Thursday November 7, 2019

Lloyd's List
Maritime intelligence | informa

Daily Briefing
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Tanker owners delay scrubber retrofits to cash in on rate rises

TANKER OWNERS HAVE put scrubber retrofits for their largest vessels on hold in favour of capitalising on the recent surge in freight rates.

Braemar ACM's head of tanker research Anoop Singh mentioned this "pause" in scrubber retrofits for tankers during a presentation at a seminar organised by Clean Marine, an Oslo-headquartered supplier focusing on the emissions abatement technology.

"Just five very large crude carriers are in the yards waiting for retrofits compared with 23 VLCCs a month ago," Mr Singh noted.

He considered this to be a knee-jerk reaction to a rise in tanker rates in the spot market, which was partly spurred on by tightening supply of available tonnage.

Spot earnings for VLCCs more than quintupled during the week of October 11 to average above $300,000, the highest seen in more than a decade.

Charterers shunning significant tonnage owned by Cosco and linked to trades with Venezuela contributed to the rise in tanker rates, Lloyd's List earlier reported.

So did the removal of tankers from the charter market for scrubber retrofits ahead of the regulatory deadline for the International Maritime Organization's 0.5% limit on sulphur in marine fuel.

Commonly dubbed IMO 2020, this green shipping regulation is due to take effect on January 1. It permits ships with pre-installed scrubbers to continue to burn the cheaper residual fuel at the bottom of the barrel.

Scorpio Tankers, Mediterranean Shipping Co and Oldendorff Carriers are just three of the largest shipowners in the world to have opted for scrubber installations.

One commonly held expectation supporting investments in this abatement technology is that the price differential between compliant and non-compliant fuel oil would widen as the former displaces the latter in the global marine fuel mix.

But on more than one occasion over the past 10 months, fuel price moves have challenged the basis of such conventional wisdom.

Fuel oil with 3.5% sulphur oil, or high-sulphur fuel oil, traded at as much as $518.90 per tonne on September 17 in Singapore, the world's top bunkering hub, according to assessments by leading energy pricing agency S&P Global Platts. That was dramatically higher compared with under $350 per tonne at the start of the year.

HSFO prices have visibly collapsed following the short-lived surge in September.

Still, as one scrubber supplier told Lloyd's List, such volatile fuel price moves certainly have not bolstered investor confidence in the abatement technology.

The supplier named two instances in India in which shipowners have pulled back on new scrubber investments in favour of waiting for greater clarity on fuel price spreads going forward.

Scrubber manufacturers — Alfa Laval and Wärtsilä included — have also reported fewer scrubber orders year on year for the three months to September 30.

One commonly held view among the attendees of the Clean Marine seminar was that owners of large oceangoing ships, VLCCs and mega boxships still stand to yield substantial fuel savings from investing in scrubbers for as long as this abatement technology is not outlawed by maritime regulators.

That said, there is no turning back the clock on HSFO's decline as a marine fuel.

Braemar ACM projected that marine demand for HSFO may amount to less than 1m barrels per day post-IMO 2020.

About 300,000 of these barrels may stem from non-compliance with the IMO 2020 rules and between 400,000 and 600,000 barrels would be used to power ships with pre-installed scrubbers, according to the ship brokerage.

Such decline in marine demand may lead to depression in HSFO prices, which holds implications for at least one grade of crude.

"Heavy sour crudes will become relatively cheaper and be shipped to refineries that can process this grade profitably including those in China, the US Gulf of Mexico, ARA Europe and western parts of India," Mr Singh said.

Braemar ACM forecasts that this trend will also boost tanker rates in the future.

WHAT TO WATCH

Shipping's future relies on industry chain unity, says Cosco Shipping chairman

CHINA Cosco Shipping Corp chairman Xu Lirong has called on participants in the industry chain to think together and work more closely amid challenging market conditions.

Capt Xu noted the various headwinds facing the maritime sector, including the slowing world economy, prolonged overcapacity and stricter environmental rules.

Addressing these difficulties require joint efforts, he told the 2019 World Shipping Summit in Shanghai.

One case in point was that the shifting trade pattern has led to increasing demand from cargo owners for integrated one-stop logistics solution that "no single company can handle along."

Fortunately, the advance of technologies, such as big data, artificial intelligence and blockchain, allows the co-operation to strengthen.

Blockchain applications, for example, can be used to establish systems that facilitate trust among different shipping players and, at the same time, to provide new solutions for supply chain visibility and predictability, Capt Xu said.

