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# Zero-carbon shipping to double freight costs

SHIPPING emission targets need to be brought forward a generation earlier than expected to meet world climate change goals, while freight rates will likely double during the transition to greener, zero-carbon marine fuels, an International Chamber of Shipping conference has been told.

Policy makers and climate change scientists outlined the challenges faced by owners and charterers of the world's 60,000-vessel commercial fleet to decarbonise shipping, and the enormous scale and pace of change needed.

Despite environmental and regulatory imperatives to reduce maritime greenhouse gas emissions, shipowners were told freight rates would likely double to fund zero-carbon fuels, even as the commercial viability of these remained uncertain. Carbon taxes were also probable, the conference on future fuels held in conjunction with London International Shipping Week was told.

Emanuele Grimaldi, managing director of the Italy-based Grimaldi Group, told Lloyd's List: "I'm really concerned about these extra costs."

The group operates a fleet of more than 100 ro-ro and short-sea shipping vessels, and higher prices could divert freight to road or air, which was more carbon intensive, he said.

Leading climate change scientist Anders Hammer Strommen suggested greenhouse gas emissions from international shipping must be cut 50% by 2030 and reach zero by 2050 if global average temperatures were to rise no more than 1.5°C. The 50% cut is some 20 years earlier than agreed at the International Maritime Organization last year.

Norway-based Mr Strommen contributed on shipping to the Intergovernmental Panel on Climate Change that assessed the difference between a 1.5°C rise in global temperature over the next generation versus an increase of 2°C.

He said a 2°C rise equated to once-a-decade summer when Arctic ice completely melted, accelerating global warming, versus a once-a-century summer of no ice under a 1.5°C scenario.

Meeting the 1.5°C target "implies a one ship-generation earlier transition", he said.

The technology to shift international shipping to zero emissions by 2050 is there, but freight rates will have to double to fund the higher cost of green marine fuels, according to the chair of the UK's Energy Transitions Commission. Lord Turner said: "Shipping is one of the most expensive sectors of the economy to decarbonise.

"That is reflected in the fact that when we work out the cost of the [alternative fuel] product, the cost of providing a voyage and the freight rates, we think the decarbonisation of shipping might have to produce a significant increase in freight rates over the time, as much as a doubling of freight rates."

This would add very little to the overall price to consumers for purchasing sugar, smart phones or jeans, he added.

"Even if you assume that the freight rates go up very significantly, the total cost of the global economy is very small. We may be able to get that cost down with good technological innovation, by driving the efficiency improvements of the ship... but I suspect there will be always a cost."

Lord Turner — who as Adair Turner was chairman of the UK financial regulator the Financial Services Authority but is also a past chairman of the Committee on Climate Change and former director-general of the Confederation of British Industry — said the challenge facing the industry is one of co-ordination.

"As long as you all move together, then that's not a threat to your profitability," he said.

UK shipping minister Nusrat Ghani told the conference that global shipping industry was not doing enough research on alternative fuels, nor was there consensus on appropriate fuels.

"The sector can work at a pace that isn't in step with what the world wants it to look like," she said, noting that the UK's shipping decarbonisation target aimed for zero emissions by 2050. That compares to the IMO's 50% target.

Green hydrogen and ammonia emerged as the preferred alternative fuels with the most potential to meet emissions targets and reach commercial scale. Financing the development of the fuels for use in ship engines and then developing the infrastructure to supply them to vessels remained problematic.

Inevitably some form of tax may need to be placed on the industry, said Bryony Worthington, the Environmental Defense Fund executive director, Europe.

"Quite frankly, this is a sector that enjoys tax-free propulsion at the moment," she said on the conference sidelines. Shipping needed to contribute to any solution to reaching a zero-carbon economy.

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## WHAT TO WATCH

# Carbon fund and cargo collaboration can fund zero-emission shipping

THE shipping industry is entirely able to adapt to a doubling of freight rates to fund an early transition to zero carbon emissions and should establish a carbon fund to drive urgent development, according to Tovald Klaveness chief executive Lasse Kristoffersen.

Mr Kristoffersen, who is also vice-chair of the International Chamber of Shipping, told Lloyd's List that collective action was urgently required to establish an industry carbon fund. He suggested that the fund could be modelled on Norway's NOx Fund, which requires companies to pay a levy in accordance to the quantity of emissions and uses the money to support for NOx reducing measures.

