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# Owners open to fuel carbon pricing to curb emissions


IMPOSING SPEEDING TICKETS and charging shipowners a premium on hydrocarbons have been described as realistic and acceptable measures to cut maritime's greenhouse gas emissions.

An international agreement to reduce shipping's total annual GHG emissions by at least 50% by 2050, combined with unilateral commitments by some states to achieve zero carbon emissions, have put pressure on the industry to conjure up ideas on how to achieve these goals.

While most agree that alternative fuels and propulsion technologies will be necessary, putting a direct price on carbon emissions to dissuade from consuming fossil fuels is also an option.

The measure is contentious and members of the shipowning, investor and classification side have somewhat different views on the matter, according to the view expressed during London International Shipping Week.

John Michael Radziwill, chief executive of dry bulk owner Goodbulk and vessel manager C Transport Maritime, said he would have no problem with paying a premium for using hydrocarbons.

He supported by Rasmus Bach Nielsen, global head of wet freight at Trafigura, who said there should be a premium on the use of hydrocarbons, using a benchmark based on today's prices.

Others, however, were more cautious.

JP Morgan head of global transportation Andy Dacy said that the key question around carbon pricing is what the tax is used for, arguing that carbon trading system in Europe, which was revised last year, failed.

"That is an example of how blanket taxation without refining is not the right sort of approach," he said

ABS chief executive Chris Wiernicki agreed, saying that achieving the 2050 goals will require more co-operation than ever among shipping industry stakeholders.

The head of the world's third-largest classification society argued that a combination of liquefied natural gas propulsion, vessel speed and operation optimisation could allow the industry to meet the International Maritime Organization's 2030 target for a 40% reduction in relative carbon consumption of the industry compared with 2008.

Both Mr Bach Nielsen and Mr Radziwill advocated the introduction of regulated speed limits to immediately curb emissions from the global fleet.

Mandatory speed limits have received criticism on several accounts but a crucial one is enforcement.

A simple answer to that could be issuing speeding tickets for vessels violating rules, according to Mr Bach Nielsen, arguing that implementing a system that tracks and penalises those vessels that speed should not be difficult.

Trafigura is already working on a policy that requires shipowners to disclose the level of carbon emissions when moving its cargo, information that should be valuable if speed limits are enforced.

"If you steam a very large crude carrier from Houston to South Korea it is not difficult to figure out at what speed it is sailing. It is very easy," said Mr Bach Nielsen.

Mr Dacy suggested fines could be linked to components like finance, insurance and even classification for owners.

"You *de facto* lose your driver's license," said Mr Radziwill.

Violators would be taxed on their emissions and the payments could go into a carbon fund, said Mr Bach Nielsen.

"I think it is possible, but you do need somebody to police it," he added.

Mr Bach Nielsen hailed French president Emmanuel Macron who last week publicly endorsed the measure. Earlier this year France had submitted a proposal to the IMO calling for speed regulations.

"We need the IMO and we need political leadership," he said.

GoodBulk and Trafigura are two of the 120 companies that openly called on the IMO to regulate speed on ships earlier this year.

The IMO's last high-level environmental meeting failed to decide on the measure, as many countries fuelled by concerns about the potential rise in the cost of transportation. That same committee reconvenes in April 2020 where it is expected to discuss the matter again.

Political and broader financial implications aside, critics of the policy argue that it stifles innovation by incentivising older ships and that if implemented for some time could cause more ships to hit the water, ultimately offsetting or even exacerbating the level of emissions.

But Mr Radziwill appeared convinced it is the right approach and denied some of these accusations. He reiterated that the industry should avoid overcapacity driven by incentives to deploy marginally more efficient tonnage.

"There is no need to suddenly jump and order tonnage that is a little bit more fuel efficient, a little bit more modern, a little bit more technologically efficient. That is not efficiency," he said.

Instead, owners and operators should try using their existing ships more efficiently while deploying measures like speed limits and using latest technology.