"Whether from the perspective of shipping's internal and external environment or from the perspective of technology development, deepening the co-operation along the industry chain is an inevitable trend."

Capt Xu said currently the industry collaborates mainly in three ways.

Various parties establish partnerships based on deals and projects or they form closer ties such as the liner shipping alliances. They can also integrate via mergers and acquisitions.

Each model has its pros and cons, and the industry must innovate the combination of these methods in order to be more united, he argued.

His remarks were followed by the launch of the Global Shipping Industry Chain Co-operation Initiative, which has been signed up by 14 companies and organisations that represent the cargo interests, shipowners, ports, as well as the shipbuilding and technology industries.

They are: China FAW Group, Sinograins, Chalco Logistics, Cosco Shipping, Maersk, CMA CGM, Evergreen, Yang Ming, Seaspan, Zeebrugge Port, Qingdao Port Group, Kawasaki Heavy Industries, China Mobile and BIMCO.

A statement says the initiative is aimed to "strengthen shipping industry chain cooperation, jointly support trade and shipping facilitation, and promote sustainable growth of trade."

It also asks the industry's players to avoid excess competition and investment, to encourage innovation and to enhance value creation for end-users.

"In view of the new opportunities and challenges such as emission reduction and digital transformation, all parties should share responsibility and achievements, and jointly form solutions that conform to the direction of industrial development and accommodate the interests and concerns of all parties, so as to continuously meet the requirements of the times."

Greek shipping minister urges 'practical solutions' to 2020 implementation issues

WITH less than two months to go to the implementation of tighter sulphur limits on marine fuels Greece's shipping minister Ioannis Plakiotakis has reiterated long-held industry concerns related to safety, fuel quality and compliance issues.

Speaking at the World Shipping Summit in Shanghai — an annual event organised by Chinese shipping giant Cosco — Mr Plakiotakis urged assembled dignitaries to find practical solutions to compliance issues with a view to "ensuring fair competition and a level playing field for global shipping".

Speaking to Lloyd's List on the sidelines of the conference Mr Plakiotakis conceded that his comments were a deliberate bid to garner broader backing for a more pragmatic approach at the International Maritime Organisation where Greece has often been an isolated critic of the sulphur rules.

"I have expressed my worries directly to the IMO secretary general," he said. "The gas question, low sulphur availability — but I've had no real answers yet and there isn't a plan B right now if something goes wrong".

While the Union of Greek Shipowners, the world's largest national shipowners' association, has been a vocal critic of the sulphur rules, backed on several key issues by industry bodies including Intercargo, Mr Plakiotakis' comments mark a significant escalation from the lobby realm to ministerial level.

"We need to ensure global availability of compliant fuels and resolve all issues related to compliance, quality and safety requirements to alleviate the concerns of the international maritime community," Mr Mr Plakiotakis told the Shanghai audience on Wednesday.

"From our side we are moving towards ensuring through legislation the full compliance of the bunker industry to the new requirements. To this end we anticipate all stakeholders some find practical solutions to compliance issues with a view to ensuring fair competition and a level playing field for global shipping," he said.

The Cosco summit in Shanghai is a significant gathering of industry power brokers and his address which focussed on the IMO's ability to create a level playing field and "avoid the implementation of unrealistic measures" will have resonated with the largely Asian audience.

The UGS's previous attempts to raise the same concerns have won support from other shipowners' associations, particularly in Asia.

Agreement with the Greek arguments is often privately expressed in the corridors of the IMO on Victoria Embankment in London and at forums elsewhere, but this has not always been reflected in the public position taken by the several countries and organisations.

Speaking to Lloyd's List in a rare interview published last month, UGS president Theodore Veniamis said: "Some countries need to raise their voices now, at the very next opportunity. We need to wake up some of our colleagues and some other states before it is too late. The way we are headed, they are going to make the biggest mistake of their lives."

While Mr Plakiotakis' address may win him some industry support Greece realistically has few options left to affect any last-minute changes to the 2020 Sulphur rules at the IMO. While rumours have circulated that Greece has not entirely given up on a last-ditch "pragmatic" softening of the introduction of the sulphur cap, there is no forum left in the IMO calendar to address such issues before implementation. Even if there was a suggestion to address the issue post implementation in 2020, the sulphur issue falls firmly under European Union competence so a direct approach from Greece would be politically difficult at best.

