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Marine insurers investigate scrubber incidents amid risk-elevation concerns

MARINE INSURERS ARE investigating at least two separate incidents involving scrubbers, one of which has been described as "catastrophic", amid growing concern regarding the extra risks associated with exhaust gas cleaning systems.

Scrubbers have topped the agenda at the annual industry conference of the International Union of Marine Insurance being held in Toronto this week. According to Rama Chandran, chairman of IUMI's Ocean Hull Committee, a recent spate of scrubber-related incidents are now officially under review as insurers seek clarity over the potential heightened risk involved in vessels fitted with systems.

One of the cases discussed on stage during the conference involved a "catastrophic" engine room fire during a scrubber installation, Paul Hill, a managing director with London-based marine insurance consultants AqualisBraemar told IUMI.

"Any increased machinery on a vessel is going to be an increased risk," he said, speaking at the Ocean Hull Committee question and answer session.

He provided no further details about the fire, nor an engine room flooding in a vessel cited as a first, separate incident. Both of which have been widely discussed but not independently confirmed as being caused by scrubbers by either the vessel owner or manufacturers involved.

The conference heard that the rise in the use of exhaust gas cleaning systems will increase risk for the hull and machinery sector, alongside the introduction of untested blends of unstable, incompatible lower-sulphur fuel oil which could damage ship engines.

More than 3,000 scrubbers are estimated to be installed on the world's largest bulk carriers and tankers by the end of the year, allowing them to use high-sulphur fuel oil and remain compliant with the IMO2020 sulphur cap on bunker fuels that begins in January.

"We are trying to establish as much as possible," Mr Chandran said of the reports.

"We haven't got a lot more details of whether there's been any significant losses on scrubbers... so we don't know how extensive this is and how systemic, or whether this is specific to one type of scrubber."

There is intensifying scrutiny of scrubbers amid reports of unexplained corrosion problems to pipework and discharge outlets that need replacement less than six months after installation. Class societies revealed there had been several instances of corrosion to Lloyd's List last week.

Scrubbers remain untested technology, said Thomas Paterson, a senior vice-president with Canadian shipowner Fednav.

"What we hear from the shipmanagers is not encouraging. We hear of numbers of ships that are struggling to get the systems working, and a number of ships are having to put more crew on board to operate them. So certainly, it's a big issue."

Mr Chandran, based with Singapore-based QBE Insurance, likened the issues involving scrubbers to exhaust gas economisers seen in the 1990s.

"We used to have a lot of issues with exhaust gas economisers which fundamentally had some similarities," he said. "The exhaust gas goes to an economiser before it takes off a bit more of the energy in terms of the efficiency before it comes off into the atmosphere. This has a similar scenario, we've got high sulphur being accumulated... in the scrubbers, which could possibly be some degree of catastrophic loss from that unit."

WHAT TO WATCH

2020 sulphur cap to accelerate engine damage insurance claims

HULL and machinery claims are anticipated to rise with the introduction of untested but compliant lower-sulphur marine fuel oil with the capacity to damage ship engines, the International Union of Marine Insurance conference in Toronto was told.

Claims related to engine damage are expected to accelerate in 2020, marine insurers and underwriters said, citing the lack of specifications for blends of very low sulphur fuel oil that will replace the 3.5% sulphur bunkers from January.

Concerns centred on the stability and compatibility of new fuels and different compositions, vulnerabilities in the bunker supply chain and inadequate international specification standards.

Engine manufacturers and flag states are among those that have posted detailed information to shipowners to provide some degree of mitigation of risk, said IUMI Ocean Hull Committee chairman Rama Chandran.

However, he said that much uncertainty remained, even as marine insurers dealt with fallout from the biggest bunker contamination case in modern shipping from last year. Some 1,000 vessels have now reportedly experienced engine damage after taking on contaminated residual fuel oil first bunkered from Houston in early 2018, Mr Chandran told a conference workshop.

The fuel oil, for which the refinery source in the US Gulf has not been identified, was distributed as far away as Singapore and Panama, with ships' engines immobilised and damaged by the fuel, even though it was compliant with ISO standards for bunkers.

"This problem has not gone away, we have not identified the problem," Mr Chandra said, adding of the overall the hull and machinery market: "I think pricing adequacy and risk exposure is not fully factored in in terms of premium adequacy."

But while marine insurers prepared for increased machinery claims, one shipowner criticised underwriters for being too silent on the global sulphur cap issue.

"Until relatively recently, apart from a few individuals, and the good work IUMI has been doing at the International Maritime Organization I have not seen [the industry]… show much external interest in how shipowners will manage to comply with the new legislation or whether there will be sufficient quantities of good quality and compliant fuel," said Tsakos Shipping director Andreas Bisbas.

"I haven't seen or heard many underwriters stepping up to be part of the solution. Many oil majors and refiners are also your clients and are integral resolving this issue.

"They should have been under greater pressure a long time ago to demonstrate that enough good-quality compliant fuel would be available. I think I don't think it's unreasonable to suggest that insurers could have helped by lending their support in this regard."

Oil majors have frequently declined to divulge details about volumes of compliant fuels they will make available at ports. Providing transparency is not possible as information is commercially sensitive, with ExxonMobil and Total both citing pricing competition rules in previous discussion with Lloyd's List.

Hull premiums comprised $7bn of the $29.8bn of the 2018 marine insurance, the same as the prior year, IUMI figures showed.

Cargo insurance rates unsustainable despite premium growth, says IUMI's Dalton

CARGO insurance rates remain unsustainably low, despite premium growth last year and anecdotal and research evidence of hardening rates in the year to date, the head of the International Union of Marine Insurance cargo committee has argued.

Sean Dalton, whose main job is head of marine, North America at Munich Re, was speaking to journalists at the close of the first full day of the IUMI conference in Toronto on Monday this week.

Earlier in the proceedings, a report from IUMI's facts and figures committee showed that cargo premiums had risen by 2.5% in 2018 to $16.6bn, confirming its established position as the largest class of marine business.

The presentation was given Astrid Seltmann of Cefor, whose audio interview with Lloyd's List can be heard online at Lloydslist.com.

Meanwhile, research by Aon has pointed to a double-digit rise in cargo rates in recent months.