Another criticism against speed limits is that it is primarily motivated by financial considerations as it raises the freight costs and therefore revenues from chartering.

Mr Radziwill acknowledged that as a positive side effect to speed limits but further argued that with a general lack of available financing, owners will have to squeeze money out of charterers.

"If we want new capital to come into our industry, we should be getting it from our charterers," he said.

As a major charterer, Trafigura would have no issue paying higher freight rates, provided there is a level playing field with its competitors, Mr Bach Nielsen said.

WHAT TO WATCH

# Shell urged to share GHG emission savings

OIL company Shell, the world's second-largest charterer of crude tankers in the spot market, says it has achieved greenhouse gas reductions of up to 20% using data analytics and optimising port schedules to "performance manage" its fleet.

Shell tracks and analyses 500 data points per second in real time from every ship it charters or owns, Grahaeme Henderson, vice-president, shipping and maritime for the Shell International Trading and Shipping Co (STASCO), told the Capital Link forum in London.

Using liquefied natural gas as a marine fuel added as much as a 30% reduction in a ship's greenhouse gas emissions, he added.

Shell is a significant contributor of greenhouse gas emissions in shipping, as both a major charterer of crude and product tankers, as well as a producer of oil and refined products. The chief of its shipping subsidiary disclosed the emissions cuts it has achieved in its fleet during a discussion on decarbonisation for the maritime sector.

However, Mr Henderson said meeting maritime emission reductions targets using today's technologies was not enough, although he declined to endorse any alternative, zero-carbon fuels for shipping, citing lack of clarity and problems with each. Hydrocarbon and methanol are some of the alternative fuels currently cited for future propulsion, over today's diesel engines.

Clarkson Research Services' Martin Stopford told the forum that decarbonisation in shipping needed to first start with distributing information about the carbon footprint in the 60,000-vessel commercial fleet. He said green hydrocarbon was emerging as the favoured alternate marine fuel, though he noted that it would be used by power generators in the future and compete with shipping.

He urged major charterers such as Shell with the means to gather data about fleet greenhouse gas emissions via slow steaming, route and port optimisation and other techniques to distribute this more widely.

"It would be helpful if owners knew what the carbon footprint was daily and shared that with charterers and charterers that shared with them," Mr Stopford said. Some 40% of trade carried by vessels was fossil fuels, making it the biggest single cargo for shipping. "But [in the future] are we going to be carrying half as much or twice as much," he added.

"I'm a bit astonished how quickly zero carbon has risen up the agenda. The lobby has built up very fast and we're finding our feet."

The UK government aims to achieve zero emissions in shipping by 2050, against the International Maritime Organization target of 50%.

Mr Hendersen cited safety, sustainability, production costs and the ability to scale up greener fuels as obstacles to their uptake.

Shell chartered some 682 crude tankers on the spot market in 2018, based on data collected by shipbroker Poten& Partners. The shipping division is the third-party operator of some 201 vessels totalling 21.8m dwt, according to Lloyd's List Intelligence.

# UK banks 'no good at shipping', claims Citi's Michael Parker

BRITISH banks were "no good at shipping" even prior to their withdrawal from the sector but can bounce back by financing green shipping and digitalisation initiatives in the future, one of the world's leading shipping financiers has argued.

Industry veteran Michael Parker, recently appointed chair of shipping and logistics at Citigroup, was speaking at a breakfast panel discussion on Tuesday, organised by law firm HFW as part of London International Shipping Week.

Attendees also heard Scottish shipowner John Denholm insist that socialist governments can be good for shipping companies if not for shipowners, while Clarksons chief executive Andi Case warned that millennials want the industry to adopt the environmentalist agenda.

Mr Parker — a Briton who has long-worked for an American bank — commended the PricewaterhouseCoopers study on London's maritime cluster, commissioned by Maritime London and published on Monday to mark the start of LISW.

The report, titled Catching the Wave, clearly identified finance as a major weakness of the UK capital as a shipping centre. But Mr Parker did not pull his punches, claimed that no British bank is now lending to shipping following the withdrawals of RBS and Lloyds from the niche sector.