It is also the case that Greece's political attention has now turned to decarbonisation within the IMO bodies. Greece has submitted a proposal to the intersessional group being held next week to strengthen and change the particulars of the Ship Energy Efficiency Management Plan, another IMO regulation that forces shipowners to develop strategies to make their vessels more efficient.

Rather than asking for a speed limit, however, Greece wants vessels to reduce their maximum main engine power, with the requirements for difference vessels sectors rather than individual ships.

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US says Cosco is not untouchable

SANCTIONS imposed on Cosco's tanker units show that no company is too big, according to a senior US government official.

US Deputy Assistant Secretary of State David Peyman told reporters that the US sanctions on six Chinese companies and five individuals is one of the largest actions the administration has taken on the transportation of Iranian oil.

The move on two Cosco entities showcases both that the US government is fully enforcing sanctions and that no company is too big to sanction or to fail, Mr Peyman argued.

"It is also important to note that no company is in a jurisdiction that is safe from US sanctions," Mr Peyman said in remarks at the US Embassy in London.

Almost a month after imposing the sanction on Cosco, the US issued a two month grace period for Cosco Dalian to wind down all Iranian oil-related transactions.

Mr Peyman did not disclose what the government plans to do after the wind down period expires but said the US is in talks with Cosco.

He also did not disclose why the government targeted specific Cosco tanker units rather than the major parent company Cosco Shipping Energy Transportation.

"We take a very sophisticated approach to understand, in a measured way, how a designation could change activities beyond the designated party," he said.

If that designation affects the parent company and others in the industry, that is something the government considers.

"We are looking for accountability when we are enforcing. We follow the evidence and we are looking for strategic impact, large impacts, to change behavior in this industry," he said.

The Cosco sanctions knocked significant tonnage out of the market and fear of contagion augmented that effect, helping raise charter rates in October to almost unprecedented heights.

"This was shock and awe about the impact and I think it has led to hopefully significant changes and approaches to compliance," Mr Peyman said.

Over the past couple of years, the US government is particular has increased the volume of shipping-related sanctions targeting Iran, Venezuela and North Korea, among others, and their enforcement intensity.

Aside from having clear market impacts, sanctions have added considerably more workload on business to ensure compliance and therefore access to the dollar market.

Mr Peyman said that part of the purpose of sanctions is to change the industry's shadowy behavior.

"Especially in certain countries, where shipping is a generational business, handed down through generations and the business has been conducted in a certain way- in a less than transparent way- I hope the message is appreciated," he said.

"That the industry should be taking a proactive approach and we will continue to robustly, and I think concisely, to enforce our sanctions".

Companies should adopt and implement due diligence programs, despite their cost, closely follow sanction advisories form authorities and keep abreast of media reports on potentially sanction evading-policies.

Nonetheless, he claimed the industry has improved over the past couple of years in conducting due diligence and vetting customers and counterparties.

Some flag states are demanding more information from customers, like details of beneficial ownership, Automatic Identification System history, along with adequate justification and documentation for cases where AIS has been turned off, he said.

"There still needs to be significant change in the maritime industry," he said.

Mr Peyman also said shipowners and managers are still focusing on their individual transactions and how they could avoid sanctions rather than questioning what the consequences of their actions could be.

"Where is this money going to go from this kind of export and who is it going to fund, and which innocent victims are going to be harmed because this evasion activity that I have decided to, negligently or willingly, undertake" he said.

Greek focus of oil spill investigation widens

THE number of tanker companies asked to give testimony to Brazil's investigation into an oil spill that has been fouling large tracts of the country's coastline has grown to at least four, suggesting that efforts to categorically identify the source of the pollutions still have some way to go.

Delta Tankers, Euronav Ship Management, Maran Tankers and Minerva Marine, each a major name in the tanker business, have all been contacted by the Greek authorities at the behest of Brazilian investigators and asked to provide ship's records and other information for voyages by certain vessels in the July-August period.

All four companies are based in Greece, chiming with public reports that suspicion had fallen on a Greek-flagged tanker. However, if and how the Brazilian authorities came to acquire this nugget of information and why other granular details of the vessel seemingly remain murky has not so far been explained.

It is not clear whether Brazil has sought information on other vessels through other countries' maritime administrations.

The Greek end of the investigation is focused on five tankers — Delta's suezmax *Bouboulina*, Euronav's suezmax *Cap Pembroke*, the Minerva aframax *Minerva Alexandra* and two Maran very large crude carriers, the 2016-built *Maran Apollo* and the 2014-built *Maran Libra*.