IUMI committee chairs are traditionally reluctant to address pricing, to avert accusations of cartel behaviour.

However, Mr Dalton has frequently highlighted the unprofitability of the class, insisting that premiums have not been technically adequate to meet cover losses and expenses, let alone provide a return on capital.

Asked how the situation could be rectified, he said: "It's going to take a holistic approach. Clearly, continuing down the road that got us here is not going to be sustainable.

"Underwriting the exposures [means] pricing your exposures to a risk-adequate level, and the results would indicate this hasn't happened on a global basis. You don't need an algorithm to figure that out."

Other concerns mentioned by Mr Dalton include nine major cargo vessel fires in 2019 to date, misdeclaration of cargo, nat cat losses and the continuing threat of port and vessel accumulation losses.

Shipowners urge universal 2020 enforcement

A COALITION of shipowner representative bodies have urged international governments to avoid any backtracking and ensure consistent global enforcement of the new global marine fuel sulphur cap when they enter into force on January 1, 2020.

The World Shipping Council, BIMCO, the Cruise Lines International Association and the International Parcel Tankers Association issued a joint statement on Wednesday emphasising the need for a level playing field and global compliance.

John Butler, president and chief executive of the World Shipping Council, said: “Recent reports suggesting that some nations might not fully implement the new rules are disturbing. Lack of full implementation would risk undermining improvements to public health and the environment.”

Addressing the Global Liner Shipping Asia conference in Singapore on Wednesday ahead of the release, WSC’s managing director for Asia, Tim Wickmann, warned that enforcement requires an unequivocal approach to fines for those who might be tempted to test the new rules.

“It is important that each country impose stern penalties or shipping lines may be inclined not to comply,” he argued.

While Indonesia has recently backtracked on a directive released last October outlining its intent to exempt domestic shipping companies from complying with the global sulphur cap, the message from the coalition suggests that owners still believe that enforcement may still not be applied consistently by some states.

While Mr Wickmann conceded that countries exposed to coastal shipping activities faced mounting challenges in enforcing the sulphur cap, he said the World Shipping Council has maintained its call for strict enforcement to avert the risk of an uneven playing field.

Mr Wickmann cited two such challenges, noting the lack of availability of compliant fuels at smaller ports serviced by coastal shipping players and vessels plying such coastal trades that may not have been built to technical specifications suited to burn compliant fuels.

He did not name specific countries facing such problems. However, Indonesia, the Philippines, Vietnam, India and China are among those engaging in coastal shipping activities.

China has started regulating emissions in some parts of its territorial waters one year ahead of the IMO 2020 deadline.

It remains to be seen at this stage if the rest of the pack will uniformly follow suit from January 1.

Mr Butler said: “The rules and implementation date for the new sulphur limits are clear and must be enforced. We urge any country considering deviation to abandon those ideas and put plans in place to fulfill their enforcement responsibilities as of January 1, 2020, and we encourage the IMO to remind member states of their commitments.”

World Shipping Council joins calls for alternative fuel research

THE World Shipping Council, which represents the world’s leading container lines, has added its voice to those calling for the establishment of an industry-wide research organisation to investigate future fuels.

Speaking at a conference in Hamburg, WSC president John Butler said that while recognising that replacing fossil fuels was essential, and that research and development was essential to finding those fuels, questions remained over how to generate the R&D necessary to solve the engineering challenge of decarbonising shipping.

“If the only way to solve the greenhouse gas problem is to find new fuels, then the question becomes how do we identify those fuels and make them operationally and commercially viable,” Mr Butler said. “There is a growing consensus: identifying and deploying new fuels will require research and development efforts on a scale and on a schedule that is not currently taking place.”

The WSC, in collaboration with industry partners, governments and non-governmental organisations, is proposing an international research and development entity be set up through the International Maritime Organization to direct and fund the necessary efforts.

If adopted by the IMO, the International Maritime Research Board would be a dedicated-purpose entity under the supervision of the IMO, but with widespread industry participation.

Funding would be provided by a levy on fuel use and would be used to fund research carried out by a range of organisations around the world.

“In addition to some basic science, the emphasis would be on evaluating which technologies have the greatest potential to be commercially feasible for powering long ocean voyages, and then doing the engineering work to get those fuels and technologies to the point whether they can be commercially viable," Mr Butler said.

Having an institutional structure of this kind was critical, he added, as it was not feasible for any one company or country to provide the resources and focus necessary to achieve the research required on a scale and schedule that would meet the IMO's greenhouse gas emissions reduction targets by 2050.

"The IMO's ambitious goals represent a critical international consensus on the shipping industry's role in combating climate change," Mr Butler said. "Now that the IMO has stated that common goal among the world's many nations, we need to shift gears from that political goal to a shared mechanism for guiding and funding the engineering work necessary to meet that goal."

Regulations and voluntary industry measures had focused on making ships more efficient, and progress had been made, with per-unit efficiency increasing dramatically over the past 10 years, he said.

"As encouraging as that progress is, the plain fact is that we will not cut greenhouse gas emissions in half or eliminate them altogether so long as we are burning fossil fuels. If we are to meet those objectives, and we must, then we have to identify and deploy a new generation of fuels," Mr Butler said.

"There is simply no other way to solve the problem, and over just the last couple of years the fact that we need a replacement for fossil fuels has become almost universally recognised and accepted."

Shandong Shipping and ICBC Leasing team up on $600m newbuild projects

CHINA's Shandong Shipping Co and ICBC Financial Leasing have worked together on a series of dry bulker and tanker newbuilding projects worth $600m, backed by long term charters.

SDSC, ultimately owned by the Shandong provincial government, said in a release that it had signed an eight-year time charter agreement at a fixed price with oil giant Shell for eight 50,000 dwt IMO II chemical tankers.

ICBC Leasing has agreed to fund the vessels, which will be built at New Times Shipbuilding in China. The project was said to cost $380m in total.

At the same time, the government-owned operator has also inked a floating-rate, 10-year charter agreement with Bunge Limited, the US agricultural commodities trader, for four scrubber-fitted 82,000 dwt dry bulkers.