"Frankly, British banks were no good at shipping. They lost a lot of money and it wasn't very important to them," he said.

Mr Parker also highlighted the Oslo bond market, which offers quick and pain-free access to capital, as something London could profitably emulate.

"London as a financial market should have some form of rated liquid market available for small and medium-sized companies," he added.

The way forward is to concentrate on digitalisation, innovation and technology, perhaps with government support, he averred. This should be possible outside the European Union.

The second surprise claim of the event came from John Denholm, chief executive of J & J Denholm, the Glasgow-based family company that is one of Britain's last substantial shipowners.

While he expressed concern about the current heated state of British politics, which he said could lead to a more left-wing government prone to raise taxes, he was sanguine at the prospect.

"Socialist governments have been good for shipping companies, if not for owners," he remarked.

He broadly commended Britain's current taxation arrangements, even though he pays 45% tax on his earnings above £150,000.

"Who can complain about paying top rate tax, given all the services and support that the British taxpayer provides to you? It's not a bad deal."

Foreigners can elect for non-dom status, only paying tax on UK earnings.

Company shares can be passed on to children without inheritance tax, a position more favourable than in many competitor countries.

"I am a great supporter of the British flag," added Mr Denholm. "It has served us well over the years. It is backed up by the Royal Navy to protect British shipping, and that is a great advantage."

Mr Case said Clarksons was proud to be an important part of the UK maritime cluster, and is completely committed to Britain, seeing no contradiction between that and being a global company.

"The big question for our industry is environmentalism," he said. "Millennials are voicing an environmental preference on shareholders. Every shareholder of every cargo player, of every shipowner, is having to fill out an environmental report."

Given the funding gap for more environmentally friendly ships types, Mr Case backed Mr Parker's assertion that this represents an opportunity for the London maritime cluster.

# Citi's Parker confident Chinese lenders will adopt green finance principles

SHIPPING'S most well-known banker is confident Chinese lenders and export credit rating agencies around the world will endorse pioneering financing principles that incorporate climate policy. But owners are still waiting for incentives to invest in sustainable shipping.

A few months ago, European and US banks, with a collective shipping portfolio of more than $100bn, agreed to consider climate implications and parameters in their lending policies to shipping companies.

Conspicuously absent were Chinese lenders, including the leasing companies that have become increasingly popular among shipowners during the past few years.

Citi logistics and shipping chairman Michael Parker revealed during a panel discussion at London International Shipping Week that he and Société Générale's Paul Taylor recently travelled to China to speak with Chinese lessors about the Poseidon Principles.

"We believe the Chinese government will encourage all of its relevant institutions to sign the Poseidon Principles," he said, noting that China has stepped up on the global environmental stage since the US pulled out of the Paris Agreement.

He admitted that it will take time as each institution has its own process.

But Mr Parker said it will be very important for export credit agencies to jump on board the movement as well, as they will play a significant role in financing newbuilds.

With the International Maritime Organization not taking any new emissions-reducing measures since striking its landmark agreement last year, and potentially not taking any at all until 2023, owners are left in an awkward position of pledging support for sustainable shipping but fundamentally lacking a push to spur greater investment.

Ardmore chief executive Anthony Gurnee said that while he welcomes the Poseidon Principles most of the discussion on decarbonisation is still very aspirational and abstract, that have to graduate from political and regulatory lines to practical and operational ones.

"There need to be more concrete incentives for shipowners to do the right thing. That is what is going to move the industry forward," he said.

The head of the New York-listed product and chemical tanker owner recognised that as an incentive to invest elsewhere, ships may ultimately have to pay a premium to burn carbon fuels, a policy that other companies have called for to curb emissions in the longer term.

"We are committed to playing as a progressive role we can within the confines of reality. We have gone three years without a profit, our ships are going slower," he said.

