for industry despite transparency tools

SANCTIONS monitoring can be "extremely challenging" for companies in the shipping industry, but the technology available that makes operations more transparent and proactive measures can minimise potential damage, experts are warning.

North P&I Club director Mark Church told Lloyd's List that the increase in the number of sanctions and the marked escalation in enforcement primarily targeting the shipping sector over the past few years has increased the workload for P&I clubs, financial institutions and club members who must ensure they are not inadvertently breaching sanctions.

Arguably the most known and feared sanctions body is the US Treasury Department's Office of Foreign

Assets Control, responsible for enforcing sanctions, particularly as sanctions against Iran and Venezuela have ramped up.

"Today, there is more sanctions enforcement. And more sanctions. Starting with the Obama administration, the type of sanctions and complexity of sanctions by the US exponentially increased," said a senior US-based lawyer knowledgeable in US sanctions on the shipping industry.

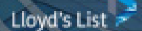
The lawyer admitted that one of the things that characterises Ofac regulations is that they are opaque as far as definitions are concerned.

But things are slightly more nuanced than simple definitions. The US Treasury Department is good at putting out information and facts it expects industry to take into account.

"Industry is definitely expected to be aware of all facts that government and [non-governmental organisations] have published about actors in the industry," they said.

The lawyer stressed that despite the challenges, inadvertent sanctions violation would not get a company off the hook.

While sanctioned entities and individuals is fairly straightforward, things get more complicated when companies that are controlled or owned by sanctioned entities are not explicitly named by authorities.

Lloyd's List Transparency in Shipping Forum
9 September, 240 Blackfriars, 8am
Register to attend >


But the greatest challenge, Mr Church argued, is monitoring activity to understand whether some kind of sanctioned cargo is being moved for example.

"The role of the P&I club traditionally has not been to police what our members are doing and we are not an enforcement agency, we are insurers," he said.

P&I will advise members about how to best do ship-to-ship transfers, which are often used to move sanctioned cargo, and advises them to look at irregularities in Automated Identification System signals, which can indicate an attempt to conceal some kind of activity.

But despite the best due diligence efforts, companies may still fall foul of sanctions.

Lloyd's List recently uncovered that European, UK and US P&I clubs were offering cover to vessels that were moving Iranian cargo, in violation of US sanctions.

Mr Church explained that North has a compliance committee dedicated to ensuring the group is compliant with all sanctions and the kind of training employees should have and the measures the group should take.

He admitted that this is a costly endeavour but warned that a sanctions violation and the potential inability to trade in dollars and lose access to financing as a result would be disastrous.

"That is why everyone is aware that it is resource heavy, but it is important that there are resources there, as it is one of the few risks that is existential in the sense that if we get it wrong the impact would be catastrophic," he said.

PB Tankers, an Italian shipping company that controlled seven vessels, went bankrupt earlier this year when Ofac sanctioned six of its vessels for violating US sanctions against Venezuela and Cuba.

Ofac later removed the vessels after claiming the company took steps to prevent future sanctions violations.

Technology and policy as a solution?

The US-based lawyer admitted that under today's circumstances in the shipping industry, where the true ownership or interests behind a company are often far from clear, companies can never be fully certain that they are not dealing with sanctioned cargo or even businesses.

"What protects companies in the shipping industry from the fact that you may never get down to the actual source point of ownership, is their compliance regime," they said.

This includes the measures in place to ensure compliance, how those are carried out and developed within the company's policy.

"In the United States, if you get it wrong, no matter how much you tried, there is a very strong chance you will have to pay some money. But it would be far less than if you did not try," they said.

They further argued that the availability of tools to access and analyse data has upped expectations that companies will be able to meet their legal obligations with regard to sanctions.

Mr Church does not believe this increased scrutiny will usher in a change in the opaque levels of ownership and structures of different firms.

What is changing however, is that vessels can be tracked a lot more easily using satellite technology, making illicit behaviour a lot more easy to detect, from the government, press and other stakeholders.

Five years ago, he argued, some owners perhaps may have thought they could get away with it.

"The real change is that if shipowners are not sure about the legality of what they are doing, somebody will be sure because someone is looking," he said.

Interested in hearing more about increased transparency in the shipping sector and its implications for the industry? Lloyd's List is hosting a transparency forum on September 9 in London with speakers from the legal, insurance, technology and supply chain side.