Expanding on the premise that the current carbon price sits at around $25 and three tonnes of carbon is likely to be emitted from every tonne of fuel burned by the shipping industry, Mr Kristoffersen

projected a ballpark figure of $20bn could easily be achievable with the right industry support and global application.

“I genuinely believe we can create a scheme where we can plough the required funding into the [zero carbon] transition that is coming… the industry has to take that step now before someone comes in and imposes a tax on us,” Mr Kristoffersen  said, speaking to Lloyd’s List on the sidelines of the ICS conference held as part of London International Shipping Week.

The ICS event was dominated by a series of stark warnings from climate science experts and policy leaders including Lord Adair Turner, former chair of the UK’s financial regulation body, the Financial Services Authority, who now heads the Energy Transitions Commission.

Lord Turner’s message that the decarbonisation of shipping would likely involve a doubling of freight rates to fund the shift to more expensive zero emission fuels divided ICS members in the audience in terms of how achievable an accelerated move towards zero emissions would be.

Mr Kristoffersen, however, urged his peers to look at the challenge as a collective industry-wide issue that required collaborative action, rather than as a financial burden to the individual owner.

“A doubling in rates doesn’t scare me,” he said. “It’s needed, but it’s going to require a collective effort to build the infrastructure of zero emission fuels from putting up the solar panels that could be making the ammonia, to distribute it, to get it on board vessels and help the engine manufacturers develop the new technology.

“That’s where the money comes in — if we can collect money as an industry in a fund to reuse on infrastructure — then you can create an engine that will drive the transition,” he said.

His view were supported on stage by Citigroup’s chair of shipping and logistics, and one of the lead architects in the sustainable ship finance initiative Poseidon Principles, Michael Parker.

“The word profitability should appear more often in shipping conversations,” he said in reference to the need to increase rates before arguing that shipowners required cargo interests to collaborate on any collective action towards zero-carbon initiatives.

“The cargo owners understand have to play a part on this, they can no longer be schizophrenic about this with their trading arm doing one thing and their sustainability people saying something else. Their support would enable owners to double their freight rates to pay for it,” said Mr Parker.

Arguing against criticism from the floor that the industry could not sustain such volatility, Mr Kristoffersen said that the industry has repeatedly proved itself able to adapt to extremes.

“This year capes went from $4,000 to $40,000K per day in rates — I’ve not seen any strikes, we’re not out of food, we’re still driving cars — there’s no problem. Fuel costs in the past 10 years have moved between $150 a tonne to $750 a tonne in Singapore… the system is totally able to adapt to this cost and we have a global regulatory that can adapt and as long as you have a level playing field we are set up to do this” he said.

# Hydrogen will not drive emissions reduction, warns DNV GL

THE world’s largest classification society has dismissed the prospects of hydrogen playing an important role in decarbonising global shipping, as its expects liquefied natural gas and ammonia will play a starring role over the 30 years.

DNV GL released its annual forecast with projections about the global energy market until 2050, estimating that global energy demand will peak in 2033, as energy efficiency ramps up.

The forecast includes projections for the maritime industry, which has pledged to at least halve its emissions by mid-century, a task that will require alternative fuels.

Asked during a panel discussion during London International Shipping Week whether it is crazy to think that hydrogen could fuel large vessels in the near future, DNV GL maritime chief executive Knut Ørbeck-Nilssen said that was “nearly crazy”.

Mr Ørbeck-Nilssen said hydrogen should not be ruled out as an alternative fuel overall, but it was important to target the right segment, which for him was the shortsea shipping segment, to pilot it as a solution.

"To me this is a little bit like are jumping way too far into the future. We should still research it. It is still an interesting option that should be tested, piloted. For deepsea shipping, I don't see it as a viable alternative," he said.

Hydrogen often comes up in discussions around zero emissions vessels and on the best chances the industry has to meet its decarbonisation commitments. Notable shipping companies such as CMB have thrown considerable public weight behind it. But in DNV GL's forecast it is barely visible in the maritime sector.

Maritime energy demand will peak in 2027, according to DNV GL. New regulatory policies and fuel prices will drive the marine fuel market over the next 30 years.

Maritime will rely heavily on liquefied natural gas, a fossil fuel that can offer some reductions in GHG emissions, under DNV GL's scenarios to meet global climate change targets.