In stark opposition to a host of shipowners that have spoken in favour of slow steaming, Mr Parker rejected the measure, warning that it will not solve the emissions problem and would lead to more tonnage hitting the water.

"I do not think the banking sector is going to support that situation," he said.

Mr Parker also said he expects that ship recycling will also come under consideration, once the Hong Kong ship recycling regulation, is ratified.

"We are not trying to be green extremists, I promise. We support the global regulator," he said.

The HKC was adopted by the IMO in 2009 but still lacks support from enough shipowners and ship recycling nations to come into effect.

# Former UK defence secretary claims Stena Impero did not follow security guidance

THE former UK defence secretary Penny Mordaunt has contradicted Stena Bulk's account of the events leading up to the seizure of the UK-flagged product tanker *Stena Impero* on July 19, claiming that the company did not follow security guidance.

Stena Bulk insists that all necessary notifications to relevant authorities and organisations were made for the *Stena Impero*'s transit of the Strait of Hormuz, which was carried out "in full compliance with all international maritime regulations".

However, the former defence secretary, who was just in post 85 days before she was sacked by Boris Johnson when he became prime minister, yesterday told a parliamentary defence select committee hearing that was not the case.

"The information given by both the master and Stena's chief security officer was not what they then did," Ms Mordaunt told the committee.

According to her evidence the vessel should have given 24 hours' notice to the authorities before transiting the Strait of Hormuz, but instead only gave three hours advance notice and then set off earlier than had been stated in their transit plan.

"The timings were wrong," said Ms Mordaunt.

A spokesperson for Stena reiterated previous statements given clearly stating that all required security guidance was followed.

At the time of the transit the UK Department for Transport had issued specific security guidance to all shipping in the region planning to transit the strait after four oil tankers were attacked near the Strait of Hormuz on May 12, and two other tankers were sabotaged by limpet mines on June 13.

Following the seizure of *Grace 1* by British Royal Marines when it passed through Gibraltar on July 4, Ms Mordaunt stated that she had warned government departments that the UK was "very likely facing having a ship taken" and security guidance was reissued to all vessels.

The discrepancy of the timing is significant because it would have affected the ability of the Royal Navy to offer protection to the vessel given the elevated risk level and direct threat to UK-flagged ships.

Ms Mordaunt said that the Britain's only frigate in the Middle East Gulf, *HMS Montrose*, had been escorting dozens of British-flagged tankers around the time *Stena Impero* was captured, but in each case had been given 24 hours' notice.

*Montrose* did not arrive in time to stop Iranian special forces seizing the ship on July 19 and were reportedly less than 60 minutes away from *Stena Impero*'s position when it was taken.

"We can't speculate, but for every other vessel the Royal Navy protected them, so no, I don't think the Royal Navy dropped the ball on this — they did a pretty good job.

The former defence secretary also revealed that she had to ask five times before the then Prime Minister Theresa May would agree to a meeting of Britain's crisis Cobra committee to discuss the Iranian threat to Middle East Gulf shipping.

Ms Mordaunt said she had become so frustrated after her three requests were ignored that she wrote to the then prime minister in mid-June to ensure there was "an audit trail" as she warned the UK was "very likely facing having a ship taken".

Sixteen crew remain on board *Stena Impero* which has been detained by the Iranian authorities since July 19 in Bandar Abbas.

# Boxship fire prevention needs to focus on cargo verification

THE ever-increasing size of containerships and the frequency of fires on board has again raised the issue of protecting vessels from misdeclared dangerous goods shipments.

A seminar hosted by shipping consultants LOC and Clyde & Co during London International Shipping Week heard that fire-fighting equipment on modern containerships was not fit for purpose, and that the design of the ships made it nearly impossible to fight a fire once it had taken hold in a container stack.

Vessels were only required to have two seawater pumps for on deck fires, and $CO_2$-based prevention systems could only work in enclosed holds, and even then were a "single-shot" solution that had to work the first time.

With stacks on deck getting higher and wider, it was difficult and dangerous for crew to even attempt to fight on-deck fires.

