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Maersk lowers container growth outlook

MAERSK HAS REPORTED improved earnings in its ocean segment, despite revenues falling in a slowing market.

"While the global container demand, as expected, was lower in the third quarter due to weaker growth in the global economy, we continued to improve our operating results," said chief executive Søren Skou.

The company said organic volume growth in Ocean is forecast to be "slightly below" the estimated average market growth of 1%-2% for 2019, compared with a previously expected market growth of 1%-3%.

It added that "the continued weakening of global sentiment, above all in the manufacturing sector, reduces the likelihood of a growth pick-up in 2020".

Group revenue declined 0.9% in the quarter to $10.1bn, while earnings before interest, tax, depreciation and amortisation rose 14% to $1.7bn. Net profit was $520m, compared with $350m in the year-earlier period.

Earnings in the Ocean segment were up 13% to $1.3bn, despite revenue falling slightly on the back of lower freight rates.

Global container trade growth softened in the third quarter to about 1.5%.

"The slowdown is in line with our revised expected full-year growth of 1%-2% in 2019 and reflects the broad-based weakening of the economic environment in all the main economies," Maersk said in its report.

"Negative effects from escalating trade restrictions also weighed on trade growth."

The impact of the trade war was noted in Maersk's volumes, which fell by 3% on its east-west trades. US container imports fell 0.5% in the quarter, with imports from Asia dropping by 0.9%, which it said reflected the US-China trade restrictions.

"The east-west decrease was driven by North America trades affected negatively by trade restrictions on China import volumes and continued slower growth in the US, with Europe on par," Maersk said.

Growth in the container shipping fleet capacity outstripped demand with a 3.9% increase in the period to 23.1m teu.

In the logistics and services unit, earnings growth was driven by better margins in intermodal and warehousing, but this was offset by declining revenue in Ocean and air freight forwarding. Revenues were up 2.6% to $4.5bn and gross profit increased to $908m.

Maersk reiterated its expectation that earnings before interest taxes depreciation and amortisation would be $5.4bn-$5.8bn for the full year.

"The strong performance for the quarter combined with our expectations for the rest of the year, led to the recent upgrade of our earnings expectations for 2019," Mr Skou said. "We will continue our focus on profitability and free cash flow in fourth quarter and into 2020."

Maersk to maintain cost focus following Toft departure

MAERSK will continue to seek cost savings despite the departure of chief operating officer Søren Toft, according to chief executive Søren Skou.

Mr Toft, who resigned last week, was responsible for the carrier's liner activities. But there are no immediate plans to replace him, said Mr Skou, who has taken over chief operating officer duties on an interim basis.

"We will spend a few weeks thinking about how to handle the situation," Mr Skou said. "But we have a strong internal bench when it comes to core operations and this is demonstrated by the cost numbers we delivered this quarter. I am 100% positive we will not drop the ball on the cost-saving agenda."

Maersk reported a 13% increase in earnings in its Ocean segment in the third quarter, largely driven by cost reductions, brought about by capacity management and strong operational performance.

"Simply put, in a low-growth environment, if we design our network and capacity deployed to that scenario then we retain high utilisation and our unit costs improve," Mr Skou said. "What we've seen this quarter is total costs decrease by 2.8% and unit costs fall by 3%."

He said the improvement in the operating result in Ocean at a time of falling rates was helped by lower terminal handling, network and bunker costs.

Total bunker costs fell by 15% on the back of a 12% lower price of fuel.

"We continued to improve our bunker efficiency, leading to a decline in total bunker consumption of almost 4%, driven by the improved network and higher reliability," he said. "That's an achievement that we are quite proud of."

But Maersk's network mix was also responsible for its lower average freight rate at a time when the freight rates were rising.

The average freight rate is based on the mix of trades in which the line operated, with intra-regional trades providing the lowest rates.

But intra-regional trades grew by 10%, compared with a total volume growth of 2%, bringing down average freight rates.

"Most of the growth rate was in intra-Asia, where we grew by 15%, but this has even lower freight rates that we see in intra-Europe, which again dragged down the freight rate."

Third-quarter figures were hard to compare with last year, he added, due to the pre-tariff frontloading that occurred in 2018.

"We have seen slower global demand growth in the third quarter. Despite this decline, we have managed to improve our results due to the efforts we have taken to prepare for lower demand. The strict focus on capacity means we have not been significantly affected by the trade changes and the low growth."