The IMO has committed to reducing the shipping's total annual GHG emissions by 50% by 2050 compared to 2008 and aim towards zero as soon as possible.

LNG alone will not be sufficient to achieve this, as it reduces emissions by around 20% compared to heavy fuel oil.

In one of DNV GL's scenarios, future regulation will focus heavily on the design requirements of newbuildings to meet the targets.

"This projection assumes that current ships and those built in the next 20 years will not make a major shift to alternative, carbon-neutral fuels. This will require a complete fuel shift on newbuildings from 2040 to reach the IMO targets," DNV GL said in the report.

LNG is the single biggest marine fuel, claiming 41% of the market by mid-century under this scenario. But with this complete fuel switch arriving in 2040, ammonia will emerge forcefully and claim up to 25% of the market by 2050. Overall, around 60% will be fossil fuels.

Hydrogen claims just 1% of the marine fuel market by 2050.

"The preference for $NH_3$ (ammonia) is due to the lower cost of the converter and storage compared with $H_2$ (hydrogen), and the lower price compared with other bio- or electrofuels. Uptake of $H_2$ is limited to a small number of smaller ships; this is due to high investment costs and technical constraints," DNV GL said in a statement.

It emphasised, however, that alternative fuels would face the same chicken and egg dilemma that LNG as a fuel has faced.

"Without any infrastructure and distribution, it is difficult for shipowners to commit to a new fuel, but suppliers will not develop the infrastructure before they are certain of demand," it said.

In the other scenario, the focus is on operational requirements of vessels and alternative fuels are gradually introduced in the market.

Under this policy approach, LNG would reign dominant with 70% of the market, 13% carbon-neutral methane and the remaining 17% other carbon-neutral fuels.

If there are no further policies undertaken to reduce emissions and all the industry has is the IMO's commitment, 93% of the market will comprise fossil fuels in 2050, with LNG claiming 50%.

The dominance of LNG in all cases is largely driven by projected declines of gas fuel prices towards 2050, DNV GL explained. Fuel price increases could significantly distort this anticipated makeup of the marine fuel market.

**Gas carriers and tankers brace for opposite fates**

The more efficient use of energy globally will have direct ramifications for the shipping sector. DNV GL forecast that between 2030 and 2050 the average annual percentage growth in tonne-mileage of seaborne trade will be just 0.3% compared with 3.7% between 2010 and 2018.

For some segments, however, the decline will be acutely more painful than for others.

Demand for oil is expected to peak in the mid-2020s and oil, along with coal, will face a rapid decline from 2030 onwards. Gas is expected to be the single biggest energy source in 2026.

Under this reality, DNV GL expects the crude oil tanker to have the smallest average annual growth rate in tonne-mileage than any other segment between 2018 and 2030 at just 1.5% and suffer a 2.1% average annual decline between 2030 and 2050.

Meanwhile, natural gas trade will have the highest growth rates during these two periods at 7.2% 3.2% and respectively. Bulker trades will fall by 0.1% annually on average between 2030 and 2050.

# IMO 2020 refining gains to give way as economies slow

REFINERIES face uncertainty next year with yields supported by international shipping's low sulphur transition in the early months expected to be offset by damages from a lingering US-China trade spat in the latter half.

Argus Media, the commodity pricing agency, projects that, backed by demand for marine gas oil, diesel cracks over Brent could widen to $20-$25 per barrel next year, up from $10-$12 during 2014-2018.

Marine gas oil is one potential low sulphur fuel option shipowners may adopt to comply with one green shipping regulation on the horizon.

From January 1, the International Maritime Organization's 0.5% cap on sulphur in marine fuel on board ships with no pre-installed scrubbers, will take effect.

Argus Media's chief economist David Fyfe considers MGO to be the preferred fuel to tide over at least the early part of the low sulphur transition while the shipping community digests concerns regarding the quality and compatibility of new compliant fuel oil blends.

Going by the pricing agency's estimates, international shipping needs to switch out some 120-130m tonnes of 3.5% sulphur fuel oil, or high sulphur fuel oil, consumed today.

MGO may initially replace as much as 70m tonnes of HSFO in the marine fuel market, with 0.5% fuel oil products making up the remaining balance.

These numbers would back a widening of diesel cracks and favour those complex refineries capable of producing distillates from heavy sour crude.

These refineries have started operations in the past two years including in China, the US Gulf of Mexico and the Middle East, Mr Fyfe said.

