

LEAD STORY:

DNV GL thinking said to be too 'fossil-centric'

LNG marine fuel 'no better than gasoil or fuel oil'

WHAT TO WATCH:

Minor bulk forecast to be a hotspot in the dry bulk market

OPINION:

Lloyd's List Asia Pacific Awards winners announced

Shipbrokers of the future must be properly valued

ANALYSIS:

Call for better boxship fire prevention

MARKETS:

APEX lists LSFO futures in Singapore

IN OTHER NEWS:

Japan sends its own force to Strait of Hormuz

Works to deepen Mauritania's iron ore port begin

Britannia to end general increases

IEA says efficiencies could drive shipping's decarbonisation

DNV GL thinking said to be too 'fossil-centric'



DNV GL'S RECENT outlook papers on maritime and energy issues reflect "fossil-centric thinking" and are too optimistic about likely industry uptake of LNG as a fuel, according to one of the key architects of the Poseidon Principles.

The claims from Dr Tristan Smith, associate professor in energy and transport at University College London, have been rejected by the classification society, which said that its model was probability-based and not for or against any specific fuel policy.

Dr Smith said outright denial of climate change has all but disappeared over the past few years. However, government and corporate responses have seen a marked degree of cognitive dissonance.

The Intergovernmental Panel on Climate Change is now arguing that global warming should be held to 1.5°C, rather than the 2°C that previously commanded widespread support.

However, confirmation bias means that many companies still cling to "the old 2.0 degree world," he told a conference at the International Maritime Organization in London.

He singled out DNV GL's Energy Transition Outlook 2019 and Maritime Forecast to 2050 reports from the platform, insisting that they were built on "a lot of fossil-centric thinking with shaky science".

The documents are fundamentally opposed to the current consensus, he told the audience. His argument is that businesses must grasp the scale of the impending tasks.

IMO proposals to cut emissions by half by 2050 offer important guidelines, but Dr Smith averred that “nobody has quite engaged their brain on what it means for them ... Shipping’s challenge is a very steep one, even though it sounds mild.”

Achieving a 50% reduction three decades from now will require the introduction of zero emission technologies almost immediately.

Under the Poseidon Principles, which Dr Smith helped to devise, banks are starting to use access to capital to enforce behaviour compliant with the climate agenda. Charterers will soon be applying similar pressure, he maintained.

In an interview with Lloyd’s List during a subsequent coffee break, Dr Smith said that the DNV GL reports implied an increase in global temperature in excess of 2°C.

“It is a narrative built around an assumption that we aren’t going to succeed in hitting the Paris Agreement target, and I think that needs to be made very clear as the basis for the following logic,” he said. “That’s why it’s fossil-centric. It kind of assumes that the [shipping] industry globally is not going to change in line with the political commitments made by governments.”

Shipping needs good-quality information to assess how it going to achieve energy transition, rather than shrugging its shoulders and basing its strategy on the premise that success is impossible.

“Part of that challenge is a mindset challenge, we have a self-fulfilling prophecy problem. If we all tell ourselves it’s too difficult, of course we’ll fail,” said Dr Smith. “If we just change it round to saying, ‘OK, what do we need to do’, you might have a very different commercial response,

LNG marine fuel ‘no better than gasoil or fuel oil’

OPPOSITION to the use of liquefied natural gas for marine propulsion is intensifying after one environmental group denounced the fuel as no better than marine gasoil and attacked groups positioning it as a viable alternative fuel with a better carbon footprint than traditional fuel.

John Maggs, from the Belgium-based lobby group Seas at Risk, criticised The Society for Gas as a

because people would... say, ‘Now I understand what I need to do’.”

DNV GL’s contention is that a high take-up of LNG and other alternative fuels will go a long way to make shipping meet the IMO’s goals.

But UCL’s research questions the idea that biogas and LNG are viable long-term alternatives, on the grounds of expense and volume availability.

He also questioned the assumption of very low demand growth, and maintained that the studies neither took account of upstream emissions nor looked at methane slip in a consistent manner.

“They make selective assumptions, which when you put them all together... justify choices which DNV GL have been saying for ages is going to be the solution.”