All five vessels are under the Greek flag and the flag state under the Marpol Convention has authority to investigate such incidents.

Distancing itself from the incident, which the Brazilian authorities say dates back to end-July, Delta has already said that it will "willingly share" with investigators data including material from voyage monitoring cameras and sensors that it says exonerates its vessel of involvement.

On Wednesday, a spokesman for Euronav, the Belgium-based tanker giant that has its main shipmanagement office in Greece, acknowledged that it has been contacted "as a preliminary inquiry".

The company representative said that Euronav "will continue to provide full cooperation to the relevant authorities in resolving this issue."

A senior spokesperson for Maran Tankers told Lloyd's List that the company had undertaken its own investigation and "based on the dates and areas extrapolated fir the spill, we can say clearly that this cannot possibly be related to our ships."

Nonetheless, the company was "fully co-operating with the Greek authorities" and was "providing all the material that we have in our hands so that they can make up their own minds."

Lloyd's List also contacted Minerva Marine. The company did not reply before this report was published but has been quoted in a separate media report as denying its tanker was involved in the incident.

It, too, was reported as complying with the Greek authorities' documentation requests.

OPINION

Karamanlis urges graduates to find new solutions

FORMER Greek prime minister Kostas Karamanlis is a political animal. He has lain low in recent years, however his re-emergence on the speaker circuit has not gone unnoticed, writes Richard Clayton.

A comment piece in the Ekathimerini newspaper observed that his appearance at the Costas Grammenos celebration in London follows hard upon a speech at the Society for Macedonian Studies in the Greek city of Thessaloniki, and there is talk of a further speech at Tufts Fletcher School in Boston at a later date.

There are rumours that Mr Karamanlis, who led Greece between 2004 and 2009, might be chosen as the next president of Greece in 2020, so he needs to show his face and make his views now.

Indeed, his opening line at the Grammenos event was a bit of a giveaway: "Shipping, trade, and finance [the only reference to the other Costas' academic commitment] do not operate in a vacuum."

There followed a broad brush overview of challenges political, social, environmental, and economical.

There was a plea for European Union-wide support for Greece and Italy as they try to handle the surge of migrants and refugees landing on their southern and eastern shores.

There was an observation about trade tensions — some far away and some decidedly closer to his home — and there was the warning that targeted cyber attacks could "paralyse energy networks and communications systems, and withdraw millions of dollars without leaving any trace."

None of which should have come as any real surprise to the 3,500 alumni of the Cass Business School, many of whom were in the audience.

However, Mr Karamanlis' keynote offered two important reflections. The first that it's vital to understand what's happening in the world around shipping: the industry is too often accused of being isolationist; the second that "You can't solve the challenges of tomorrow with the tools of yesterday."

In 1982 Costas Grammenos had lunch in Bishopsgate, London, with Professor (now Lord) Brian Griffiths, Dean of the Cass Business School. The meeting occurred during a severe downturn in the shipping markets, sparked by not one, but two oil shocks.

The outcome was many years' hard work, dedication, friendship, and trust that would create world-leading Masters degrees in shipping, underpinned by the business school's strengthened ties to the City of London, a combination of theory and practice.

Professor Grammenos' vision was a suite of new courses that responded to the changing needs of business.

With the maritime industry standing at the threshold of digital disruption, a new energy ecosystem, a realignment of world trade patterns, and a new skills environment,

Mr Karamanlis' comment about the need for new tools to solve tomorrow's challenges is appropriate. Sometimes it requires a political animal to see a way out of the jungle.

ANALYSIS

Seafarers face risk of mental health issues

LONG working hours, isolation and extended periods away from family and friends are putting seafarers at risk of mental health issues, according to research by Cardiff University.

It comes as a separate study found seafarers fear they will take the blame for breaches of IMO 2020 once the regulation comes into force in January.

Professor Helen Sampson, who led the Cardiff study, said recent-onset psychological disorders were increasing among serving seafarers, yet 55% of employers polled admitted they had not introduced any policies or practices to address mental health for a decade.

The research, which is funded by the Institution of Occupational Safety and Health, urges shipping companies to provide greater support for workers to help prevent conditions such as anxiety and depression.

"It is all too easy for seafarers working out on the deepsea ocean to be invisible to those ashore," said Prof Sampson, who is director of the university's Seafarers International Research Centre, which sits in the School of Social Sciences.