The quartet, to be constructed by Cosco Shipping Heavy Industries, will be managed by SDSC, who has placed the orders together with ICBC Leasing.

The second project was contracted for $220m.

SDSC has adopted a fairly aggressive strategy in fleet expansion over the past one year.

Earlier this year, SDTR Marine, a Singapore-based subsidiary of SDSC, ordered 10 kamsarmax dry bulkers at Dalian Shipbuilding Industry Co.

The 85,000 dwt vessels were funded by AVIC International Leasing, a unit of state giant Aviation Industry Corporation of China.

Lloyd's List Intelligence data shows that the company holds the title as the beneficiary owner of a fleet of 43 ships, mostly general cargo vessels and dry bulkers.

It is also the third-party manager of 18 vessels, including ten 180,000 dwt on-order dry bulkers that are owned by another Chinese leasing house Bocomm Financial Leasing in a deal signed in late 2018.

SDSC gave up its listing status on China's leading over-the-counter equity-exchange platform NEEQ in April this year. An SDSC executive earlier told Lloyd's List that the company was aiming at a dual listing on the main boards in both Hong Kong and mainland China.

ANALYSIS

Avoiding the pitfalls of digitalisation

Shipping is finally catching up with the rest of the world when it comes to digitalisation. But while the benefits are immense, companies should be focused on the processes rather than the technology. A workforce is needed on the ground to check everything, even though it is digital. Otherwise unreliable data entry will become commonplace

THE shipping industry's headlong rush into digitalisation should be handled with care if the sector is to avoid numerous potential pitfalls.

"Digitalisation is inevitable," according to independent consultant Hariesh Manaadiar. "We cannot handle all the data we have now on a manual basis and we cannot go back to the manual days. But we need to ask what digitalisation is and what it can do."

Speaking at a conference in Hamburg, Mr Manaadiar said that instead of looking at digitalisation as a set of discrete technologies, digitalisation needed to be seen as the transformation of business processes.

"We are transforming the businesses using these technologies," he said. "We are transforming every business, whether it is a shipping line or a freight forwarder or a shipper; we are transforming the business digitally to enhance the services."

Examples of processes that changed when they were digitalised included online freight rates and paperless bills of lading.

"Everything is catching on very quickly. Blockchain bills of lading have been progressing quite rapidly."

The benefits of digitalisation include dynamic pricing and rate negotiations because customers need information urgently, he added.

Digitalisation can also provide faster, more streamlined documentation processes, using technologies such as blockchain.

"You don't need to physically send documents anymore," Mr Manaadiar said. "It can all go in with a click of a button and within a few seconds your customer has received the documentation that they need to take delivery of the cargo at the destination."

But depending on digitalisation completely would be a big mistake, he warned.

"One of the core points is that people also think digitalisation is the objective, but it is not," he said. "It is a tool for the business, but not the business itself. The business is carrying cargo from point A to point B and this digitalisation is the process through which that can be helped."

As well as the well documented problems that face the digitalisation of shipping, such as security risks and a lack of common standards, Mr Manaadiar warns that many people and companies entering the digital shipping arena lacked a solid understanding of the wider business.

"Most of the digital forwarders and digital start-ups are less than a decade old," he said. "So a lot of the users are quite new to the industry."

This means that there is often a weak understanding of the basics, he said.

"They're doing what they do best, which is creating digital processes," he said. "But some of them are not clear yet on the shipping side of things or the freight processes or what is involved. If you don't know the background, and if you don't connect those two, it's going to be a huge problem later."

It is also important to ask who is creating the technology behind new services, he said.

"If there is somebody who knows the process behind the systems, that is where it is going to add value, because you're enhancing the process. And that is what you need to know if you are a customer."

Another pitfall the shipping sector faces is allowing automation and technology to take over the human element of business processes.

"Because everything is digital, and technological, it's very easy for customer service to be compromised," Mr Manaadiar said. "People in the office will say 'okay, everything is digital, I don't need to care about the customer any more.'"

But customer service remains an important part of shipping, and attitudes like those would come back to haunt those company leaders who place too much reliance on digital tools, he said.

“Customer service people are very, very important in this business. Shipping is still a relationship-driven business. We need to have people talking to each other.

“I have seen many cases in which people in customer services take information and pass it down the line without actually checking what is happening.”

He cited the experience of one shipper who accidentally left off the minus symbol requiring a shipment of frozen fish to be transported at a temperature of -25 degrees.

“If you are in a shipping line office and you see a bill of lading that says ‘frozen fish’ and the temperature is shown as 25 degrees, you know there’s something wrong,” Mr Manaadiar said. “Don’t just pass it on. You need to check everything, even though it is digital. The customer is entering the data, but as the carrier or freight forwarder, you have the responsibility of handling these exceptions.”

MARKETS

No need for emergency oil supply, but security needs a re-think, IEA chief warns

THE International Energy Agency does not believe that emergency oil stocks need to be deployed following the attack on Saudi oil production but instead warned policymakers to pay closer attention to oil security.

IEA executive director Fatih Birol said during a web press conference on Wednesday that global markets are still well supplied with oil after the weekend attacks on Saudi Aramco oil facilities that knocked out about 5% of global oil supply from the market.

The 30-country organisation that focuses on addressing disruptions in the energy market and offering policy advice has had to deploy emergency oil reserves from its members three times in response to market shocks; during the 1991 Kuwait invasion, the 2005 Katrina hurricane, and the prolonged disruption in Libya in 2011.

“Today, when we look at the situation, it tells us that currently markets are well supplied and at this point we do not see the need to take such action,” Mr Birol said during the web conference.

IEA member countries hold about 1.55bn barrels of emergency stocks in government-controlled agencies, which amount to 15 days of total world oil demand. They also have 2.9bn barrels of industry stocks as of the end of July that can cover more than a month of world oil demand, according to the Paris-headquartered organisation.

“These stocks include about 650m barrels of obligated emergency stocks, which can be made immediately available to the market when governments lower their holding requirements,” the IEA said in a statement.

Mr Birol was more concerned by the vulnerability of oil supply security and warned that the world cannot afford to take a relaxed approach on this matter.

“This recent incident once again showed us there are plenty of reasons why policymakers need to pay attention to oil market security,” he said.