DNV GL responded to Dr Smith’s claims in an email statement from Prof Bent Erik Bakken, its senior principal scientist.

“The Energy Transition Outlook is DNV GL’s best estimate of the energy future to 2050. We are not advocating for this future, but without significant additional policy intervention, this is the most likely path according to our model-based analysis.

“We have been working with the shipping industry for more than 150 years and our exposure to fossil and renewable energy is approximately equal. Therefore, it is prudent for DNV GL to create this independent view of the energy transition.”

About 40% of DNV GL stakeholders estimate that the transition will be faster than the class society’s forecast, about 40% estimate that it will be slower, and 20% that the prediction is right, said Prof Bakken.

Marine Fuel over its presentation supporting LNG at an International Maritime Organization forum in London this week.

Serious challenges remain to decarbonise the world’s 60,000-vessel fleet and meet the IMO target of reducing shipping’s greenhouse gas emissions by 50% by 2050 because no commercial alternatives to fossil fuels have yet emerged.

“The real answer in the longer term is going to be alternative fuels,” said Mr Maggs. “It might be hydrogen, it might be ammonia, it might be something else, but it’s not going to be LNG.”

“Talking up LNG in situations like this around climate in our view is irresponsible. It’s going to send interests within the industry in precisely the wrong direction.”

He cited a number of reports showing that the carbon footprint of LNG was similar to, or worse than, marine gasoil or high sulphur fuel oil.

The maritime industry has been slow to embrace LNG as a marine fuel, but it is now used by 170 ships, or 0.2% of the fleet, according to the society, which gave a presentation to the IMO forum.

A further 184 LNG-fuelled ships were on order, with 75 ports and terminals supplying LNG with more than 9,000 bunker transfers, the society’s director Mark Bell told the forum.

Mr Bell claimed LNG-fuelled ships reduced greenhouse gas emissions by as much as 21%. But Mr Maggs said the study on which these claims were based was commissioned by the gas industry and based on faulty methodology about methane slip for marine engines.

Mr Bell told Lloyd’s List the society stood by this report from which the figures were drawn for the IMO presentation, which was published in April, and based on the best information available at the time.

The study was undertaken on their behalf by Thinkstep, a consultancy that provides sustainability advice to business. Its team leader for energy, oil and gas, Oliver Schuller was also present at the IMO forum.

Talking about LNG as a solution to meet shipping targets for 2050 greenhouse gas emissions “was just wrong”, Mr Maggs said.

“It looks like the society has got its numbers wrong and it’s misleading for everybody in the room to hear that.”

Seas at Risk, via a lobby group called the Clean Shipping Coalition, has filed a paper for the next IMO intersessional meeting for reducing greenhouse gas emissions.

“LNG has substantial methane emissions throughout the supply chain (well-to-wake), which means that even with the use of high-pressure engines, with lower methane slip, the overall life cycle analysis would show little or no carbon savings and, in many cases, worse performance compared with HFO/MGO,” the paper concluded.

At present, ships’ bunkers comprise just over 3m barrels per day of total consumption of 100m barrels per day. This is mostly high sulphur fuel oil, though this will change in January when new regulations mandate the use of complaint fuel with less than 0.5% sulphur.

WHAT TO WATCH

Minor bulk forecast to be a hotspot in the dry bulk market

THE inter-regional minor bulks trade has seen a rise in trading activity in the wake of the ongoing trade dispute between the world’s two largest trading partners, the USA and China, said Rhodium Investments chief executive Ojas Doshi in an interview with Lloyd’s List.

The protracted downturn taking place within the global economy has pushed the dry bulk market to shift trade flows towards shorter-haul voyages.

There have also been newer types of cargoes coming more closely associated with the minor bulks trade, which has been positive for the overall dry bulk

market, Mr Doshi said on the sidelines of Lloyd’s List Asia Outlook Forum.

“There are new businesses coming up in the minor bulks segment; it’s not just about nickel ore and bauxite now, (and there are others) like lithium, which are being traded in large volumes.”

Excluding the bauxite trade, combined imports for the other commodities such as steel, maize, sorghum, alumina, bauxite and ores through the first seven months of this year were up 5% year on year, Braemar ACM data shows.