They will benefit from softer sour crude prices given such grades will lose clout in the marine fuel market.

Mr Fyfe noted that light sweet Brent oil has already regained strength in recent weeks against heavy sour Oman crude, with the price spread between the two seen widening to $1.50 this month from just $0.40 over the first eight months of this year.

But he qualified that as the production of 0.5% fuel oil ramps up, crude price spreads are expected to move in favour of heavy sweet crude sourced from exporting countries including Angola, Chad, Brazil and Indonesia.

All these will hold implications for trade flows of crude and refined products globally.

For instance, Mr Fyfe predicts that the Middle East — as a heavy sour crude exporting region — may end up as a "net loser".

The net beneficiaries, however, may not get to hold on to any IMO 2020 gains for long.

They will not be spared the "knockdown impact" from negative macroeconomic developments.

Chief among these is the US-China trade spat that is widely expected to slow the global economy from the second half of next year.

Citing the tit-for-tat tariff salvo between the world's two largest economies as a major factor pulling back global trade, the International Monetary Fund lowered its growth forecast for the world's economy to 3.2% this year and downgraded its forecast for the next year to 3.5%.

Mr Fyfe, who spoke to Lloyd's List following a presentation in Singapore, said the slowing global economy may cut oil demand by 500,000 barrels per day.

"That does not sound much relative to a global crude market of 100m barrels per day but the producers belonging to the Organisation of the Petroleum Exporting Countries would have to slash output at this margin," he said.

Refineries too will eventually feel the pain of lower demand for petrochemicals going into producing consumer goods as economies slow.

ANALYSIS

# US box imports surge ahead of tariffs

US IMPORTS surged ahead of the introduction of new tariffs on goods from China which came into effect at the start of the month, according to the monthly Global Port Tracker report.

Further activity is expected before another round of tariffs due to take effect in December, the report by the National Retail Federation and Hackett Associates said.

NRF vice-president Jonathan Gold said: "Retailers are still trying to minimise the impact of the trade war on consumers by bringing in as much merchandise as they can before each new round of tariffs takes effect and drives up prices.

"That's the same pattern we've seen over the past year, but we're very quickly going to be at the point where virtually all consumer goods will be subject to these taxes. The upcoming October talks with China are an opportunity to put a stop to this escalation, repeal the tariffs that have been imposed, and focus on growing the economy."

New 15% tariffs on a wide range of consumer goods from China were introduced from September 1 and are scheduled to be expanded to additional goods on 15 December 15, covering a total of about $300b in imports, the NRF said.

In addition, 25% tariffs on $250bn worth of imports already imposed over the past year will increase to 30% on October 1.

Hackett Associates founder Ben Hackett said: "The tariff war with China closely resembles a poker game, with each country continually upping the ante. As each side eyes its hand, things can only get worse."

US ports covered by Global Port Tracker handled 1.96m teu in July, the latest month for which after-the-fact numbers are available. That was up 9.1% from June and up 2.9%, year on year.

The numbers were high again in August, Hackett observed, with estimated throughput of 1.93m teu, up 1.8% year on year.

Northern Europe's top six box ports handled just over 3.8m teu in June, a 4.2% increase over the same month in 2018 but a 3% fall in volumes compared with the prior month of May this year.

The report, covering container throughputs at Hamburg, Bremen/Bremerhaven, Rotterdam, Antwerp, Zeebrugge and Le Havre, said that total imports to Europe decreased by 2.7% in June, with a 0.1% dip in North Europe (up 2.1% year on year) and a 6.7% slide in the Mediterranean and Black Sea region (up 1.5% year on year).

However, overall container traffic growth for the leading half-dozen ports in northern Europe reached 5.3% in the second quarter, compared with the same period in 2018, which the report stated was the highest year-on-year growth since late 2017 and "much higher" than in the major ports in China (4%) and the US (2.2%).

US ports experienced strong growth in late 2018, but in the second quarter of 2019 growth dropped to the lowest rate during the presidency of Donald Trump.

With the main European Union economies currently flatlining or already contracting, Hackett projected that the second half of 2019 will see north European imports "barely hold on to positive growth" and that the first half of 2020 will be "negative".

Mr Hackett said: "The tit-for-tat tariffs between the US and China and the threat of sanctions of friend and foe alike have led the global economy to a downturn domestically and reduced global trade. We have been warning that the economic climate has not been favourable for some time.