On Tuesday, Saudi Arabia energy minister Prince Abdulaziz bin Salman said oil production in the country would be fully back online by the end of September.

Asked if he has any reason to doubt the timeline Saudi Arabia has given, Mr Birol said he expects the country to complete its plan.

“Saudi Arabia has an impeccable track record of fulfilling commitments to its customers and has proven again and again to be a reliable supplier and I am sure they will continue to live up to their reputation,” he said.

VLGC rates firm up amid Saudi supply worries

FREIGHT markets for very large gas carriers are firming up in both the Middle East and the US Gulf amid supply disruption worries following attacks on Saudi Arabian oil facilities.

The VLGC freight rate for shipping liquefied petroleum gas on the Middle East-Japan route rose to $62 per tonne on Monday, up 8.7% on week and the highest since early August this year, according to the Baltic Exchange.

Brokers reported that while charterers have been looking for other sources to lift cargoes from to fill the liquefied petroleum gas supply gap caused by the attacks, some owners are already taking advantage of the situation to push freight rates higher.

However, a broker said that the "real effect on LPG exports looks uncertain, as how much of the contract volumes can be met from storage is unclear," but the disruption is likely to be short-lived.

This is mainly because Saudi Aramco is reported to be able to restore production fully by the end of the month, which means that the stocks would be drawn down to meet export commitments.

Meanwhile, a number of shipments have been cancelled and many have deferred loadings as Saudi Arabia only announced acceptances on Wednesday, said another broker based in Singapore. Saudi Aramco had been due to announce acceptances of October-loading term cargo nominations earlier this week but the disruption caused a delay in the scheduled announcement.

Most of the LPG shipments from Saudi Arabia are loaded at Ras Tanura and Yanbu. According to Lloyd's list Intelligence vessel tracking data, 1996-built, 38,518 dwt *Jag Vayu* and 2008-built, 11,738 dwt *Kamilla Kosan* are waiting to be loaded in Ras Tanura.

The recent attacks on the Abqaiq oil processing plant and Khurais oil field forced Saudi Aramco to shut down 5.7m barrels per day of crude output, which is 5% of global oil production. The disruption in oil production is expected to lead to significant cuts in LPG production from the Kingdom.

Saudi Arabia produces about 24m tonnes a year of LPG from gas plants and about 1m tonnes per year from refining, according to market participants. About 80% of the gas plant production comes from associated gas from crude production.

This implies that the attacks could potentially disrupt 26,500 tonne per day of LPG production, a trader suggested.

Asian naphtha- and gas-based crackers often favour supplies of Middle East LPG such as propane because they are subject to lower taxes compared with rival US supplies, which have been hit by a 25% tariffs as a result of the China-US trade war.

However, limited Saudi supplies could divert more cargoes from the US to the Asia-Pacific region which might result in an increase in tonne mile demand. Shipments from countries such as West Africa may also rise in the wake of the attacks.

BIMCO expects capesizes to remain profitable for the rest of 2019

THE capesize market should remain profitable for the rest of the year, bar any iron ore cargo volume issues arising out of Brazil and Australia, shipping association BIMCO said.

Earnings for shipowners will also remain rosy provided Chinese demand for iron ore does not shrink due to the increased use of scrap steel in steel production, chief shipping analyst Peter Sand said, adding that Chinese coal imports, which have so far played a supportive role in the run up in rates, must be maintained for earnings to remain on the upside.

Coal imports into China are up 6.9% year on year, while iron ore imports have dropped by 4.9%.

And other challenges remain, namely demand concerns around the soyabean trade, with Brazilian exports down 5.9% in January to July versus a year earlier.

The average capesize weighted time-charter on the Baltic Exchange was assessed at $33,141 per day at the close on Wednesday from $37,644 on September 5.

Fleet growth has meanwhile been seen below 3% since February, indicating that, for the moment at least, the supply side is under control, Mr Sand said.

Solid scrapping led to 22 capesize vessels of 4.2m dwt leaving the fleet since the beginning of the year, but that has been countered by the delivery of 43 vessels, including eight valemaxes of 380,000 to 400,000 dwt, and 24 very large ore carriers of between 200,000 to 350,000 dwt.

Overall dry bulk fleet growth is estimated at 3.7% for the full-year, with the orderbook at 93.3m dwt as of early September, according to BIMCO. The growth slows to about 3% in 2020.

According to Banchero Costa, the biggest fleet growth this year comes from valemaxes, at 19%, followed by VLOCs at 11%.

The growth is also expected to continue in 2020, it said in a note.

Vessels taken off-hire for scrubber fittings was a contributing factor for the recent strength in rates, especially in the capesize sector, but "major uncertainties continue to surround the extent of the impact of IMO 2020 on vessel operations," Simpson Spence Young said in a note.

"The fact that the new IMO rules will be implemented at a time of seasonal weakness in dry bulk trade, further clouds the potential net effect on market balances," it said in a monthly report.

Demand concerns over China's coal imports, a potential macroeconomic slowdown, the US-China trade spat, and a ban on Indonesian nickel ore, combined with sustained growth in the dry bulk fleet, is keeping market sentiment in check, it added.

No sign of gloom lifting for container sector

SLOWING intra-Asia trade points to a difficult remainder of the year for the wider container shipping sector, according to a new report from BIMCO.

"Growth rates on intra-Asian container trades are viewed as an indicator of what is to come on long-haul routes, as volumes here indicate the health of supply chains in the region and therefore what finished goods are likely to be exported from Asia in the near future," BIMCO said.

"With a volume growth rate of 0.8% in the first seven months of 2019, low growth levels can be expected in global demand for container shipping for the remainder of the year."

The continued slowdown in global manufacturing and the broader global economy will also affect container shipping, with BIMCO expecting the GDP multiplier to stay around one for the foreseeable future.

"The slowing demand growth means that despite the comparatively low fleet growth expectations which of 3.5%, the fundamental balance of the container shipping market will worsen this year," BIMCO said.

"Furthermore, with the fleet currently projected to grow by 3.2% in 2020 this is unlikely to change much next year, with the industry heading deeper into a hole."

Cutting costs would remain the main focus if carriers are to weather the storm, it added.