From a geographical standpoint, China still remains a key market driver in terms of providing opportunities to the dry bulk sector. However, other countries such as Thailand, the Philippines and Vietnam are also important markets now, he added.

“The population in Asian countries is still growing, which means there are more mouths to feed. So as

long as there is consumption taking place, more cargoes will be moved, which will continue to help the industry,” he noted.

Mr Doshi is cautiously optimistic for the coming year, despite Sino-US trade tensions. A tighter supply situation and new trades is likely to support the minor bulk market.

OPINION

Lloyd's List Asia Pacific Awards winners announced

A COMMITMENT to green shipping and technology despite testing times wins hands-down at the Lloyd's List Asia Pacific Awards 2019, held in Singapore on Thursday evening.

The winning line-up of entries this year yet again celebrates excellence and outstanding performance in shipping, and the winners stood out for their unwavering drive to innovate and embrace sustainable business practices while the larger industry embarks on a pursuit of digitalisation and a low carbon future.

The industry at large is confronted with “an unprecedented series of regulatory and commercial challenges emerging”, Lloyd's List managing editor, Richard Meade pointed out during his opening speech.

While these may not be unique to international shipping, there is a need to push the boundaries.

“The current industry-wide pursuit of digitalisation is only partly about the operational efficiency that technology promises.

“The real innovation required from the decarbonisation agenda is in finding supply chain efficiencies well beyond the scope of the vessel,” he remarked.

This year's awards go towards honouring genuinely important innovation and industry leadership for international shipping.

Eastern Pacific emerged as the stand-out winner from a field of impressive entries and walked away with the evening's top prize — Company of the Year.

One of the fastest-rising shipping firms, Eastern Pacific is the first tonnage provider to invest in dual-fuel liquefied natural gas technology at scale.

The judging panel viewed this bold move as a wider commitment to green shipping and technology beyond the commercial pay-off the firm has secured through securing charters for half of its massive 22-ship order.

The Lifetime Achievement Award went to Xu Lirong, China Cosco Shipping Corp chairman.

Capt Xu has regularly topped Lloyd's List's annual ranking of the Top 100 most-influential figures in shipping and has been credited with transforming a state-owned giant into one of the most globally competitive businesses in the industry.

Capt Xu was unable to attend the ceremony in person due to work commitments. The award was collected on his behalf by Zhu Jiandong, president of Cosco Shipping International Singapore.

Rizhao Port Jurong won the Deal of the Year for its HK\$600m initial public offering exercise.

The judges hailed the IPO as “a bold and remarkable investment to enhance the port capacity that will benefit the shipping industry in Asia”.

In sector-specific awards, Pacific Basin Shipping won Excellence in Dry Bulk Shipping, Ocean Network Express won Excellence in Container Shipping, Swire Pacific Offshore won Excellence in Offshore Support and Sinanju Tankers Holdings won Excellence in Bunker Supply.

More than 450 guests turned out to cheer on the winners at the ceremony in Singapore's Shangri-La Hotel.

Lloyd's List established these awards more than 20 years ago to recognise talent and consistent quality inherent in shipping.

The Lloyd's List Europe Awards will be held in London on December 10.

The 2019 Lloyd's List Asia Pacific Awards
Excellence in Dry Bulk Shipping - Pacific Basin Shipping

Excellence in Maritime Law - Stephenson Harwood

Excellence in Environmental Management - Berge Bulk Singapore

Excellence in Container Shipping - Ocean Network Express

Excellence in Data and Technology Innovation - ABS FCI Cyber Risk Model

Excellence in Offshore Support - Swire Pacific Offshore

Excellence in Bunker Supply - Sinanju Tankers Holdings

Excellence in Safety and Training - Philippine Center for Advanced Maritime Simulation and Training

Excellence in Supply Chain Management - CargoSmart

Excellence in Maritime Services/Ship Management - Thome Group

Excellence in Port Management and Infrastructure - PSA Singapore

Deal of the Year - Rizhao Port Jurong IPO

Company of the Year - Eastern Pacific Shipping

Shipbrokers of the future must be properly valued

The Institute of Chartered Shipbrokers prize-giving ceremony at London's Trinity House celebrated the highest achievers. However, employers must reward them adequately or they might jump ship, *writes Richard Clayton.*

The brightest students in Mombasa, Mumbai, Malaysia, and Mauritius should expect to be

recognised not only for their achievement but also for the value they now bring to their employer.