You can sign up to attend to the Lloyd's List Transparency in Shipping Forum at: https://lloydslist.maritimeintelligence.informa.com/LL1128790/Transparency-in-Shipping-Forum

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OPINION

Shipping's Arctic sea route concerns? Hold the applause

CMA CGM last week pledged that it would refrain from utilising the Arctic's northern sea route as part of its network on environmental grounds, *writes Linton Nightingale.*

The announcement by the French carrier's chief executive Rodolph Saadé was made ahead of a meeting with France's president Emmanuel Macron and heads of the local shipping community, and to much fanfare.

On the face of it, that looks like an act that can only be commended. But cynics among us may suggest it is nothing but an example of corporate greenwashing.

Of course, this is not to say that CMA CGM's promise is a negative; far from it.

One must, however, consider that up until now it has not showed any real sustained interest in exploring the northern passage, which many see as a long-term rival to the traditional southern routing through the Suez Canal for Asia-Europe trade.

And why should it?

First, the northern sea route is only beneficial for cargoes destined for northern Europe from northern China, Japan and South Korea, saving up to two weeks on journey times depending on the string. For any service originating from below Shanghai, it is shorter and simpler to take the mainlane route through Suez.

But more importantly, the sea ice, although melting rapidly, has still to disappear to levels that would allow for the safe navigation of ultra large containerships plying the Asia-Europe trade.

Even smaller ships currently require nuclear icebreakers to make the crossing. Clearing a path for a 21,000 teu behemoth is another matter.

The economics behind the northern sea route simply do not add up, as carriers would not have the scale required to make it cost-effective and worthwhile.

Maersk Line has been one of the northern sea route's pioneers, but its trial last year using a 3,600 teu ice-class ship was said to be a one-off. There has been little word since to suggest that this pilot voyage was anything but a pilot.

Indeed, the line has said in the past that the routing would not become a viable commercial option for shipping until beyond 2030.

CMA CGM called on other carriers to follow its lead and pull the plug on any Arctic ambitions.

While its rivals may hold back from making an official objection to the northern sea route, any upcoming trials that were in the pipeline will almost certainly be pulled, or at least kept under wraps, to avoid the environmental wrath or near-certain PR disaster. This can only be positive.

But if the sea ice continues to disappear and reaches the worrying lows both scientists and experts predict, the route could soon become an alternative just too hard to ignore. Maersk's timeframe of beyond 2030 could also be dramatically reduced if average global temperatures continue to accelerate.

If carriers start to make the Arctic crossing a regular deviation or even a network fixture, and CMA CGM still stays true to its word, I will doff my hat.

That will be the time to applaud.

The Americas lead the way with Lloyd's List Future Fuels Forum

SHIPPING is often seen as the 'bad boy' when it comes to climate change issues. This is unfair, *writes Richard Clayton*.

A great deal has already been done to understand the industry's impact on the environment and to put in place a set of strategies to clean up its act.

The maritime sector in the Americas is no less exercised by this challenge as anywhere else. However, it can be tough to keep up when regulators are expecting new standards on an almost annual basis.

Lloyd's List's Future Fuels Forum, to be held at the JW Marriott Downtown Hotel in Houston on September 25, aims to tackle this head-on.

It will do this not by digesting a series of decrees from far away, but through constructive dialogues. In order to make the subject manageable, Future Fuels has been split into the near-term global sulphur cap, and the mid-term push for a carbon-reduced future.

Six industry experts will join two panel discussions. The first focuses on **"Risks still in play in fuelling the shipping industry"**. With just three months to go until IMO 2020 kicks in, there remain concerns about fuel quality and availability, crew training, blending, detentions for non-compliance, charter party clauses, and so on.

The second panel focuses on **"The decarbonisation pathway"** from 2020 to 2050. What steps will shipping need to take to meet its mid-century obligations? Is the industry ready for the disruption this will likely bring? What are the merits of the cleaner fuels, and how much is being done to design next-generation fuels into vessel operating strategies? Will decarbonisation of shipping come through evolution or revolution?

Joining forum moderator and Lloyd's List chief correspondent **Richard Clayton** will be **Kathy Metcalf**, president and chief executive of the Chamber of Shipping of America, among whose responsibilities over many years has been manager of corporate regulations and compliance.

Alongside her will be **Giorgios Plevrakis**, who is head of business development at American Bureau of Shipping; Giorgios's career has been built on helping the shipping and offshore industries find new and alternative sources of fuel.

The legal dimension will be offered by **Joe Walsh**, a partner of law firm CollierWalshNakazawa, who will bring his expertise providing regulatory advice and defending claims arising from California's strict vessel emission regulations. Joe will be joined by **Melissa Williams**, global sales and marketing manager for marine fuel at Shell; Melissa played a key role in preparing the energy major for IMO 2020 fuel specification change.