"Their remoteness allows for abuse to go undetected. Sometimes seafarers are subjected to bullying and harassment by superiors and colleagues on board. However, many employers also mistreat seafarers by failing to provide decent and humane living conditions which promote good mental well-being."

Seafarers working on cargo ships experienced very little happiness and it was time the issue was properly addressed, the academic said.

Recommendations included activities such as basketball, swimming, table tennis, darts, karaoke and board games, with access to a gym, sauna, and a book and DVD library. Comfortable mattresses and furnishings within cabins, and shore leave at every opportunity for all ranks were also cited as ways to improve working conditions.

Companies were also urged to provide self-help guidance on improving mental resilience, provide contracts that balance work and leave time, introduce and enforce anti-bullying and harassment policies, train officers on creating a positive onboard atmosphere and set up confidential counselling services, the research recommended.

More than 1,500 seafarers completed a questionnaire for the research, while face-to-face interviews were conducted with a small group of seafarers, employers, maritime charities and other stakeholders.

Meanwhile, the Mission to Seafarers latest Happiness Index showed a marked improvement across all shipping sectors after concerning reports earlier in the year.

The quarterly index, which is supported by leading P&I insurer the Shipowners' Club, showed that overall seafarer happiness has risen to 6.59 out of 10, from 6.27 in the previous three months.

Happiness regarding interaction with other crew members increased to 7.28 from 6.85, the highest figure in the five years since the report began, suggesting a growing sense of camaraderie among seafarers, according to the report.

Despite a general positive trend, several concerns were identified, namely the upcoming International Maritime Organization's sulphur cap regulation, which appears to be a source of stress for seafarers who fear being blamed for non-compliance.

Many participants reported concerns that discrepancies in data, combined with tougher inspection regimes, could result in seafarers facing prosecution by authorities, the charity said.

"While there has been much attention given to the financial impact of IMO 2020 on shipowners, this evidence shines a light on the day-to-day pressures on those serving at sea and the need for governments and shipowners to prepare seafarers for the change," it said.

"The report indicates that the companies investing more resources into training have happier crews — highlighting the importance of seafarers feeling confident in their own abilities and with the responsibilities placed upon them by new regulations," it added.

However, salaries played a significant role in keeping seafarers happy, according to the charity, which warned of a "talent bleed" to other industries because of budget cuts.

While younger seafarers seemed to be the happiest — reflecting enthusiasm about seeing new parts of the world — low wages were making them question their future career paths.

Cargill, Maersk Tankers, and Mitsui & Co start work on fuel-saving technologies

INFORMAL chats around the office coffee machine about how to cut greenhouse gas emissions have evolved into a more formal collaboration between three of the biggest names in shipping.

Cargill, Maersk Tankers, and Mitsui & Co have teamed up to test out decarbonisation ideas and explore new solutions. They hope their new partnership, known as Njord, will both deliver a commercial payback and also benefit the whole industry.

Rather than wait for alternative fuels to be produced or other energy-saving technologies to reach the marketplace, "we want to get the ball rolling now," Jan Dieleman, president and business lead for ocean transportation at Cargill, told Lloyd's List.

The trio announced the initiative last month and now plan to start assessing ways of saving fuel and reducing carbon emissions immediately.

While the whole maritime industry is currently considering how best to reach the ultimate target of zero carbon ships, the three heavyweights decided there was no time to waste, and that interim innovations were needed that could be trialed in the months ahead.

The aim for the coming year is to experiment with various technologies, both existing and new, on about 30 tankers and bulkers that they either own, manage, or charter.

Scaling up

If all goes to plan, the partnership could be formalised into a standalone enterprise that would be able to provide advisory and technical services to operators seeking ways of reducing ship pollution in line with the International Maritime Organization's decarbonisation trajectory.

In a sector of the shipping industry that is still relatively fragmented, Cargill, Maersk Tankers, and Mitsui & Co feel they have the capability to exploit existing fuel-saving technologies and research new ones that would be beyond the resources of many smaller operators.

Between them, they operate a very sizeable portfolio of tankers and bulkers, and intend using their scale and bankable names as they evaluate various means of lowering fuel consumption and making ships cleaner.

"We have vast experience of trying out new technologies because we have such a large fleet where we can spread out the investments," said Christian Ingerslev, chief executive of Maersk Tankers, which is testing out rotor sails on board the product tanker, Maersk Pelican.