"Adding to the worsening of the fundamental balance, the added fuel costs due to the 2020 sulphur cap paints a disturbing picture for the rest of the 2019 and 2020 for container shipping," BIMCO said.

"The oversupply of capacity is likely to make it difficult for shipowners to recover the additional fuel costs."

IN OTHER NEWS

Igor Tonkovidov to take over from Sergey Frank at Sovcomflot

SERGEY Frank will leave his position as chief executive of the Russian tanker giant Sovcomflot after 15 years at the helm to become chairman of the board of directors.

Igor Tonkovidov, Sovcomflot's executive vice-president, chief operating officer and chief technical officer, will succeed him, according to a report from Reuters. Sovcomflot did not immediately respond to requests for comment.

Mr Tonkovidov has held his role in the state-owned firm since 2012. Prior to that he was in the leadership of Novoship, where he was president from 2009 until 2012. He was also the general director of Volga Shipping between 2006 and 2008.

Mr Frank has headed Sovcomflot since 2004, growing it into one of the largest tanker companies in the world. He has held several other positions including minister of transport between 1998 and 2004 and sits on the boards of Novoship and the Russian Chamber of Shipping.

Today Sovcomflot controls around 119 tankers and 16 gas carriers, as well as 12 specialised vessels and 12 dry bulk carriers.

OOIL appoints Wang as chief executive

ORIENT Overseas International Ltd, now part of China Cosco Shipping Corp, has named Wang Haimin as its new chief executive.

The official announcement has verified an earlier report by Lloyd's List in August about the management reshuffle within the state conglomerate's liner shipping business.

Mr Wang, who was elevated to the top management as a vice-president of Cosco Shipping in February, has taken over from Huang Xiaowen, another vice-president, to take charge of all the group's box shipping and ports businesses.

He also replaced Mr Huang and became the vice-chairman of Cosco Shipping Holdings, parent of OOIL, at the end of August.

Mr Huang, the former chief executive of OOIL, has resigned from the position "due to his work commitments", the announcement said. Lloyd's List understands he has shifted his focus to Cosco Shipping's dry bulker business, where he currently holds the chairmanship.

At the same time, OOIL has added Yang Zhijian and Feng Boming as two new executive directors to the company's board.

Tanker boarded and robbed off Guinea

ROBBERS armed with guns and knives boarded a combined chemical and oil tanker off Guinea, held the crew, looted cabins and stole property.

Four individuals attacked the Marshall Islands-flagged, 52,622 dwt *Ance* during the early hours of September 16 while it was anchored five miles south-southwest of Conakry, according to Lloyd's List Intelligence.

They then forced a seafarer to lead them to the bridge, where they forced the duty officer to lead them to the cabins.

"After looting the cabins, the robbers locked the crew in a cabin and escaped. Crew's personal belongings, cash and ship's properties were reported stolen," the Lloyd's List Intelligence correspondent wrote.

DryShips posts second-quarter net loss

DRYSHIPS has posted a loss in what may be the company's last quarterly earnings report on the Nasdaq before being taken private by founder and chief executive George Economou.

Mr Economou's offer of $5.25 per share for the roughly 17% of the company he does not already control is being put to the shareholders. Observers think the transaction is likely to conclude in the coming quarter.

The second quarter saw revenues dip by 5% year on year to $40.5m.

DryShips reported a $12.7m net loss, or $0.15 per share, that included dry-docking costs of $5.7m and booking of $1.5m in vessel impairments.

Without these, the net loss would have been $5.5m, or $0.06 per share.

Pacific Basin to buy four bulkers in cash-and-shares deal

PACIFIC Basin, an owner of smaller-sized bulk carriers, is proposing to buy four modern vessels in a cash and shares transaction.

The deal for two logs-fitted handysize vessels and two supramaxes is worth $73.84m, the Hong Kong-based company said in a statement.

The four vessels are expected to be delivered from the individual sellers between October 2019 and mid-April 2020, the company said, adding that the majority of the cash amount will be paid upon delivery.

As part of the deal, which was in line with a strategic goal to add good-quality Japanese-built ships, Pacific Basin plans to issue 105,912,033 new shares for a total value of $24.4m.

Following the transaction, the sellers will have a combined shareholding of 2.23%.

Pelita Samudera Shipping adds to fleet with handysize from IMC

GROWING Indonesian bulker operator Pelita Samudera Shipping has completed a cash and share deal to acquire a handysize dry bulk carrier from Singapore's IMC for $7.52m

The company said in an announcement that 20% of the purchase price would be made up in cash and the remaining 80% in shares, which will be issued to IMC unit Convivial Navigation Co Pte Ltd, IMC's unit that owns the vessel.

The purchase of the 2008-built, 28,282 dwt, Singapore-flagged vessel is in line with its expansion plan, the company said. The latest acquisition brings PSS' fleet up to six vessels.

PSS will issue a maximum of 402.7m shares or roughly 8% of its paid up capital. This will make Convivial Navigation a new significant shareholder in the company.

Terminal upgrade to boost northern ro-ro services

PEEL Ports' expanded Twelve Quay terminal in Birkenhead in the northwest of the UK is due to open early next year, following a £17m ($21.2m) investment.

The project, which has been carried out by Peel Ports and Stena Line, will allow Stena's next-generation ro-ro ferries to call at the facility with reduced turnaround times.

The terminal is expected to be fully operational by January 2020, ready to welcome Stena's new E-Flexer ships, which will use the Belfast-Liverpool route from spring 2020, following a multi-million pound investment into the region as part of a 25-year commitment.

"The past two years have seen heavy investment in the infrastructure at Twelve Quays to offer enhanced berthing facilities for larger, more modern vessels, helping to reduce turnaround times and open up opportunities to grow the region's import and export offering by expanding capacity by 20%," said Peel Port managing director David Huck.

Classified notices follow on the next pages

INVITATION TO TENDER

IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
ADMIRALTY JURISDICTION

RE: HCAJ 16 of 2019

The ship or vessel **"BRIGHTOIL LEAGUE"** (the "Vessel")

Pursuant to the order for sale of the Vessel made by the High Court of the Hong Kong Special Administrative Region on the 26 July 2019 tenders are invited for the purchase of the Vessel (a general description of which is set out below) upon the following terms.