Solutions to the decarbonisation dilemma will be addressed by **John Hatley**, vice-president of marine solution at Wärtsilä North America, whose expertise comes from years of developing market-shaping activities for gas initiatives, especially LNG, LPG, LEG, and methane. John will be joined by **Chris Buehler**, a senior managing engineer at Exponent Inc, the scientific consultancy that draws on experts across many disciplines to solve engineering, science, regulatory, and business issues.

These industry experts have already contributed to the wider debate about low-sulphur fuels and decarbonisation strategies, and these panels are a must-attend event in the Americas maritime calendar.

This year, for the first time, the Future Fuels Forum will also feature our Lloyd's List Americas Awards, at which the very best contributions to the maritime technology, vessel operations, legal and professional, and other sectors will be honoured.

ANALYSIS

WoodMac forecasts continued long-term growth in China gas imports

CHINA is forecast to continue to grow its gas imports in the long term despite being set to become the world's third largest gas producer by 2027.

This is mainly due to lower forecasts for domestic gas production particularly in shale gas and coal bed methane.

"We have adjusted our overall outlook for China domestic gas supply down in our latest update," said Wood Mackenzie consultant Wang Xueke. "While we are positive on conventional and tight gas output, the long-term growth of CBM and shale production looks to be challenging."

She said that while production is expected to double from 149bn cu m in 2018 to 325bn cu m in 2040, this is still 39bn cu m lower than the oil and gas consultancy's previous outlook.

Ms Wang also noted that China had reduced the resource tax on shale gas to boost development and urged national oil companies to upgrade drilling plans. As a result, Sinopec plans to increase exploration capex 41% to Yuan60bn in 2019.

"Despite this, we have downgraded the long-term shale gas forecast to 88bn cu m in 2040, which is 44bn cu m lower compared with our second half 2018 view," she said.

Coal bed methane production also stayed flat in 2018 due to lacklustre investment, noted Ms Wang. With output limited by project economics, and technical and regulatory conundrums, production is expected to reach just 15bn cu m in 2040, 40bn cu m lower than Wood Mackenzie's previous forecast.

In contrast, tight gas, though also an unconventional resource, has become a core part of China's gas mix, said Ms Wang. She pointed out that this is due to more mature technology, reliable geological data and overlapping distribution with conventional gas, which can reduce infrastructure development costs.

With China including tight gas in its subsidy schemes for the first time in 2019, more capital investment in tight gas is expected with potential commercialisation of previously sub-economic and technically challenging tight gas reserves. As such, Wood Mackenzie has increased its tight gas outlook to 85bn cu m by 2040.

Things are also looking positive on the conventional gas production front, Wood Mackenzie noted. China is determined to reduce import dependence and has urged more upstream exploration and production activities.

In response, Chinese national oil companies have formulated seven-year plans (2019-2025) to raise budgets and stimulate upstream exploration.

For example, PetroChina will allocate Yuan5bn annually on venture exploration, while CNOOC aims to increase exploration activities to double proven reserves by 2025.

The increase in E&P activities should translate to material conventional production growth in the medium term. This will be critical as China's gas demand is expected to reach over 673bn cu m, accounting for half of Asia's gas consumption by 2040.

"The overall reduction in China's gas production outlook calls for greater need for imports in the long term despite a more modest demand growth rate.

This should drive China's growing appetite for LNG and hence influence global gas spot prices," concluded Ms Wang.

Low-sulphur fuel price spread favours scrubbers

SHIPOWNERS who have chosen to implement scrubber technology may have taken the correct approach if the early indications of the price premium being placed on low-sulphur fuel are anything to go by.

The initial price premium for low-sulphur fuel ranged between $100-$150 per tonne in July, when compared with IFO380 heavy fuel oil, according to data compiled by Alphaliner from the key bunker ports of Rotterdam and Singapore.

This spread has increased to over $200 per tonne this month, as recent price declines in for HFO were not matched by similar falls for low-sulphur fuel oil.

Alphaliner noted that there was a wide variance in the price spread due to the low volumes of LFSO being traded, as demand for clean fuel would only pick up ahead of the International Maritime Organization sulphur cap's implementation next January.

This week, for example, the price premium stands at $150 per tonne in Singapore and $210 per tonne in Rotterdam.

Owners that have acquired newbuildings with scrubbers installed, or have had scrubbers retrofitted, would benefit from the lower cost of HFO, Alphaliner added.