These are large, cylindrical mechanical sails that spin to create a pressure differential, and in the year to end-September, total fuel saved was 8.2%, equivalent to approximately 1,400 tonnes of carbon dioxide.

Nevertheless, Mr Ingerslev acknowledged that this was an expensive trial and not yet a commercially viable system.

Because most of the wet and dry fleet is not very consolidated, the smaller owners in these sectors typically have neither the financial resources nor incentive to experiment with new or alternative technologies such as this. In contrast, Maersk Tankers, Cargill, and Mitsui say they "have the skill sets" to test out various ideas that are now being considered in industry circles.

If they work, "we will then help other owners to get funding" to apply the technologies to their own ships, said Mr Ingerslev.

"We would like to offer a package of known and proven technologies that we have tested on board our own fleet, and say to the shipowner, you do not have to pay for it, we will put the funding in place, and receive our payback as part of the fuel savings," he said.

It also means the whole relationship between owner and charterer is likely to change from a relatively adversarial one to more of a collaborative understanding. In future, both parties will be working together to optimise the asset and share the benefits, according to Mr Dieleman whose company has close to 700 ships on charter, of which about 90% are drybulk vessels.

Cargill's partners also have large ship investments, with Maersk Tankers operating more than 160 product tankers across five segments, while Mitsui & Co, one of the world's biggest trading houses, both charters and owns ships, among its many activities.

All three companies already work together, with Maersk Tankers partnering Cargill Ocean Transportation in the medium-range tanker sector. Maersk Tankers' fleet is owned through a consortium in which Mitsui & Co is an investor, along with Denmark's AP Moller Holding.

The trio realised that in order to make any headway on decarbonisation, they needed scale.

That is what they have gained by coming together, enabling them "to put something really cool out there", said Mr Dieleman. Now the real work begins.

As the Njord project gets going, Mitsui has opened discussions with a number of Japanese owners about installing energy-saving devices on their ships, as well as planning to test out potential solutions on some of their own vessels, said Takuya Shirai, general manager for Mitsui's ship business division.

In a joint interview during the recent Global Maritime Forum in Singapore, all three stressed the importance of collaboration across the shipping industry as climate change moves to the top of the global political agenda.

The central message from the GMF's annual summit was that shipping should seize the initiative rather than risk solutions being imposed on the industry by regulators or governments.

That means testing out ideas now, said Mr Dieleman.

"It will take time" before the optimum solutions are in place, he said, "so the question is, what do you do in the meantime, and we strongly felt that we had to get going today".

So instead of setting up a fully fledged joint venture with a chief executive at this stage, the three partners agreed to start with a light structure, and small dedicated teams, "because we think we have a product that the market needs today".

Rather than wait for industry-wide solutions to be developed, Cargill, Maersk Tankers, and Mitsui & Co realised "there is stuff we can do" straightaway.

That is clear from Maersk Tankers' experience of seeing the performance differences between ships in its fleet that it owned, and identical tonnage, managed for other owners, that have come from the same shipyards, with the same type of crew and operated in the same trade lanes.

Maersk Tankers' own ships were always more efficient, said Mr Ingerslev, and for a time that was regarded as a competitive advantage.

"But when you look at what is happening in the world, being relatively better on emissions control is not going to solve the problem, so our agenda now is not just about finding ways of lowering emissions for Maersk Tankers, but for the industry as a whole."

Maersk Tankers, whose principal owner is also the largest shareholder in AP Moller-Maersk that operates the world's biggest containership fleet, is also collaborating with Maersk Line on energy-saving ideas and solutions.

All three partners in the Njord project stress that their initiative "is not just about doing the right thing".

The goal is to make a business case out of this enterprise, and to demonstrate that energy efficiency will ultimately improve bottom line results in an industry has produced poor levels of profitability over the years.

That is the only way to make progress, according to Mr Dieleman.

Shipowners do not understand how much ship speeds have to be lowered, or how many tonnes of emissions they need to cut, "they understand money," said Mr Dieleman.

The necessary actions "must be translated into dollars".

With the Njord product, "we will fix everything, make it work," and be paid by results.

This is a service "for the taking", he continued.

Shipowners want to be able to see how various ideas work in practice, while new technology providers need somewhere to test out their ideas and inventions.

That is what Cargill, Maersk Tankers, and Mitsui & Co are able to offer, with their large and diversified fleets, and deep pockets.

They are also hope to take the best of those many thoughts and suggestions thrown up by staff as they wait for their coffee to brew, and test them out at sea before deciding which may help shipping attain the IMO's goal of halving carbon emissions by 2050, and ultimately eliminating them altogether.