Despite being satisfied with the overall performance, Mr Skou said there was still room for improvement.

"We are still not where we need to be," he said.

Maersk's return on invested capital, one of its key metrics, is at 6.5%, below its 7.5% target.

"We need to take more steps to improve both operationally and strategically," Mr Skou said. "We continue to see market uncertainties looking ahead but it we will continue to focus on the measures we can control to further improve our returns and continue the transformation of the company."

WHAT TO WATCH

Shipping must collaborate to avoid cargo-related fires, industry told

WITH reported incidents for cargo-related boxship fires on the increase, calls have been made for more action to curb misdeclared cargoes.

"The industry needs to be more reactive," said Laurent Audaz, Mediterranean Shipping Co's head of insurance, legal and claims.

"We are working on initiatives but it is difficult to get momentum," he told a conference in London this week, adding that collaboration is key to attaining the goal, and in the longer-term, a move to an integrated digital platform is the best solution as it documents each step of the supply chain process.

"We can develop an effective set of rules through collaboration," he told the Lloyd's List forum. But carriers needed to "get alerted quicker" if there are suspected reports of misdeclared cargoes that could potentially lead to fires on board vessels.

One of his concerns is that "proper checks" are not being carried out at port level.

Increased checks will be needed, said TT Club's risk management director Peregrine Storrs-Fox, as some 60% of containers are found to be deficient in one form or another.

Fires are put out on a weekly basis by container crews, while a major incident is occurring every 30 days, compared with 60 days previously, he said.

"The casualty rate in 2019 is not a comfortable reality for any industry stakeholder — whether the shipper community, logistics and ship operators or the diverse range of insurance providers — and highlights the need to galvanise actions to improve safety, protecting lives and the environment, as well as ships, cargo and equipment," said Storrs-Fox.

Pressures at port state level may make it difficult to carry out in reality and increased funding will be required to implement this, the event's panel agreed.

Last year, TT Club called on the International Maritime Organization to take action to identify appropriate legislative and behavioural change that would "improve safety and certainty of outcome," particularly related to the rising problem of misdeclared dangerous goods.

The IMO said that funding could be made available through its technical co-operation agreement in jurisdictions where there is a known problem but they lack resources to carry out due diligence, said its senior deputy director of maritime safety and marine technology Jack Westwood-Booth.

The shipping organisation has a code of practice for the packing of Cargo Transport Units. known as the CTU code. But it is not currently mandatory. It also has the International Maritime Dangerous Goods code, which is mandatory.

There has been a proposal by a member state to revise the CTU code, Mr Westwood-Booth said, with an expert group set up in Geneva to look at special provisions.

Member states are responsible for meeting regulations, and any changes need to come from the ministerial level, he said, adding that the IMO does rely on industry organizations to raise safety issues.

"But nothing is done quickly" at the 174-member group, he said.

OPINION

Courts shine spotlight on shipping's 'victimless crime'

IT WAS once the case that the default response from the shipping industry to a report that an armed gang had boarded a ship in the Gulf of Aden and detonated an explosive device in the engine room would have been: Somalia's notorious pirates must surely have struck again, *writes David Osler*.

That's certainly how Lloyd's List reported such an apparent attack on the suezmax *Brillante Virtuoso* in July 2011, under the sympathetic headline 'Pirate attack on tanker starts blaze'.

The alleged assailants vanished into the night as quickly as they appeared, never to be seen again. Meanwhile, the owner and mortgagee bank sought $77m in indemnity under a war risk policy, and in 2014 *Brillante Virtuouso* was declared a constructive total loss.

That's when the plot took on an unexpected twist.

In 2015, the underwriters alleged wilful misconduct. The following year, the beneficial owner's claim was struck out for failure to comply with disclosure obligations, with Greek shipowner Marios Iliopoulos briefly arrested after he was deemed to have invented a false cover story.

The claim was then pursued by the bank alone, the central issue being whether it was entitled to a pay-out on the grounds that the attack on the vessel was nevertheless 'fortuitous' in the insurance sense, despite being deliberately caused.

We now have an answer, after the Commercial Court last month handed down judgment in *Suez Fortune Investments Ltd & Piraeus Bank AE v. Talbot Underwriting Ltd & others [2019] EWHC 2599 (Comm)*.