"Germany and the UK have had negative growth in the most recent quarter, Italy is de facto in recession, France is slowing down, China is facing slowing growth and declining exports not only with the US but with Europe and Southeast Asia as well. Singapore is facing negative growth. These signs can no longer be put aside and ignored."

# Torm claims scrubber investments can help boost green credentials

SCRUBBER investments can go the extra mile in bolstering green credentials of international shipping beyond facilitating the industry's mandatory low-sulphur transition, a senior executive with pure product tanker play Torm said at the Annual Asia Pacific Petroleum Conference 2019 in Singapore.

Jesper Jensen, who heads up Torm's technical division, acknowledged that the shipping firm initially considered scrubber installations as just "interim" measures to meet the International Maritime Organization's 0.5% sulphur limit on ship fuels from January 1, 2020.

Torm has given the go-ahead to install scrubbers on board 34 tankers out of its 82-strong fleet.

Each scrubber costs $2m to $3m but the overall cost, including retrofit for an existing tanker, can run up to $6m, according to Mr Jensen's estimates.

Torm has assumed on average a three-year payback period for each scrubber installed. But the time horizon for scrubber investments can potentially stretch to decades more.

Citing a SINTEF Ocean study, Mr Jensen said that compared with burning compliant fuels, the use of scrubbers — which essentially removes contaminants from ship exhaust gases — can bring about larger reductions in carbon dioxide emitted from vessels during operations.

The SINTEF Ocean study took into consideration the lower energy consumption required in delivering 3.5% sulphur fuel oil from a refining process relative to IMO 2020-compliant fuel oil and marine gas oil.

The IMO has outlined in April 2018 the ambitious target of halving $CO_2$ from ship emissions compared with 2008 levels by 2050.

Torm does not see any alternative marine fuels now being mooted — liquefied natural gas and methanol included — as allowing international shipping to deliver the IMO $CO_2$ target, Mr Jensen said.

# CEBR says maritime sector contributes $57bn to UK economy

THE UK's maritime sector contributes more than £46bn ($56.9bn) to the economy, according to a new report from the Centre for Economic and Business Research.

The report, commissioned by Maritime UK, found that the sector facilitated 95% of all UK trade and was larger than both the automotive and aerospace transport industries.

It supported £46.1bn to the UK's gross value added in 2017, up by £8.3bn since 2010, according to the report, released to coincide with London International Shipping Week. The direct gross value added contribution was £17bn in 2017.

For every £1 of gross value added directly contributed by maritime, the sector supported a further £2.71 across the economy, the CEBR said.

As well as supporting 220,100 jobs directly in 2017, the sector provided a further 4.9 jobs in the wider economy for every one job in the sector. Total employment related to the maritime sector stood at more than 1m jobs.

"This new report shows that the maritime sector is one of Britain's biggest industries, and central to our national prosperity." It is "a timely reminder of the special role maritime plays in the life of our island nation," said Maritime UK chair Harry Theochari. "We are in a strong position to take advantages of opportunities on the global stage."

He said maritime had remained strong, despite the ongoing political uncertainty about the UK's departure from the European Union.

The CEBR highlighted the importance of maritime as the primary mode of transport for international trade. Forecast increases in global trade presented the UK with a "special opportunity" to forge new trading relationships, it said in the report.

The world's economic centre is moving eastwards, with Asia's middle class forecast to grow by 153% by 2030, adding 2bn extra consumers, it said.

UK shipping minister Nusrat Ghani said this week she was proud of what the maritime sector had achieved.

"Employing more than 185,000 people, carrying 95% of our exports and imports and generating £14.5bn, our maritime industry truly is the lifeblood of our economy and keeps trade moving 24/7," she wrote in an article for Lloyd's List.

Speaking at a London International Shipping Week event, she said that the UK government had a goal of securing a future for maritime that was even brighter than it was today.

"Promoting a liberalised trading regime that delivers a maximum benefit for our maritime sector is a key strategic objective in our Maritime 2050 strategy," she said.

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## MARKETS

# Indian oil refineries close to supplying IMO 2020 compliant fuel

INDIAN refiners are increasing low-sulphur fuel oil production in preparation for the January 1, 2020 implementation of a 0.5% global marine fuel sulphur cap, according to speakers at the Annual Asia Pacific Petroleum Conference 2019 in Singapore.