MARKETS

More carriers add transitional fuel charges

CMA CGM has become the latest container carrier to introduce an emergency fuel levy to cope with uncertainty over the cost of bunkers in the run-up to the introduction of the International Maritime Organization's sulphur cap in January.

The low-sulphur surcharge, effective from December 1, has been calculated using the price difference between high-sulphur fuel and low-sulphur fuel average prices in October.

The "retained value" is $200 per tonne, which is then multiplied by trade coefficient, and will apply to all contracts with validity up to three months, CMA CGM said in a customer advisory.

For a 20 ft container shipped from Shanghai to Rotterdam, the additional charge works out at $120 per teu.

The move follows similar moves by other major lines in recent weeks.

German carrier Hapag-Lloyd last week introduced its own IMO 2020 Transition Charge to cope with the expected volatility of fuel prices during the changeover period as ships were bunkered with more expensive low-sulphur fuel.

Maersk is also introducing what it describes as an Environmental Fuel Fee, effective from December 1, which will apply to all spot business and contracts with validity up to three months.

The EFF tariff will be trade-specific and reflect the fuel-related cost increases that result from compliance to the IMO 2020 regulation, which will be calculated as the price difference between high-sulphur fuel and low-sulphur fuel, multiplied by a trade factor.

Maersk has not given specific pricings for its charges, but its Hamburg Süd subsidiary, which is also introducing the EFF, has listed charges for the trade lanes it covers.

These show a charge of $116 per teu for dry containers on an Asia-Mediterranean voyage and $174 per teu for a reefer box.

Hong Kong pushes forward with blockchain project for trade finance

HONG KONG-based CargoSmart has announced the successful completion of a proof-of-concept for a multi-bank blockchain consortium in Hong Kong facilitated by the Hong Kong Monetary Authority, with the project aiming to prove that linking supply chain data with trade finance transactions can provide enhanced transparency, traceability, and efficiency for member banks and their trade finance customers.

The proposed solution intends to accelerate the document validation and trade finance process by using blockchain technology to circumvent traditional barriers. The eTradeConnect concept explored ways to improve global trade through enhanced collaboration among shippers, banks, terminal operators and ocean carriers, with applications to be further developed once the Global Shipping Business Network is formed.

The GSBN initially comprised carriers CMA CGM, Cosco Shipping, Evergreen, OOCL and Yang Ming, along with ports such as DP World, Hutchison Ports, PSA International and Shanghai International Port Group. It was formed a year ago to provide an alternative to Maersk and IBM's TradeLens blockchain solution.

The project connected two blockchain networks to bridge the current gaps in trade financing. When granted access to its customers' relevant historical records provided by ocean carriers and terminals, banks in the eTradeConnect network would be able to shorten the customer validation process, with a better understanding of customers' backgrounds and with real-time, credible shipment event data.

The proof-of-concept involved shipment management technology solution provider CargoSmart and eTradeConnect, and was facilitated by PwC, with banks and ocean carriers including Bank of China (Hong Kong) Limited, The Bank of East Asia Limited, HSBC, Standard Chartered Bank (Hong Kong) Limited, Cosco Shipping Lines, and OOCL respectively.

The network's member banks will be able to leverage trusted data to streamline their trade finance approval operations, improve risk management, and enhance their abilities to extend credit to small and medium enterprises.

OOCL co-chief executive officer Andy Tung noted the challenges involved in document and information exchange in shipping and applauded the steps made by the network.

"The success in this proof-of-concept is a very positive direction forward to not only tackle this challenge head on, but to take it a step further by broadening the scope of stakeholders such as financial institutions to be a part of this open and transparent digital ecosystem," he said.

"We certainly look forward to seeing more of these kinds of forward thinking technologies and collaborations being implemented for the collective good of all stakeholders," Mr Tung concluded.

"The exchange of trusted and immutable data enabled by blockchain gives rise to a seamless and secured linkage across the global trade and financial sectors," said CargoSmart chief commercial officer Lionel Louie.

"The proof-of-concept with eTradeConnect has demonstrated the power of trusted networks. CargoSmart will continue to bridge the shipping industry with other sectors for supply chain excellence to create value for all stakeholders," he added.

It is envisaged that eTradeConnect will dovetail into the GSBN, once it secures all regulatory approvals, as it ultimately operates a data exchange platform for supply chain participants around the world and is seen as an important step towards unlocking the value of digitalization in trade finance.