There's a mobility around the professions today that suggests some employers recognise commitment when they see it, and they don't look so much at the wording on the certificate as to the study that certificate represents.

ANALYSIS

Call for better boxship fire prevention

THE International Union of Marine Insurance is calling on the container shipping sector to improve the firefighting capabilities on board boxships following a spate of casualties this year.

"Firefighting capabilities on board containerships are deficient and we need to see more headway to improve the safety of the crew, the environment, the cargo and the ships themselves," IUMI policy forum chair Helle Hammer told delegates at a meeting in Norway.

"Mis- and non-declaration of cargo has serious safety implications and is the root cause behind these tragic incidents. There is agreement among experts that the current means of controlling a fire in the cargo hold are of little effect. The safety objectives set out in Solas [the Safety of Life at Sea

Convention] do not seem to be met, and in the light of the various recent casualties, the time for action is now."

Containership fires have been in the spotlight this year, with the TT Club now reckoning there is a casualty at least once every 30 days, up from once every 60 days in the past year.

Incidents this year have included fires on *Yantian Express*, *APL Vancouver*, *E.R. Kobe*, *KMTC Hong Kong*, and the loss of Grimaldi's *Grande America*.

The IUMI raised concerns about boxship fires at the International Maritime Organization's Maritime Safety Committee in June. It is now calling for support from flag states to bring the issue to the IMO agenda in 2020.

In a white paper published in 2017, the IUMI raised a number of concerns about inadequate fire detection and prevention on and under deck on boxships, which it will use as the foundation for the IMO proposal.

“Our position paper recommends that firefighting systems should be arranged to segregate the ship into fire compartments where the fire can be isolated to prevent it from spreading,” Mr Hammer said.

“Onboard systems could then cool the containers and allow them to burn out in a controlled manner. Fixed monitors to adequately attack the fire and improved fire-detection system are further measures proposed to allow for an appropriate response mechanism.”

He added that better prevention measures were also needed to address the concerning rise in cargo misdeclaration.

“We are encouraged to see larger carriers already beginning to crack down on this problem,” Mr Hammer said.

“The sad reality is that we can no longer sit idle. Containerships are increasing in size and complexity and this will only exacerbate the problem.”

Lloyd’s List will host a forum in London on November 14 in London where the issue of preventing misdeclared dangerous goods leading to fires will be discussed with speakers from the IMO, TT Club, Mediterranean Shipping Co and Peter Döhle.

MARKETS

APEX lists LSFO futures in Singapore

ASIA Pacific Exchange has launched a new futures contract in Singapore on bunkers complying with the International Maritime Organization’s 0.5% sulphur limit for marine fuels.

The first contract month for the APEX ABI Singapore LSFO Futures will be December. It will settle against the average of available price assessments published by Argus Media for fuel oil, with 0.5% sulphur for trades done in Singapore during the period.

Argus arrived at its 0.5% LSFO price index by assessing fixed price delivered to-ship bunker transactions between suppliers and shipowners submitted daily by 7pm local time. These assessments take in trades done on volumes ranging between 500 tonnes and 3,000 tonnes for marine fuel oil with viscosity of less than 380 cSt and no more than 0.5% sulphur content.

More than 40 companies have so far contributed voluntarily to these assessments, the agency said.

The APEX ABI Singapore LSFO Futures was officially launched on Friday, just over two more months before the IMO 2020 regulation that imposes a 0.5% sulphur cap for marine fuels kicks in.

APEX had listed earlier in April a physically deliverable 380 cSt fuel oil futures contract. That futures contract so far averages around 23,000 lots

for 230,000 tonnes in average trading volume each day and another 3,600 lots for 36,000 tonnes in daily average open interest.

The IMO 2020 regulation will apply on all ships with no pre-installed scrubbers or exhaust gas cleaning systems.

APEX touts its new LSFO futures contract as the first derivatives product worldwide that provides delivered bunker price trading and hedging for 0.5% sulphur fuel.