State-owned Indian Oil Corporation's Gujarat oil refinery will be ready to produce 700,000 tonnes per year of low-sulphur marine fuel starting in October, the company's director for refineries SM Vaidya said during a presentation on Tuesday.

IOC's Haldia refinery will start in December to produce 300,000 tonnes per year of marine fuels that meet the new low-sulphur specifications, he said adding that the refinery has already carried out detailed tests to advance the production of LSFO in line with the International Maritime Organization's 2020 rule.

Mr Vaidya noted that India's marine fuel demand is around 1m tonnes per annum.

Meanwhile, Nayara Energy chief executive B Anand said he expects India's fuel demand to grow 4.7% a year to 5.5m barrels per day up until the end of fiscal year 2025, and then 4% per year to 6.6m bpd up to 2030.

Demand for gas oil will rise by an average 5.3% per year until the 2025 fiscal year and by an average 4.5% by 2030, he predicted.

Indian refineries are relatively well positioned to deal with challenges associated with changes in IMO specifications owing to their modern configurations, which will enable them to produce more clean oil products like gasoil and diesel than heavier grade products such as fuel oil.

Meanwhile, India, in partnership with the state oil companies of Saudi Arabia and the United Arab Emirates, have plans to build a giant refinery in the state of Maharashtra on India's west coast.

In June last year, Saudi Aramco and the Abu Dhabi National Oil Company signed a framework agreement and a memorandum of understanding with a consortium of Indian national oil companies to join the mega project.

The new refinery is likely to take advantage of the new fuel oil specifications and cater for both domestic and international vessels trading along India's coastline, one India-based trader said on the sidelines of the conference.

When asked about India backtracking on commitments and allowing vessels plying domestic routes to use high sulphur fuel oil, most of the speakers confirmed that there have been no notices from the director-general of shipping indicating such waivers will be given.

"IOC is already testing bunker fuels and the domestic owners are preparing to use the compliant fuels well in advance of the 2020 date," the trader confirmed pointing out that there would be sufficient fuel available in India to comply with the regulations.

# Piracy problem is a threat to Nigeria's maritime economy

THE heightened risk of piracy attacks in the Gulf of Guinea is putting progress in Nigeria's shipping sector on hold, with would-be investors deterred due to the heightened security issue.

Dr Dakuka Peterside, director-general of the Nigeria Maritime Administration and Safety Agency, which is responsible for overseeing security under its scope of activities in the country's coastal waters, said the "negative impact" of hijackings and kidnappings was stunting shipping's development.

The only way that Nigeria could turn around its fortunes would be to change perceptions, a task easier said than done, he said at the West Africa Shipping Summit held as part of London International Shipping Week.

"We need to fix things. That's the ultimate way to change perception about Nigeria and what's going on in the Gulf of Guinea," Mr Peterside told Lloyd's List.

He had said in June that the piracy issue in the region would be eradicated in a matter of months.

Three months on and the upcoming piracy incident report published by industry watchdog for the third quarter of 2019 is likely to reveal more damning statistics of attacks in the Gulf of Guinea and Nigeria.

According to the International Maritime Bureau, around 73% of global kidnappings and 92% of global hostages are attributed to the region.

In 2018, Nigeria witnessed 48 actual and attempted piracy attacks, up from 33 the previous year. In its latest report, the bureau ranked Nigeria again as the highest country for reported incidents, with about 21 attacks out of 77 reported globally.

Dr Peterside said that "one act of piracy or maritime crime is bad enough", though he is adamant that the country is on the right track as it looks to tackle the issue "head-on".

"We have a plan. And that plan is now proceeding at a pace," he said.

Crucial to the plan being implemented by the country's maritime authority is the training of specialised personnel, which he admitted takes time. Meanwhile, assets including aircraft, helicopters and vessels to join the fight are still in the process of being acquired.

Once deployed, though, he believes that these will act as a deterrent and help to disincentivise pirates from continuing with attacks and illegal activity in the Gulf of Guinea.

"If you know you are likely to be caught and face the consequences the of the law, you know it will not be nice at all," said Dr Peterside.

Following two major incidents in the Gulf of Guinea last month, which included the kidnapping of 17 seafarers off Cameroon and an attack on a liquefied petroleum gas carrier off Nigeria within a matter of days, BIMCO chief executive Jakob Larsen said Nigeria should embrace international naval co-operation to curb piracy in the region.