"Current price spreads, if they can be sustained, vindicate some owners' decisions to install scrubbers on their vessels and thus allow ships fitted with such exhaust cleaning systems to continue using cheaper HFO after January 2020."

According to Alphaliner data, 57 containerships have already been retrofitted with SOx scrubbers and a further 38 units are currently undergoing retrofitting at shipyards. On top of this, 44 containership newbuildings have been delivered with scrubbers already installed.

Ships undergoing scrubber refits were continuing to push down the available idle fleet, it added, particularly in the larger ship segment. Alphaliner identified 27 vessels comprising 282,850 teu being out of service for scrubber installation.

Data from Lloyd's List Intelligence shows five vessels of more than 18,000 teu, which combined comprise more than 96,000 teu, currently idle and located at ship yards for scrubber installations.

Alphaliner noted that the large number of inactive ships at retrofit yards was creating demand for replacement tonnage, which in turn was pushing up charter rates for larger containerships.

Weak peak season to stretch into new year for box carriers

HOPES for a successful peak season on the transpacific are fading, according to analysis from at Platts.

"As August comes to a close the remaining hopes of carriers for the elusive peak season in container freight are quickly evaporating," Platts said. "A summer hike failed to happen and after initial GRIs, freight on most major routes kept deteriorating through the month."

This week the north Asia-US west coast and north Asia-US east coast trades both saw rates fall by $200 per feu.

Carrier sources said it had been a poor season on the transpacific due to extra loaders being employed on the trade, and that September GRIs were unlikely to be impressive.

The continuing trade dispute between China and the US, as well as the start of the annual Golden Week holidays on October 1, are making it difficult to gauge demand on the Pacific, Platts said.

"There is still a chance of a stronger second half of September if importers decide to stock up before the Golden Week, but no big spikes in rates are expected," it said.

Digital freight forwarder iContainers has also noted that as well as the continuing uncertainty over the US-China trade dispute, carriers were having to

contend with both IMO 2020 and an earlier than usual Chinese New Year in 2020.

"We can expect these to further disrupt and unsettle supply chains," said iContainers vice-president Klaus Lysdal.

iContainers warns that the full impact of the disruption will be felt towards the end of the year as carriers begin taking vessels out of rotation in preparation for IMO 2020.

"Crunch time will really begin around the end of the third quarter and the start of the fourth as carriers start fitting their vessels with scrubbers to abide by the new emissions regulations," Mr Lysdal said. "This will come at a time when companies scramble to get their cargo in before the holiday season."

The early Chinese New Year celebrations, which begin on January 25, would also prompt an additional rush before both vessels and Chinese suppliers became fully booked.

"Expect this to cause more problems than usual in the day-to-day process of the industry managing the peak season," Mr Lysdal said.

MARKETS

Tariffs hit China's box-making business

THE slowing world economy and tariff rises have struck a blow to the container manufacturing business of state-conglomerate China International Marine Containers.

The Shenzhen- and Hong Kong-listed firm, whose largest shareholders are state giants China Merchants Group and China Cosco Shipping Corp, saw net profit contract 29.6% year on year for the first half of 2019 to Yuan679.8m ($94.9m) while revenue dropped 1.9% to Yuan42.7bn.

The box making segment, which accounts more than one-fourth of its total revenue, sustained an 82.4% slump in net profit to Yuan37.6m.

Sales volume dropped 28.9% to 573,600 teu, including a 33.8% fall in sales of reefer containers to 50,700 teu.

CIMC said in an exchange filing that the growth of container trade in the first half had been substantially slowed by the weakening global economy and ongoing trade conflicts. This was exacerbated by frontloading late last year as shippers were rushing to beat the deadline for US tariffs on Chinese imports, it added.

"The downbeat sentiment brought by the softening demand and trade conflicts has reduced the buying appetite of our clients for new containers," CIMC said. "And the decrease in steel prices and rise in market competition has further driven down the box prices."

CIMC is world's largest container maker, with a market share of about 50%. Its views were echoed by Singamas Container Holdings, the former world's second-largest player in this sector, but which recently sold the majority of its business to Cosco Shipping.

Singamas widened its net losses to $50.6m in January-June from $2.5m in the year-ago period, while box sales shrunk 35.2%.

"The US-China trade war has further proved that we made the right decision [about the sale]," said its chairman Teo Siong Seng.

Separately, CIMC's offshore engineering business, led by offshore project yard CIMC Raffles, remained mired in negative territory, marginally narrowing its net losses to Yuan703.3m in the first six months of this year from Yuan705.6m a year ago.