Following a 52-day trial, the judge found in favour of Talbot on all the points of significance in the case, and in particular, that the vessel was fraudulently destroyed on the instructions of Mr Iliopoulos as beneficial owner, rather than as a result of a genuine fortuitous pirate attack.

Mr Iliopoulos was declared the "instigator of the conspiracy" to destroy the vessel in order to commit insurance fraud. Mr Justice Teare was not "left in any doubt as to [that] conclusion."

"The improbable can happen," said the High Court judge. "But when a number of improbabilities occur consecutively within a short period of time, it is very difficult to accept that they are coincidences."

No appeal was sought, and the time limit for doing so has now expired, which means the ruling stands.

Meanwhile, another blockbuster judgment is on its way.

Earlier this month, the Supreme Court heard *Aspen Underwriting and Others v Credit Europe Bank*, usually known as the *Atlantik Confidence* case. It involves a fire on board a bulk carrier that sank off the coast of Oman in April 2013, making it one of the 10 largest vessels lost that year.

The Admiralty Court ruled that the vessel had been deliberately set ablaze by its officers, on the instructions of its Turkish owner.

But last November the Court of Appeal found in favour of the respondent, a Netherlands-based but Turkish-owned bank, leaving hull underwriters Aspen unable to recover a $22m payout for a fraudulent claim. We now await the Supreme Court ruling.

Despite two high-profile scuttling cases in relatively close proximity, it is unclear whether instances of deliberate fraud are increasing.

Both common sense and past experience would suggest this cannot be ruled out. As marine insurers like to joke, statistics show that when the market sinks, so do ships.

But the topic of fraud is a deadly taboo among insurers and insurance lawyers alike. Nobody approached by Lloyd's List was ready to speak on the record about the matter.

We asked one senior figure what he thought the direction of travel was. He responded guardedly: "It's difficult to say. My personal feeling is that fraud is neither significantly decreasing nor rising very much. We'll always have fraud to a degree, but we're prepared. Misappropriation was and is a topic."

There are sometimes moments of candour. In 2016, one insurance lawyer was willing to say — albeit anonymously — that he was experiencing an increased number of instructions on hull and machinery cases in which he believed owners in financial difficulty were deliberately exaggerating legitimate claims.

Meanwhile, there remains an additional incentive for shipowners to attempt to cheat the system.

If your car is written off, the pay-out is limited to what the insurance company thinks your car was worth. By contrast, almost all marine insurance policies insure at purchase prices, and are then typically assigned to the mortgagee bank as security.

If an owner purchases a vessel at or near the top of the market and prices subsequently fall, the purchase value will likely prove far above current market value.

Selling the vessel may not even discharge the loan. But if he or she is struggling to meet the mortgage payments, a total loss would see those financial problems magically disappear. At least two owners proved themselves unable to repress the temptation to make it happen.

Unfortunately, there is sometimes a tendency to regard insurance fraud as a victimless crime. After all, so long as insurance companies are making a profit, an additional pay-out here or there is by the by, or so the defective reasoning goes.

What this misses is that while insurers naturally do have to factor in fraudulent claims into their model, they do so on the basis of setting a pricing so that everyone pays more.

Nor is this just cents on the dollar, either. If the level of suspected fraud for the insurance industry as a whole is extrapolated to marine insurance, about 10% of what honest owners pay out is to make up for the misdemeanours of their dishonest counterparts.

To sum up, insurance fraud is not just contrary to all known ethical codes, religious or secular. It is a serious criminal offence, which leaves perpetrators open to prosecution.

Even if things don't get that far, proven complicity is apt to leave an owners' reputation in tatters, in a line of business in which personal trust is still hugely important.

We are all the victims of this 'victimless crime'.

ANALYSIS

IMO snubs mandatory speed limits

THE prospect of mandatory speed limits on ships has been dealt a significant blow after global regulators this week brushed it aside during decarbonisation negotiations.

A meeting at the International Maritime Organization on greenhouse gases in London this week supported the adoption of mandatory goal-based measures to help reduce GHG emissions in the short term, rather than prescriptive measures, such as speed limits, Lloyd's List understands.

The intersessional meeting is a working group meant to do preparatory work for the IMO's Marine Environment Protection Committee, which takes all the final decisions.

Though its decisions are not binding, it is the one that often does the heavy lifting for the MEPC, which then goes on to make policies based on its outcome.

Despite enthusiasm from some in the industry and concrete proposals for mandatory speed limits and slow steaming from the likes of France and the Clean Shipping Coalition, the majority of regulators were not moved.