1. The Vessel is offered for sale as she lies in the waters of Hong Kong in her "as is" "where is" condition at the date of delivery without any warranties or guarantees. The Vessel is sold free from incumbrances, with everything on board belonging to her but excluding any equipment on hire.

2. No error or misdescription in this invitation or otherwise by representatives of the Government or the High Court of the Hong Kong Special Administrative Region shall entitle the successful tenderer ("the Buyer") to annul the sale.

3. Tenderers are advised to make all and any such enquiries as they think fit. Permission to inspect the Vessel may be obtained from the Chief Bailiff.

4. Tenders for the purchase of the Vessel must:
   (a) be in writing addressed to the Registrar of the High Court, Hong Kong Special Administrative Region;
   (b) be in a sealed envelope so addressed and marked **"HCAJ 16 of 2019 – CONFIDENTIAL"**;
   (c) be accompanied by way of deposit by a cashier's order or bank draft drawn by a Hong Kong bank or a bank having a branch office or banking correspondents in Hong Kong or certified cheque drawn on such a bank of 10% of the offer payable to **"Registrar, High Court"** and crossed in **"HCAJ 16 of 2019"** (the "Deposit");
   (d) be expressed to be irrevocable until 15 October 2019;
   (e) reach the Registrar c/o Chief Bailiff (Administration & Admiralty) at Bailiff Office, LG 3/F, High Court Building, 38 Queensway, Hong Kong not later than 2:00 p.m. (Hong Kong time) on 8 October 2019, otherwise such tenders will be treated as invalid;
   (f) follow the arrangement in respect of tender closing time in the times of gale or rainstorm warnings in Hong Kong as set out below:
   (i) in case a Black Rainstorm Warning Signal or a Tropical Cyclone Signal No.8 or above is lowered or cancelled before or at 11:00 a.m. (Hong Kong time) on 8 October 2019, the tender closing time will remain unchanged;
   (ii) in case a Black Rainstorm Warning Signal or a Tropical Cyclone Signal No.8 or above is lowered or cancelled after 11:00 a.m. (Hong Kong time) on 8 October 2019, the tender closing time will be deferred to 02:00 p.m. (Hong Kong time) on the next weekday (i.e. except Saturday and Sunday) other than public holidays; and
   (g) be expressed in Hong Kong Dollars or United States Dollars with payment of the Deposit being made in the same currency as the tender.

5. The Registrar is not bound to accept the highest or any tender.

6. If a tender is accepted the balance (plus the sum payable for bunker fuel) of the purchase price also in the form of a cashier's order, bank draft or certified cheque payable as aforesaid must be paid within 7 days of the acceptance of the tender and if not so paid the deposit of 10% will be forfeited in which event the Registrar will be at liberty to sell the Vessel to any other party or parties.

7. The Buyer shall within 7 days of the acceptance of the tender pay by the aforesaid methods the Hong Kong market price for the bunker fuel remaining on board on the date of delivery, such quantity and price to be determined by the Chief Bailiff or his agent.

8. Upon payment of the balance of the purchase price, a bill of sale will be duly executed on behalf of the High Court of the Hong Kong Special Administrative Region in favour of the Buyer.

9. The Registrar may in his discretion agree that the Vessel be sold to a nominee of the Buyer. Such nominee and the Buyer shall sign an addendum to this Invitation to Tender in such form as the Registrar may require. Any nomination shall be made no later than 3 working days prior to the delivery of the Vessel. Any nomination made by the Buyer shall be irrevocable. No further nomination is permitted.

10. Deposits will be refunded to unsuccessful tenderers.

11. Any tenderer who does not receive notice by 15 October 2019 that his tender has been accepted may assume that such tender has been rejected.

12. Should the Vessel become a total loss (or be accepted by underwriters as a constructive total loss) before delivery of the Vessel to the Buyer the sale shall be null and void and the Deposit will be refunded to the Buyer.

13. The Buyer shall be liable for any fees duties taxes or dues of whatever nature which may become payable upon the purchase and transfer of the Vessel.

14. On completion of the sale the Buyer will assume all responsibility for complying with all Hong Kong Marine Department directions regarding the Vessel.

15. This invitation and the sale of the Vessel is made and effected without any liability of whatsoever nature of the High Court of the Hong Kong Special Administrative Region or its officers, employees or agents.

(S. KWANG)
Registrar,
High Court
12 September 2019

PARTICULARS OF VESSEL

Vessel's name:	BRIGHTOIL LEAGUE
IMO No. :	9402471
Port of Registry:	Hong Kong
Type of Vessel:	Double Hull Oil Tanker
Builder:	Hanjin Heavy Industries and Construction Co. Ltd., Busan, South Korea
Date of Delivery:	31 / 03 / 2009
Classification Society:	Lloyd's Register of Shipping
Length:	LOA 250.00 m / LBP 239.00 m
Breadth (moulded):	44.00 m
Depth (moulded):	21.35 m
GRT:	63,294 mt
NRT:	34,735 mt
Lightweight:	19,273.20 mt
Summer Deadweight:	115,604.50 mt
Summer Draught:	14.986 m
Main Engine:	Hyundai – MAN B&W 6S60 MC-C 13,560 kw @ 105 RPM
Auxiliary Engines:	3 x Daihatsu 6 DK - 20
C.O.T. Capacity (included slop tanks):	130,617.60 m^3 (100% Full)

INVITATION TO TENDER

IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
ADMIRALTY JURISDICTION

RE: HCAJ 15 of 2019

The ship or vessel **"BRIGHTOIL LEGEND"** (the "Vessel")

Pursuant to the order for sale of the Vessel made by the High Court of the Hong Kong Special Administrative Region on the 26 July 2019 tenders are invited for the purchase of the Vessel (a general description of which is set out below) upon the following terms.

1. The Vessel is offered for sale as she lies in the waters of Hong Kong in her "as is" "where is" condition at the date of delivery without any warranties or guarantees. The Vessel is sold free from incumbrances, with everything on board belonging to her but excluding any equipment on hire.