But the segment's revenue more than doubled to Yuan1.7bn, having received a string of newbuilding orders, including the *Illusion Plus* megayacht project with Dutch company Pride and an accommodation platform with BP.

Chinese media earlier reported that CMG was pondering the acquisition of the shipbuilding and offshore engineering businesses of CIMC and AVIC International Holdings.

CIMC had unveiled a fund-raising plan last year to issue about 340m new shares on the Hong Kong Exchange. The plan was announced in March when its stock was being trade at around HK$14 per unit.

The share offering, however, has been scrapped now owing to "changes of capital market environment", CIMC said in a separate filing this Tuesday.

IN OTHER NEWS

MOL Nordic Tankers loses chief executive in shake-up

MOL Nordic Tankers chief executive Per Sylvester Jensen and chief financial officer Henriette Schutze have left the company as part of its integration into MOL Chemical Tankers.

Japan's shipping giant Mitsui OSK Lines said a full integration of the units following the acquisition in January is under way and is expected to completed next year.

When the takeover was announced in January, MOL said it would retain all management and employees.

China Merchants offers to buy AVIC's shipbuilding assets

STATE conglomerate China Merchants Group has offered to acquire AVIC International Maritime Holdings, as part of the country's move to consolidate the shipbuilding and offshore sector.

Singapore-listed AVIC Maritime said in an exchange filing that it had received a pre-conditional cash offer from United Overseas Bank, on behalf of China Merchants Industry Investment, to acquire all of its issued and paid-up shares.

CMII is a wholly owned subsidiary of China Merchants Industry Holdings, the shipbuilding and offshore engineering arm of CMG.

Deal delay exposes PNG LNG expansion to risk of rising cost

THE Total and ExxonMobil-backed $13bn PNG LNG expansion project runs the risk of chalking up higher costs if the project partners cannot finalise a deal with the government of Papua New Guinea.

Project partner Oil Search said on Wednesday that the bids lined up from contractors for engineering and design of the planned PNG LNG expansion would expire in September.

In light of tightening capacity in the upstream oil and gas industry, the Sydney-listed oil and gas company warned that the project could be exposed to higher costs if a deal is not finalised within days with the government.

Port of Cleveland looks to double cargo throughput

OMNITRAX Inc, one of the largest privately held rail companies in America, has said it will acquire the Cleveland Commercial Railroad and its wholly-owned subsidiary the Cleveland Harbor Belt Railroad, in a deal that could double throughout at the Port of Cleveland.

"The Port of Cleveland is excited to partner with OmniTrax and further build out the on-dock rail business at our general docks," said David Gutheil, chief commercial officer at the Port of Cleveland.

"OmniTrax has a substantial customer base across its existing network and a history of leveraging their strong partnerships with the Class 1 railroads to increase revenues and find new lines of business," he said.

Global Energy Ventures names Soderberg as head of shipping

WELL-KNOWN Hong Kong-based shipping executive Thomas Soderberg will be joining compressed natural gas project developer Global Energy Ventures as its head of shipping, replacing ex-Frontline chief executive officer Jens Martin Jensen.

GEV simultaneously announced that Mr Soderberg would also be appointed as a non-executive director effective September 1, 2019. His appointment as shipping head is subject to shareholder approval at the annual general meeting in November.

Mr Jensen resigned to accept a full-time position as head of shipping with a Nasdaq-listed integrated gas-to-power company in Miami, GEV said in a statement.

Knot seals 15-year shuttle tanker contract with Total

KNUTSEN NYK Offshore Tankers, NYK Group's shuttle tanker joint venture with Knutsen Group parent TSS Shipping Invest, has sealed a 15-year shuttle tanker deal with Total for its Brazilian activities.

The time-charter contract is due to start from 2021, NYK said in a press release. Financial details were not disclosed.

The contract will be fulfilled using a 152,000 dwt suezmax tanker equipped with a dynamic-positioning system built in China by Cosco Zhoushan to shuttle crude oil produced in waters off Brazil.

Jailed shipowner Nobu Su lodges appeal

JAILED Taiwanese shipowner Nobu Su has lodged an appeal against his 21-month prison sentence for contempt of court.

The former high-flyer of the shipping super-cycle has also rejected findings that he had the legal capacity — or state of mind — to participate in his March trial proceedings in London.

The businessman lost more than $1bn after he fell on the wrong side of physical and futures trades when the dry bulk market

collapsed in 2008. He is serving time at London's Pentonville prison following the March 29 judgment in the Commercial Court.

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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**, call **+44 (0)207 7017 5392** or visit **info.lloydslistintelligence.com**