Dr Peterside said that Nigeria was open to the idea of a naval coalition in the Gulf of Guinea. "We are welcome to all options to tackling piracy in the Gulf of Guinea, as it is a matter that deserves priority and attention, and so any sort of partnership will not be ignored."

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## IN OTHER NEWS

**UK summons Iranian ambassador over oil sale**

THE UK has condemned Iran's "complete disregard" for assurances given to secure the release of the tanker *Adrian Darya 1* and will raise the issue at the UN later this month.

A Foreign Office statement said Iran had repeatedly given assurances that the tanker *Grace 1*, renamed *Adrian Darya 1*, would not deliver its cargo of 2m barrels of oil to any sanctioned entity in Syria or elsewhere.

However, it had become clear that those assurances had been breached and that "the oil has been transferred to Syria and Assad's murderous regime".

Foreign Secretary Dominic Raab summoned the Iranian ambassador in London to condemn Iran's actions.

**Japanese refiner Cosmo Oil sees scrubbers as viable mid-term option**

JAPAN's third largest refiner, Cosmo Oil, will likely be ready to commercially supply 0.5% sulphur

compliant bunker fuels by October.

However the refiner, which owns six very large crude carriers, acknowledges that scrubbers are "still the best economic option in five years' time scale."

"Cosmo Oil, for its part, has already installed scrubbers on three of six of its time chartered VLCCs," general manager of crude oil and tanker department, Mitsuyasu Kawaguchi, said during a presentation at the 35th Annual Asia Pacific Petroleum Conference (APPEC 2019) in Singapore.

**Evergreen scraps chartering plan and orders ten 23,000 teu newbuilds**

EVERGREEN Marine has confirmed the ordering of 10 super-sized containerships at three different yards, having modified its original plan.

South Korea's Samsung Heavy Industries has signed a contract for six 23,000 teu newbuildings, while China's Hudong-Zhonghua Shipbuilding and Jiangnan Shipyard have each secured two units of the same size.

The ship price is between $140m and $160m apiece. The Taipei-listed shipping line did not specify the price for the orders at each yard.

**Port of Brunswick could open to limited vessel traffic**

THE US port of Brunswick, in Georgia, might be able to reopen itself to limited vessel traffic later this week if an "aggressive" timetable can be followed that enables ships to bypass the 20,995 dwt *Golden Ray*, which currently blocks the port's main shipping channel after capsizing on Sunday.

The US Coast Guard's Commander Norm Witt, of Marine Safety Unit Savannah, on Tuesday told a press conference that officials hoped to reopen the shipping channel on Thursday, though it will likely be just one-way traffic and only during limited hours.

Cmdr Witt said the Thursday target represented a "very aggressive" timetable and that the process of fully dealing with *Golden Ray* would not be a matter of a few hours or days, but weeks and months.

**P&O to launch new cross-Channel freight service**

P&O FERRIES plans to launch a new daily ro-ro ferry service later this month in an effort to boost its cross-Channel services and improve delivery times to the UK's southeast.

The new route connecting London's Port of Tilbury with Calais, in France, is designed to provide a more direct route for unaccompanied freight by using a terminal located 25 miles from central London.

"The route saves up to 75 road miles each day compared with the traditional Calais-Dover crossing, meaning that our customers save on fuel and land on the doorstep of London," said P&O Ferries chief executive Janette Bell.

**Hapag-Lloyd adds online marine insurance**

HAPAG-Lloyd is expanding its digital product portfolio to include cargo insurance through its online portal.

The German carrier's Quick Cargo Insurance product will provide customers with tailor-made insurance cover that takes effect immediately upon conclusion of the contract.

"Not every cargo transported by sea is insured yet," said the company's digital business and transformation manager Ralf Belusa. "For instance, small and medium-sized customers often do not take out insurance for cost reasons."

**Shipping's green road is littered with regulatory hurdles**

THE shipping industry faces a raft of regulatory hurdles if it is to address environmental issues, according to law firm Watson Farley & Williams.

Speaking at a London International Shipping Week event, partner Toby Royal described the latest developments in fuel efficiency and emissions reductions, including the technical innovations collectively known as energy-saving technologies.

These technologies, including kite sails, low friction hull coatings, Flettner rotors and hull bubble generators, require a cost benefit analysis based on robust verifiable data before owners can take an informed commercial decision on whether or not to adopt them.