Hutchison Ports group managing director Eric Ip said: "The successful completion of a proof-of-concept with eTradeConnect marks a positive beginning of a collaboration between carriers, terminals and banks to explore new products and value propositions for trade finance."

He added: "Once GSBN is established, we are confident future members will benefit from its strong data governance and trusted transactions will help simplify trade for end customers."

Bank of China (Hong Kong) general manager of Transaction Banking Department Teng Linhui said: "We are pleased to co-operate with CargoSmart and banking peers to foster the development of trade finance infrastructure in Hong Kong."

Noting that seamless logistics is a key element of the trade process, she added: "We believe that linking eTradeConnect with a shipping network not only helps verify trade transactions and reduce financing risk, but also improves customer satisfaction by streamlining the process."

Pointing out that the transformation of the trade ecosystem is an essential part of developing the burgeoning digital economy, PwC China consulting leader James Chang concluded: "We are excited to be part of this cross-industry collaboration, which is an example that demonstrates our commitment to innovation, technology and creating value by facilitating industry collaboration."

IN OTHER NEWS

Hafnia raises $230m in private placement

HAFNIA, the Mikael Skov-led product tanker company, has raised $230m via selling company shares through a private placement and will begin trading on the Oslo Stock Exchange on November 8.

The owner said that the pre-listing private placement was "successfully" completed, and more than 130 investors were allocated shares.

A diverse spread of institutional investors, both international and from the Nordics, are understood to have bought into the company.

Trafigura unveils blockchain trade platform

TRAFIGURA is receiving a head start in Singapore's efforts to promote blockchain technology.

The commodities trader has come together with DBS Bank, Infocomm Media Development Authority, the International Chamber of Commerce, Enterprise Singapore and tradetech Perlin to develop an open-source blockchain trade platform.

Leveraging the city-state's global trade connectivity, the ICC TradeFlow platform aims to connect trade partners across borders and streamline manual paper-based trade processes to improve trade flows.

Maersk to trial auxiliary battery power system

MAERSK is to trial battery technology on one of its containerships in an effort to reduce CO2 emissions.

A containerised battery energy storage system has been manufactured in Denmark by Trident Maritime Systems and will be installed on the 2011-built, 4,500 teu *Maersk Cape Town* next month.

The 600 kWh system will be used to improve the efficiency of the vessel's on-board electrical systems such as its generators.

IMO to discuss new carbon-cutting regulations

A WORKING group on greenhouse gasses will reconvene next week to discuss proposals to target the immediate reduction of greenhouse gasses from ships.

The International Maritime Organization meeting in London will consider new carbon-cutting measures for the industry, which have so far proven challenging.

The proposals, seen by Lloyd's List, are for the most part augmentations or alterations of those suggested to the Marine Environment Protection Committee and rely heavily on two familiar regulatory concepts.

Zeaborn rebrands CPO Tankers after takeover

CPO Tankers, the former tanker unit of German entrepreneur Claus-Peter Offen's shipping empire, has been rebranded Zeaborn Ship Management Tanker, to reflect its acquisition by Zeaborn Group in June this year.

The move marked parent company Zech's first foray into the wet market for oil and product tankers, after building a strong position in multipurpose vessels and boxships in less than a decade through a string of bargain-price takeover deals.

The change has already been implemented, Bremen-based Zeaborn said in a statement release this morning.

Norden eyes 'positive' end to year after losses narrow

NORDEN, a Danish owner and operator of dry bulk vessels and tankers, is expecting a promising end to 2019, despite experiencing challenging markets for much of the year.

"We have positive expectations for the fourth quarter," chief executive Jan Rindbo told Lloyd's List following the release of third quarter results.

In the dry operator unit, the company has positioned itself to benefit from market developments, with higher volumes of iron ore, coal and minor bulks seen moving into China, while coal imports into India are recovering following the monsoon, he said.

Owner of targeted vessel may quit Gulf of Guinea over crime risk

NORWEGIAN firm JJ Ugland is considering future voyages in the Gulf of Guinea following the abduction of nine seafarers.

The owner of the bulker *Bonita*, which was attacked off of Benin on November 2, said it was mulling whether any of its vessels should navigate through the region.

"Ugland has continuous assessments of the security situation in areas where our vessels operate. In light of the ongoing incident, we are reconsidering whether our ships should sail in this area," the company said in a statement.

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