2. No error or misdescription in this invitation or otherwise by representatives of the Government or the High Court of the Hong Kong Special Administrative Region shall entitle the successful tenderer ("the Buyer") to annul the sale.

3. Tenderers are advised to make all and any such enquiries as they think fit. Permission to inspect the Vessel may be obtained from the Chief Bailiff.

4. Tenders for the purchase of the Vessel must:
   (a) be in writing addressed to the Registrar of the High Court, Hong Kong Special Administrative Region;
   (b) be in a sealed envelope so addressed and marked **"HCAJ 15 of 2019 – CONFIDENTIAL"**;
   (c) be accompanied by way of deposit by a cashier's order or bank draft drawn by a Hong Kong bank or a bank having a branch office or banking correspondents in Hong Kong or certified cheque drawn on such a bank of 10% of the offer payable to **"Registrar, High Court"** and crossed in **"HCAJ 15 of 2019"** (the "Deposit");
   (d) be expressed to be irrevocable until 15 October 2019;
   (e) reach the Registrar c/o Chief Bailiff (Administration & Admiralty) at Bailiff Office, LG 3/F, High Court Building, 38 Queensway, Hong Kong not later than 2:00 p.m. (Hong Kong time) on 8 October 2019, otherwise such tenders will be treated as invalid;
   (f) follow the arrangement in respect of tender closing time in the times of gale or rainstorm warnings in Hong Kong as set out below:
   (i) in case a Black Rainstorm Warning Signal or a Tropical Cyclone Signal No.8 or above is lowered or cancelled before or at 11:00 a.m. (Hong Kong time) on 8 October 2019, the tender closing time will remain unchanged;
   (ii) in case a Black Rainstorm Warning Signal or a Tropical Cyclone Signal No.8 or above is lowered or cancelled after 11:00 a.m. (Hong Kong time) on 8 October 2019, the tender closing time will be deferred to 02:00 p.m. (Hong Kong time) on the next weekday (i.e. except Saturday and Sunday) other than public holidays; and
   (g) be expressed in Hong Kong Dollars or United States Dollars with payment of the Deposit being made in the same currency as the tender.

5. The Registrar is not bound to accept the highest or any tender.

6. If a tender is accepted the balance (plus the sum payable for bunker fuel) of the purchase price also in the form of a cashier's order, bank draft or certified cheque payable as aforesaid must be paid within 7 days of the acceptance of the tender and if not so paid the deposit of 10% will be forfeited in which event the Registrar will be at liberty to sell the Vessel to any other party or parties.

7. The Buyer shall within 7 days of the acceptance of the tender pay by the aforesaid methods the Hong Kong market price for the bunker fuel remaining on board on the date of delivery, such quantity and price to be determined by the Chief Bailiff or his agent.

8. Upon payment of the balance of the purchase price, a bill of sale will be duly executed on behalf of the High Court of the Hong Kong Special Administrative Region in favour of the Buyer.

9. The Registrar may in his discretion agree that the Vessel be sold to a nominee of the Buyer. Such nominee and the Buyer shall sign an addendum to this Invitation to Tender in such form as the Registrar may require. Any nomination shall be made no later than 3 working days prior to the delivery of the Vessel. Any nomination made by the Buyer shall be irrevocable. No further nomination is permitted.

10. Deposits will be refunded to unsuccessful tenderers.

11. Any tenderer who does not receive notice by 15 October 2019 that his tender has been accepted may assume that such tender has been rejected.

12. Should the Vessel become a total loss (or be accepted by underwriters as a constructive total loss) before delivery of the Vessel to the Buyer the sale shall be null and void and the Deposit will be refunded to the Buyer.

13. The Buyer shall be liable for any fees duties taxes or dues of whatever nature which may become payable upon the purchase and transfer of the Vessel.

14. On completion of the sale the Buyer will assume all responsibility for complying with all Hong Kong Marine Department directions regarding the Vessel.

15. This invitation and the sale of the Vessel is made and effected without any liability of whatsoever nature of the High Court of the Hong Kong Special Administrative Region or its officers, employees or agents.

(S. KWANG)
Registrar,
High Court
12 September 2019

PARTICULARS OF VESSEL

Ship's Name:	M.T. "BRIGHTOIL LEGEND"
Port of Registry:	Hong Kong
Flag:	Hong Kong
Call Sign:	VRGF6
Official Number:	HK-2611
IMO Number:	9398266
Type of Vessel:	Double Hull Oil Tanker
Length Overall:	243.80 m
Length Between Perpendiculars:	237.00 m
Breadth (Extreme):	42.032 m
Depth (Moulded):	21.30 m
Height (Maximum):	48.998 m
Year of Build:	2009
Built:	Tsuneishi Shipbuilding Co., Ltd., Tadotsu, Japan
Classification:	Lloyd's Register
Class Notations:	+100A1 Double Hull Oil Tanker, CSR, ESP, ShipRight (CM), *IWS, LI +LMC, IGS, UMS
Descriptive Note:	COW (LR), ETA, Part Higher Tensile Steel, PL (LR), SBT (LR), ShipRight (SERS, MPMS)
Gross Tonnage:	60,379
Net Tonnage:	32,114
Lightship:	18,006 MT
Summer Deadweight:	107,518 MT
Summer Displacement:	125,523 MT
Total Fuel Oil capacity:	3,876.700 m^3
Total Diesel Oil Capacity:	301.900 m^3
Main Engine:	Mitsui-Man B&W 6S60MC-C (Total Engine Power: 13,560 kW)
Auxiliary Engines:	3 sets of Yanmar 6EY18AL (640 kW x 900 rpm)
Propeller:	FPP Keyless, Blades = 5
Cargo Tanks / Total Capacity:	12 tanks + 2 slop tanks / 124,967 m^3
Cargo Pumps:	3 sets x 3,000 m^3 / hr (Total 9,000 m^3 / hr)
Cargo Hose Handling Crane:	1 set x 15 T

INVITATION TO TENDER
IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
ADMIRALTY JURISDICTION

RE: HCAJ 14 of 2019

The ship or vessel **"BRIGHTOIL LUCKY"** (the "Vessel")

Pursuant to the order for sale of the Vessel made by the High Court of the Hong Kong Special Administrative Region on the 26 July 2019 tenders are invited for the purchase of the Vessel (a general description of which is set out below) upon the following terms.