"We are disappointed by this outcome," Faig Abbasov, shipping manager at the environmental non-governmental organisation Transport and Environment told Lloyd's List.

"We believe that was an important, and still remains an important, tool at the disposal of shipowners to immediately reduce their emissions, which would give industry more time to decarbonise by the application and deployment of new fuels and technologies," he said.

A proposal by Greece for direct engine power reductions, another perspective measure, did not enjoy wide support from regulators.

"It is clear that the consensus of expert opinion is that a mandatory goal-based approach is the best way to achieve the short-term measures required to reduce GHG emissions in line with the IMO strategy," International Chamber of Shipping secretary-general Guy Platten said in an e-mailed statement.

The session did not support one specific goal-based measure, but rather agreed that this approach should be the foundation of the measures that end up being adopted.

That means that regulators believe that proposals such as Denmark's carbon intensity targets for individual ships, and Japan's and Norway's push for energy efficiency requirements of existing ships, should get greater consideration in the next IMO environmental negotiations.

"These measures must be based on sound evidence that will work in real life situations," Mr Platten said. "The reality is that if we are to meet the 2050 deadline, we do not have time to waste. We need to start preparing now and the solutions will have to work in the real world."

Lloyd's List understands speed limits were unpopular among most regulators from the beginning of the week and that momentum did not shift in the ensuing days.

The Clean Shipping Coalition said in a statement that "lack of progress and low ambition" at the IMO this week was deeply concerning, but argued that delegates recognised the impact of speed on ship emissions.

The CSC took particular aim at the proposal from Japan and Norway that calls for pre-certification of ships that demonstrate how they will met their energy efficiency targets, calling it "unambitious, opaque and susceptible to cheating".

Mr Abbasov said in a statement: "Everything is slow at the IMO, except for polluting ships, and this needs to change. With Norway and Japan's proposal, the IMO is being blown off course and will achieve nothing more than 'greenwashing' of world shipping."

Despite the position taken by the delegates, none of of the proposals are officially off the table.

The outcome of this week means that the next intersessional in late March and the next MEPC, meeting in April, will likely focus on further scrutinising the existing proposals for goal-based measures and any new ones that come in. The hope is to have new measures come into force by 2023.

Slow steaming to curb emissions is still very much a possibility, as the idea of the goal-based measures is to give more flexibility to ships on how to meet specific targets. That, however, would be just one of the options ships could use to attain these targets.

Nonetheless, more proposals calling for mandatory speed limits are technically possible, in spite of the snub by the intersessional group. A delegation could submit a new proposal to the next MEPC, or the next intersessional meeting right before the MEPC in late March.

But the position taken by this week's meeting indicates that regulators are broadly unwilling to consider the measure and reproducing the same or a similar proposal in a few months' time may be big ask.

The Interview: Bronson Hsieh

IF the industry has a worry at the moment about more liner companies rejoining the urge to splurge on super-sized containerships, there is at least one less spender to worry about.

Yang Ming Marine Transport, the world's eighth largest carrier in fleet capacity, has put the thought of ordering super-sized boxships on the back burner, chairman Bronson Hsieh tells Lloyd's List in an interview.

With more than 40 years in the sector, Mr Hsieh has been working tirelessly to lead the Taiwanese company out of the woods and restore its competence. The former Evergreen Group vice chairman took the helm of rival Yang Ming in June 2016 when the latter was in critical condition.

Today, its finances have improved from three years ago, albeit not yet at a comfortable level. Its fleet renewal plan is on track with the recent charters for a string of 11,000 teu newbuildings from Shoei Kisen and Costamare.

When interviewed by Lloyd's List last year, Mr Hsieh said his company was pondering the idea of entering the super-sized boxship club. Among the top eight global carriers, only Yang Ming has not been equipped with vessels of 20,000 teu or more — the main workhorse on Asia-Europe trade nowadays.

However, the liner shipping old hand has changed his mind.

The regulatory uncertainty from the European Union has already contributed to the hesitation to order, according to Mr Hsieh. The European Commission has yet to decide whether to extend the five-year container shipping block exemption regulation, which is due to expire in April next year.

But even if it is extended, the enrolment of Hyundai Merchant Marine in The Alliance has “lessened the need for big vessels,” he says, adding that the new partnership will be fixed for 10 years to enhance stability.