With controlling fires being so difficult, effort should instead be put into avoiding the cause of fires, which was usually the incorrect stowage of exothermic dangerous goods such as calcium hypochlorite, one of the most frequently misdeclared hazardous cargoes.

"It seems to me that prevention should be given some more thought," said Clyde & Co head of cargo casualty Jai Sharma.

"You have increased risks when you have these greater numbers of containers on board."

The risk of carrying a misdeclared container might be around 0.01%, he said.

"On a small ship you can live with that as it is very unlikely you're ever going to get one misdeclared container. But if you have 20,000 teu it is quite likely there is going to be misdeclared cargo on every single voyage. No one will know unless something goes wrong."

Even if misdeclarations were excluded from the reckoning, the carrier still had to identify each container properly and put it in the right place to comply with its safe stowage obligations.

"The more containers you have the more likely someone is going to press the wrong button on the computer," Mr Sharma said.

"There is a significant risk that is expanded greatly by the large size of containerships."

While some steps have been taken to vet the shippers more closely, carriers were still taking too much on trust, he said. "If someone says they are shipping tables, but it looks like they are shipping bombs, maybe some better steps should be taken to vet that cargo," he said.

He suggested a traffic light risk assessment system that would give a green light to known shippers with a consistent record of accurate cargo declarations, and a red light going to those known to ship hazardous cargoes.

"You need a proper risk assessment," Mr Sharma said "The carrier has to exercise due diligence to ensure the vessel is seaworthy but his often looks only at the physical state of the vessel. It seems to me this isn't enough, when we have information and experience, to then just take the cargo on trust."

Additional steps that carriers should consider were effective firebreaks and firefighting equipment on board.

"If you have a deck fire, there is no division except for the accommodation block to stop the fire spreading," Mr Sharma said.

But a senior figure at a major container shipping line, speaking under Chatham House rules, argued against the suggestion that the onus needed to be on box carriers.

"The key point in my mind is prevention," he said. "Misdeclaration is a very big issue. We can add to the firefighting systems, but when most of the cargo is in the open air the only thing we can add is water."

He added that there was still room for discussion over the responsibility for prevention and for verification.

"I've heard that it should be the carrier that should make the checks on the type of cargo, but this moves the responsibility from those responsible to the carrier," he said.

# Global regulation not suitable for ports

THE global nature of shipping has meant that it makes sense for regulation of the industry to be done at an international level. But is a global regulatory framework required for ports as well?

The question was raised at a seminar hosted by terminal operator Hutchison Ports and held at the International Maritime Organization headquarters as part of London International Shipping Week.

Arguing the case for international level regulation, IMO secretary-general Kitack Lim said ships, ports and related infrastructure had to be considered as integral parts of a single entity, which is the global supply chain.

"The IMO has had a huge impact on shipping but why shouldn't the positive benefits of the IMO's work be felt further throughout supply chains?" said Mr Lim. "At the very least, the IMO should be a catalyst for dialogue and communication between all maritime stakeholders."

The IMO convention gives the organisation a mandate to regulate ports and some current IMO regulations do extend to port operations. But there were many opportunities to further explore and enhance the co-operation between shipping and ports and the logistics industries, he said.

"The IMO is already involved in the port sector regarding safety, and ports play an important role in the IMO regulations on greenhouse gas emissions," said Mr Lim.

"It is the IMO's responsibility to ensure the efficiency of the global supply chain. Ports are a critical player in the ship/port interface, and we need to include ports in the debate at the IMO."

Ports were also crucial players when it comes to implementing existing and new safety and security facilitation measures, he added.

IMO director of legal and external affairs Patrick Kenney noted that most of the work the IMO does relates to discussions between governments in the field of governmental regulation and practice relating to technical matters.

That was mainly towards maritime safety, the protection of the maritime environment and safety of navigation. Essentially, it is directed towards ships.