**Government says Brexit is 'opportunity' for UK maritime**

BREXIT was not far away when the government hosted an event for the maritime community as part of London International Shipping Week.

Grant Shapps, the recently-appointed transport secretary, expressed his admiration for the global role played by Britain's maritime cluster.

Mr Shapps pointed to the significance of London and other UK regions that would ensure the UK continued to punch above its weight in maritime even after leaving the European Union. Brexit, he said, would bring "great opportunities" for Britain.

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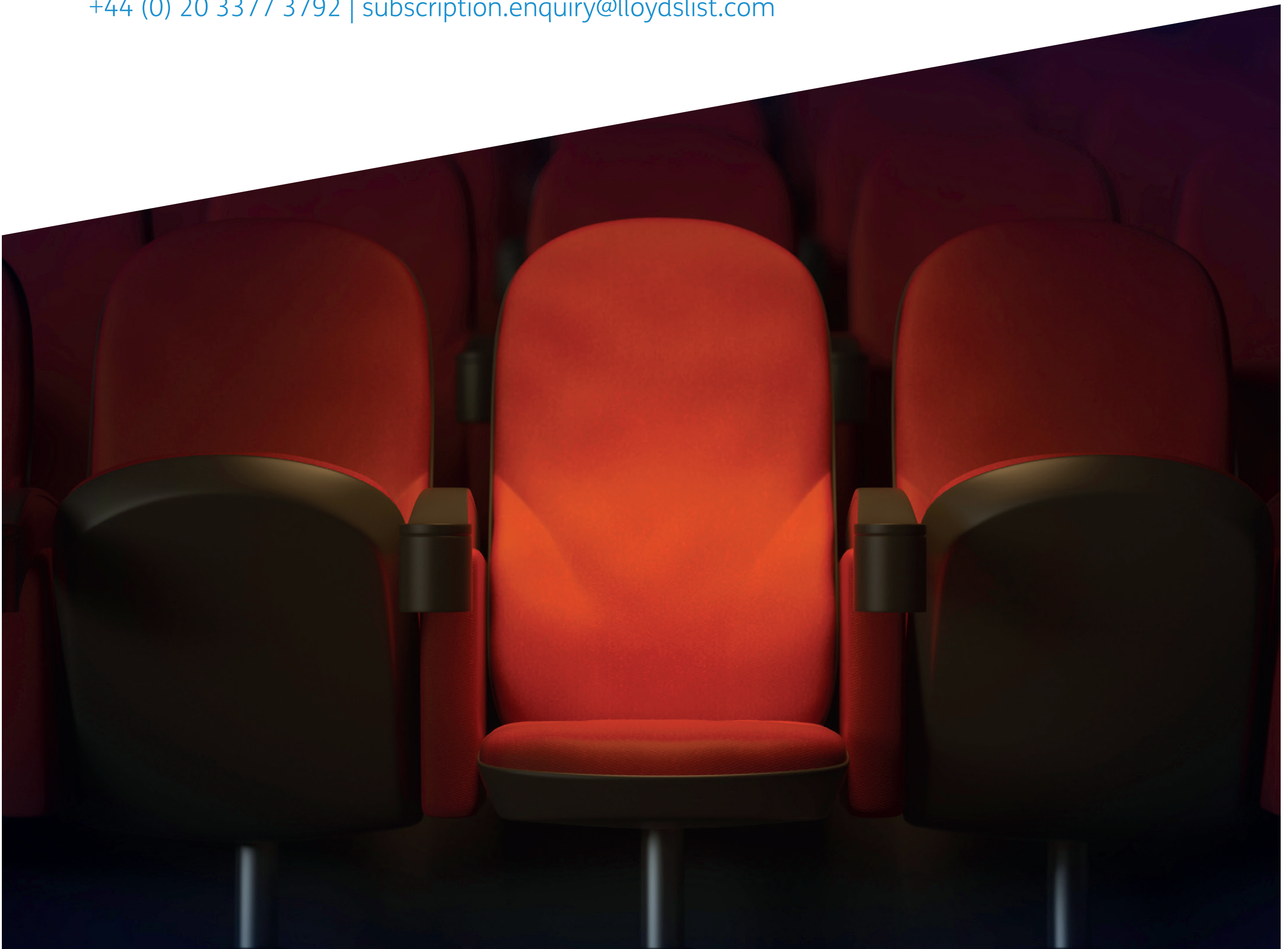

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