Mid-sized Yang Ming now relies on The Alliance, whose members also include Hapag-Lloyd and Ocean Network Express, to gain the scale it needs. The extension and expansion of the grouping will lead to an increase of the benefits, he argues.

HMM’s existing fleet size only ranks 10th in the world, according to Alphaliner’s statistics. But the South Korean carrier is boasting an orderbook with a dozen 23,000 teu ships and eight 15,000 teu ships to be delivered from the second quarter of 2020.

The entry of these vessels will help the four carriers ramp up their combined Asia-Europe market share to nearly 30% upon full delivery, even though the two other shipping alliances — Ocean and 2M — still have much more ultra-large ships in their fleet.

In Mr Hsieh’s view, it’s not about being the largest size but being the “right size”.

His stance also appears not to have been altered by recent speculation that both of Yang Ming’s two existing alliance partners were interested to pursue more super-sized tonnage.

“It’s always possible that some of the alliances may want to expand their market share in future and that will require additional loops of larger vessels,” he says, “But history tells us when the market is not particularly lucrative, filling the ships on the water is more important than ordering new ones.”

“At least for Yang Ming, it is in no rush to order 20,000 teu-class ships,” he adds.

Carriers have been struggling to lift rates that remain weighed down by lingering overcapacity on most trades this year, despite the “mini-recovery” in recent weeks cited by Drewry. The sluggish freight markets will, in turn, put pressure on carriers’ financial strength and their affordability of any large newbuilding project.

For the next year, Alphaliner has forecast a more balanced picture. Container growth is expected to speed up to 2.8% from 2.5% this year, while fleet expansion is to slow down to 3.1% from 3.9%.

The prospects could easily turn bleaker, though. Both the demand and supply growth rate this year were revised to reflect the shifting market conditions. The former was pared down from the previous estimate of 3.6% after the US-China trade battle heated up, while the latter was ratcheted up owing to a disappointing demolition activity, the consultancy said.

A shipping business leader as experienced as Mr Hsieh would always stay cautiously optimistic. The new products to be launched by The Alliance on April 1, 2020 “won’t have much increase in new capacity deployment,” he says.

The market equilibrium is becoming ever more critical for carriers next year. Because it will not only step up freight rates but also carriers’ ability to pass the extra costs of the compliant fuel — as a result of the 2020 sulphur cap implementation — on to shippers.

Large beneficial cargo owners have already shown a willingness to foot the green bill by adding bunker surcharge terms to the service contracts, subject to transparency on carriers’ formula, according to Mr Hsieh.

“From a carrier’s perspective, we hope all our customers, whether they’re beneficial cargo owners, freight forwarders or spot shippers, will support the surcharge,” he says. “But you know how much they’re willing to pay for the low sulphur fuel is eventually a question about supply and demand.”

To reduce its exposure to that unpredictability, Yang Ming chooses to fit its newbuilding fleet with scrubbers, which allow the burning of dirtier but cheaper high sulphur fuel oil. In addition, it will also retrofit a number of existing mega-ships to install the exhaust gas cleaning system at the end of this year.

Upon completion, the scrubber-fitted vessels will account for almost 30% of the company’s total fleet capacity, according to Mr Hsieh.

He expects a spread of $200-$300 per ton between low-sulphur and high-sulphur fuels heading into 2020. "In that case, the long-haul ships can recover the scrubber investment pretty fast in one or two years."

The shape of that price gap, together with the International Maritime Organization's verdict on open-loop scrubbers, will also determine whether Yang Ming will adopt the equipment on more of its vessels.

The discharge of wash water from open-loop scrubbers has been banned by several major maritime nations, including China and Singapore, citing environmental concerns. At the same time, countries such as Japan have offered open support to such technology. The IMO has agreed to start a discussion next year to harmonise the relevant rules.

The budget-friendly, open-loop scrubbers that Yang Ming has opted for are all "hybrid-ready", meaning the devices can be retrofitted into a close-loop solution later on to meet stricter discharge requirements if needed, Mr Hsieh says.

Other than sulphur residuals, the chairman also proudly claims that his company's fleet this year has slashed CO_2 emissions per transport work by 50% compared with 2008, outdoing the IMO's target of a 40% reduction by 2030.

It is an achievement that has been made through various energy-saving efforts, including fleet renewal plans as well as more efficient ship designs and technologies.