"What people often do not realise is that there are other articles in the convention that directly impact ports," Mr Kenney said. "One of the purposes of the IMO is to encourage the removal of discriminatory actions and unnecessary restrictions by governments affecting shipping and international trade."

But International Association of Ports and Harbours managing director Patrick Verhoeven said the question was not whether IMO could regulate ports, but whether it should.

"If you ask any industry whether it wants international regulation the gut answer is going to be 'probably not'," said Mr Verhoeven.

"The question is what needs to be regulated and at what level. If you look at the port industry, it is a regulated industry, but a lot of it is at local and national level. The playing field for ports is more regional than global, as ports are embedded in local communities."

That explained why there was not a lot of international regulation directly dealing with ports, he said.

"I think instead of more regulation we need to be more involved," added Mr Verhoeven. "Up to now we have been at the receiving end of international regulation for shipping, which affects ports, but not involved in these processes."

Hutchison Ports general counsel Diana Whitney said the difficulties in implementing the European port services regulation showed that one model could not cater to all the different types of port ownership.

"One of the key problems with ports is that they are owned differently and located in different jurisdictions and have different demands," said Ms Whitney.

"In terms of international regulation, you need to ask: what is the purpose? You can't regulate for efficient ports, as that is driven by the market and competition. Too much regulation constrains that and leads to inefficient ports.

She added that many of the global issues were already dealt with by local regulations.

"Issues like bribery and corruption are already covered by national laws in many countries," said Ms Whitney.

"We already comply with environmental legislation, rafts of employment and health and safety legislation so it is difficult to see what areas need to be regulated further."

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ANALYSIS

# North of England maritime clusters impeded by poor infrastructure

MARITIME clusters in the north of England have once again used a national forum to express frustration about preferential treatment given to their cousins in the south of the country. The latest occasion was the regional spotlight session at London International Shipping Week.

The north has half of the country's population and half of its traffic yet, claimed P&O Ferries' head of corporate development, Stephen Weaver, "80% of the infrastructural investment goes to the south".

Lesley Batchelor, director-general of the UK's Institute of Export and International Trade, and the session chairperson, gave some context. Her north-south train ride to London took two hours, she said. There was full wi-fi and she suffered no changes of train. If she had wished to travel from Hull on the east coast to Liverpool on the west coast, the journey time would have been almost five hours.

There has been much talk about Britain's Northern Powerhouse. However, there appears to be little evidence of its emergence. "We are in a crisis," said Gary Hodgson, strategic projects director at Peel Ports. Port operators have invested in container and bulk cargo terminals "but we can't move cargo from east to west, either by road or by rail".

He pointed to road haulier Maritime Transport, which operated 1,600 trucks and 27 depots in 2018, generating revenue of £300m; the company is shifting its business to rail with significant investment in both 2018 and 2019.

Partly this reflects Maritime Transport's serious shortage of long-distance heavy goods vehicle drivers. The average age of drivers is 57. "What chance have they got to recruit drivers?" Mr Hodgson asked. And partly it reflects congestion on the main east-west motorway that delays loaded journeys in both directions.

The two maritime clusters leading the charge — Mersey Maritime and Team Humber Marine Alliance — are heavyweights in industrial shipping yet admit they have struggled to convince either the Department for Transport or the Department for International Trade of their plight.

British Ports Association chief executive officer Richard Ballantyne responded that it was not enough just to criticise the southern ports and clusters. “The north must go to London to lobby. You must get together as a group and lobby on behalf of the region,” he said.

The significance of this discussion at London’s shipping week during the latest in a long series of troubled weeks for the UK government was not lost on the audience. “It’s important for us to pull together in the face of the enormity of what’s going on — and I do not only mean Brexit,” Ms Batchelor urged all the clusters. The northern ports suffered from congested infrastructure that is hampering trade, she added.

It made for a stark contrast to speakers from the South West Marine Cluster, the Solent Local Enterprise Partnership, and even the Scottish Maritime Cluster — all of which focused on economic growth through technology, sustainable development and skills training.