1. The Vessel is offered for sale as she lies in the waters of Hong Kong in her "as is" "where is" condition at the date of delivery without any warranties or guarantees. The Vessel is sold free from incumbrances, with everything on board belonging to her but excluding any equipment on hire.

2. No error or misdescription in this invitation or otherwise by representatives of the Government or the High Court of the Hong Kong Special Administrative Region shall entitle the successful tenderer ("the Buyer") to annul the sale.

3. Tenderers are advised to make all and any such enquiries as they think fit. Permission to inspect the Vessel may be obtained from the Chief Bailiff.

4. Tenders for the purchase of the Vessel must:
   (a) be in writing addressed to the Registrar of the High Court, Hong Kong Special Administrative Region;
   (b) be in a sealed envelope so addressed and marked **"HCAJ 14 of 2019 – CONFIDENTIAL"**;
   (c) be accompanied by way of deposit by a cashier's order or bank draft drawn by a Hong Kong bank or a bank having a branch office or banking correspondents in Hong Kong or certified cheque drawn on such a bank of 10% of the offer payable to **"Registrar, High Court"** and crossed in **"HCAJ 14 of 2019"** (the "Deposit");
   (d) be expressed to be irrevocable until 15 October 2019;
   (e) reach the Registrar c/o Chief Bailiff (Administration & Admiralty) at Bailiff Office, LG 3/F, High Court Building, 38 Queensway, Hong Kong not later than 2:00 p.m. (Hong Kong time) on 8 October 2019, otherwise such tenders will be treated as invalid;
   (f) follow the arrangement in respect of tender closing time in the times of gale or rainstorm warnings in Hong Kong as set out below:
   (i) in case a Black Rainstorm Warning Signal or a Tropical Cyclone Signal No.8 or above is lowered or cancelled before or at 11:00 a.m. (Hong Kong time) on 8 October 2019, the tender closing time will remain unchanged;
   (ii) in case a Black Rainstorm Warning Signal or a Tropical Cyclone Signal No.8 or above is lowered or cancelled after 11:00 a.m. (Hong Kong time) on 8 October 2019, the tender closing time will be deferred to 02:00 p.m. (Hong Kong time) on the next weekday (i.e. except Saturday and Sunday) other than public holidays; and
   (g) be expressed in Hong Kong Dollars or United States Dollars with payment of the Deposit being made in the same currency as the tender.

5. The Registrar is not bound to accept the highest or any tender.

6. If a tender is accepted the balance (plus the sum payable for bunker fuel) of the purchase price also in the form of a cashier's order, bank draft or certified cheque payable as aforesaid must be paid within 7 days of the acceptance of the tender and if not so paid the deposit of 10% will be forfeited in which event the Registrar will be at liberty to sell the Vessel to any other party or parties.

7. The Buyer shall within 7 days of the acceptance of the tender pay by the aforesaid methods the Hong Kong market price for the bunker fuel remaining on board on the date of delivery, such quantity and price to be determined by the Chief Bailiff or his agent.

8. Upon payment of the balance of the purchase price, a bill of sale will be duly executed on behalf of the High Court of the Hong Kong Special Administrative Region in favour of the Buyer.

9. The Registrar may in his discretion agree that the Vessel be sold to a nominee of the Buyer. Such nominee and the Buyer shall sign an addendum to this Invitation to Tender in such form as the Registrar may require. Any nomination shall be made no later than 3 working days prior to the delivery of the Vessel. Any nomination made by the Buyer shall be irrevocable. No further nomination is permitted.

10. Deposits will be refunded to unsuccessful tenderers.

11. Any tenderer who does not receive notice by 15 October 2019 that his tender has been accepted may assume that such tender has been rejected.

12. Should the Vessel become a total loss (or be accepted by underwriters as a constructive total loss) before delivery of the Vessel to the Buyer the sale shall be null and void and the Deposit will be refunded to the Buyer.

13. The Buyer shall be liable for any fees duties taxes or dues of whatever nature which may become payable upon the purchase and transfer of the Vessel.

14. On completion of the sale the Buyer will assume all responsibility for complying with all Hong Kong Marine Department directions regarding the Vessel.

15. This invitation and the sale of the Vessel is made and effected without any liability of whatsoever nature of the High Court of the Hong Kong Special Administrative Region or its officers, employees or agents.

(S. KWANG)
Registrar
High Court
12 September 2019

PARTICULARS OF VESSEL

Call Sign :	VRPH3
IMO No. :	9402469
Official No. :	HK-2899
Lloyd's Class No. :	9402469
Class :	+100A1 Double Hull Oil Tanker, CSR, ESP, ShipRight (CM), *IWS, LI, +LMC, IGS, UMS
Type :	Double Hull Oil Tanker
Nationality :	China
Port of Registry :	Hong Kong
MMSI No. :	477962400
Builder :	Hanjin Heavy Industries, South Korea
Delivery :	20 Jan 2009
LOA :	249.97 m
LBP :	239.00 m
Mould Breadth :	44.00 m
Mould Depth :	21.35 m
Summer Draft :	14.952 m
Freeboard (Summer) :	6.398 m
Keel to Mast :	48.786 m

Gross Tonnage :	63294 tons
Net Tonnage :	34735 tons
Light ship :	19419 tons
Deadweight (Summer) :	115458.70 tons
Displacement (Summer) :	134877.70 tons
Main Engine :	Hyundai-Man B&W 60SMC-C7 (13560 kW x 105 RPM)
Propeller :	Single Fix Pitch
Anchor :	2, 13 Port & Stbd., 92mm Ø
Cargo Pumps :	3 x 2800m^3/hr @ 130m
Ballast Pumps :	2 x 1500m^3/hr @ 25m
Cargo Tank Capacity (98%) :	128,005.26m^3 (including slops)
Max Loading Rate :	9000 m^3/hr
Max Discharging Rate :	8400 m^3/hr
IFO capacity :	3344.08 m^3
MDO capacity :	191.32 m^3
Fresh Water capacity :	415.16 m^3
Daily consumption :	F.O. 51.00 Tons D.O. 4.5 Tons (in anchorage)