This new product “will provide market participants including shipowners with purchasing requirements and suppliers holding fuel inventory an instrument for accurate hedging”.

It may also “create opportunities for spread trading to crude and other refined oil markets”.

The listing of these futures has been timed ahead of an indicative start date for international shipping’s low sulphur transition.

The Singapore Shipping Association has guided that most of its members are looking to start switching to compliant fuels from November 1.

Singapore ranked as the world’s number one bunkering hub last year, clocking up almost 50m tonnes of annual bunker sales.

IN OTHER NEWS

Japan sends its own forces to Strait of Hormuz

JAPAN will send its own forces to the Strait of Hormuz, after declining in September to join a US-led joint protection force.

Reuters cited Japan's Asahi newspaper as saying Tokyo has decided to dispatch its own self-defence troops to the Strait of Hormuz area instead of joining the US coalition to protect merchant vessels passing through key waterways in the Middle East Gulf.

It has previously been reported that Japan is in a dilemma, being caught between the US, which is its most important ally, and its close economic ties with major oil producer Iran.

Works to deepen Mauritania's iron ore port begin

WORKS to deepen and widen the inner channel at Mauritania's Nouadhibou iron ore export port have begun.

Jan De Nul Group's cutter-suction dredger *Zheng He*, which

arrived earlier this month, is being joined by the trailing suction hopper dredger *Leiv Eiriksson*, the Luxembourg-based company said.

Both vessels will dig out about 21.6m cu m of sediments and transport them to a dedicated offshore location over a set period of 12 months, while the turning circle of the port will be deepened to about 20.3 m.

Britannia to end general increases

BRITANNIA Steam Ship Insurance Association is to end general increases for both protection and indemnity and freight, demurrage and defence cover, and will from now on price vessels individually.

The International Group affiliate has also announced a \$15m capital distribution to its mutual members, despite the expectation its combined ratio will comfortably top the 100% mark.

This brings the total of capital distributed to members since May 2017 to \$85m, on top of a

further \$15m-worth of deferred call waivers.

IEA says efficiencies could drive shipping's decarbonisation

ENERGY efficiencies could drive the majority of shipping's decarbonisation as low carbon fuels a smaller role, according to a projection from the International Energy Agency.

Apostolos Petropoulos, the IEA's World Energy Outlook energy modeller, said energy efficiency improvements could account for 55% of shipping's decarbonisation trajectory, if new relevant policies and measures are deployed.

This comes in a scenario that takes into account what would need to happen to meet the Paris Agreement targets and also incorporates the IMO's initial greenhouse gas emissions strategy, which commits to slashing shipping's total annual emissions by at least 50% by 2050 compared with 2008.

Classified notices



**Looking to publish a judicial sale, public notice,
court orders and recruitment?**

Please contact **Maxwell Harvey** on **+44 (0) 20 7017 5752**
or E-mail: maxwell.harvey@informa.com



SCI

Navratna Company
(ISO 9001:2015, ISO
14001:2015 & ISO 45001:2018
Certified)

The Shipping Corporation Of India Ltd.

(A Government of India Enterprise)

T&OS Division, 5th Floor, Shipping House, Madame Cama Road,
Mumbai-400021 (India). Tel No. 91-22-22772182 ● Fax: 91-22-22854790

● Email: dirtos.sect@sci.co.in ● Twitter: @shippingcorp

● CIN No.: L63030MH1950G0I008033

TENDER NOTICE - Acquisition of 1 no. 500 Passenger all-weather Vessel for UTLA

The Shipping Corporation of India Ltd. (SCI) on behalf of Union Territories of Lakshadweep Administration (UTLA) invites tender for acquisition of a **new-building 500 Passenger all-weather Vessel**. Bidders are requested to visit our website www.shipindia.com, or www.eprocure.gov.in for further details.

The participating bidders would have to submit their **Stage-I/A Offers** (i.e. Technical Offers) latest **by 1700 hrs (IST) on 8th November, 2019** to the Director (T&OS) at the above address.



TRANSPORTING GOODS, TRANSFORMING LIVES.

The Next Generation Lloyd's List Intelligence

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

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

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

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

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