However, all clusters are united in their exasperation about whether the UK’s withdrawal from the European Union will be eased by a deal or not. As of today, that will be decided on October 31.

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**MARKETS**

# Ship technology market could be worth $278bn by 2030

THE value of the ship technology market will grow by over 160% over the next decade to reach $278bn by 2030, according to a new report.

The study, conducted by Public on behalf of Inmarsat, claims that today that market is worth $106bn. The overwhelming majority is composed by large established companies, with start-ups and small innovators claiming just $4.2bn of digital spending by the industry in 2018.

However, the future looks much more diversified, and the study projects exponential growth for the industry’s newcomers; spending on digital services from startups and small to medium-sized enterprises will reach $111bn by 2030, amounting to 120% compounded annual growth, Public showed.

Five years after the first maritime startup accelerator formed, maritime startups raised $200m of venture capital in 2018.

Inmarsat maritime president Ronald Spithout said: “As this important report shows, it is more important than ever for start-ups, corporate suppliers and ship operators to collaborate.”

# IMO 2020 adds woes to slowing global economy

THE low-sulphur transition imposed upon international shipping will add strain to a slowing global economy already at risk of slipping into recession, according to projections from S&P Global Platts Analytics.

The green shipping regulation capping sulphur content in marine fuels at 0.5% will push oil and diesel prices higher, which will worsen the pain of economic contraction.

On the flip side, the International Maritime Organization’s regulation, commonly dubbed IMO 2020, may help bolster refining margins in the short term.

Platts analytics points to a 35% to 40% chance of a global recession next year, with the largest engine for the world’s economy — China — battling negative spillovers from a lingering trade spat with the US.

By August, the administration of US President Donald Trump had already slapped tariffs on $550bn worth of Chinese goods.

The head of Platts analytics for Asia, Kang Wu, told reporters on the sidelines of the 35th Annual Asia Pacific Petroleum Conference in Singapore that China may struggle to find alternative buyers, rather than the US, for its exports. This will eventually pull back Chinese demand for petrochemicals going into producing goods intended for export.

On the other hand, the IMO 2020 regulations coming into force on January 1 are widely expected to lift prices of lighter and sweeter crude grades.

Platts analytics also projected that this green shipping regulation may support pricing of key petrochemicals such as naphtha, which is a base material for producing high-grade gasoline.

This projection builds on an expected ramp-up in production of distillates considering demand for 0.5% sulphur cap compliant marine fuels. About 1.5m barrels per day of 3.5% sulphur fuel oil will be displaced from today's global marine fuel mix post-IMO 2020.

Ships not using scrubbers have two main options to comply with the regulation — either burn distillates, commonly known as marine gas oil supplied from the refineries, or 0.5% fuel oil blends comprising varying mixtures of distillates and 3.5% fuel oil.

Refineries have already started tweaking their operations to cater for the expected surge in MGO demand, Vitol separately suggested yesterday.

Platts global director of analytics Chris Midgley said that these tweaks may call for "optimisation of cat crackers that produce gasoline... that will lead to a tightening of naphtha supplies".

These moves would be justified to the extent that distillates or MGO may command price premiums leading up to the IMO 2020 regulatory deadline.

Platts analytics predict that distillate stocks will run low by the end of this year.

Mr Midgley warned, however, that refinery feedstock prices and freight costs may consequently jump, pushing up prices of final consumer goods and adding to the woes of slowing economies worldwide.

## IN OTHER NEWS

### All seafarers rescued from capsized car carrier offUS coast

THE US Coast Guard and salvage crews have rescued the fourth and final seafarer who had gone missing after the car carrier he was on board overturned and caught fire early on Sunday off the coast of Georgia.

"All crew members are accounted for," USCG Southeast wrote on Twitter. "Operations will now shift fully to environmental protection, removing the vessel and resuming commerce."

A statement issued on Monday by South Korea's foreign ministry said the crew members were isolated in an engine room. It said 10 South Koreans and 13 Filipinos had been on board, along with a US harbour pilot.


# 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**