Mr Hsieh has pledged another 15%-20% cut by 2025, which will ensure that Yang Ming is more than prepared to to hit the reduction level set by IMO for the average shipping firms by 2050.

For Kaohsiung-based Yang Ming, the most pressing task is, of course, to sustain the challenging market conditions.

The carrier was still in the red for the first three quarters of 2019, although the losses were narrowed from the year-ago period.

Results remain to be seen for the remainder of the year. The traditional summer-autumn peak seasons on long-haul routes are not what they were given the disruptions in trade flows. And a weak fourth quarter is set to lead to the first full-year contraction on the transpacific trade in a decade.

Mr Hsieh expects a rebound in cargo volume at year-end, with the arrival of the Chinese New Year in January. But it is unlikely to repeat the December soar witnessed last year driven by the tariff-led rush orders, he says.

Nevertheless, the current alliance structure has enabled member carriers to adjust their capacities more swiftly to smooth out the volatility.

Therefore, shipping lines' bottom line won't fluctuate as significantly as it did in the past. Therefore, the odds of further mergers and acquisitions among major players in the sector are so much lower now, Mr Hsieh contends.

A merger of Yang Ming with other carriers is not on the table, either.

"As I said before, we intended to keep the business to our own," he says. "That has not changed."

He is confident that, with a refined approach to operational efficiency and capacity management, Yang Ming will overcome the challenges and get back on its feet.

MARKETS

American Club levies big supplementary calls, as London Club goes for 7.5% rate rise

THE American Club has become the first International Group affiliate to ask members for large supplementary calls this year, demanding 22.5% for the 2016 policy year and 17.5% for 2018.

It said it will not apply a general increase in premiums to all members at the upcoming renewal but will instead place an emphasis on individual member's performance, or "a more member-specific treatment of pricing and terms of cover".

Policy year 2016 was negatively affected by "an untypical incidence of certain large claims, two of which exceeded the club's pooling retention and impaired its overall underwriting results for the period", it said in a statement.

As a result, the 2016 policy year is now showing a combined ratio of just under 123%. While that can partially be subsidised by the American Club's contingency fund, the deficit was deemed sufficient to merit a supplementary call of 22.5%.

Similar, the 2017 policy year is now showing combined ratio of just over 116%, justifying a supplementary call of 17.5% of current estimated total premium.

The supplementary contributions will be debited in two equal instalments due for payment on May 20 and October 20, 2020 and will apply to all open entries of record as of September 30, 2019.

The company said said there would be no general increase at the next renewal round, although it will opt instead for what it called "a more member-specific treatment of pricing and terms of cover".

No further calls are expected this year, the American Club added.

Meanwhile, the London Club is seeking a 7.5% general increase for both P&I and freight, demurrage and defence, in line with earlier announcements from the the UK, Standard and Steamship clubs, establishing what now looks like a going rate for the year ahead.

The London Club said it was in good shape financially. Membership and revenue growth are healthy. There were strong investment returns in the first half. It also set a release call at 15% of the annual call.

Skuld, Britannia and others are not asking for a general increase, but they have confirmed that they intend to generate more premium revenue, and will henceforth be pricing cover on a vessel-by-vessel basis.

The moves come after a string of poor underwriting results across the International Group, thanks to a rise in the number of major casualties last year, which may or may not prove a one-off.

With hull and machinery premiums are also on the up thanks to tightening capacity, shipowners appear to have little choice but to put their hands in their pocket and pay up for more expensive insurance.

IN OTHER NEWS

Sovcomflot benefits from stronger tanker market

SOVCOMFLOT, Russia's shipping company, has been benefiting from a stronger spot tanker market.

Although the market had been anticipating higher levels in the second half of the year, there was a "major market dislocation" based on external factors that led to rises for very large crude carriers, of which the company has two.

The higher spot rates trickled down to other segments too, leading to much more activity for period charters, said chief financial officer Nikolay Kolesnikov said.

Seaspan to acquire fleet of six containerships

SEASPAN Corp, an independent owner and operator of containerships, has agreed to purchase a fleet of six containerships for around $380m.

The vessels, totalling some 59,700 teu in capacity, include three 10,700 teu ships built in 2012, two 9,200 teu built in 2013, and one 9,200 teu built in 2014. Seaspan said all six now operate under long-term charter with an unidentified "leading global liner".

Chief executive Bing Chen said in a statement the company will expand its fleet to 119 vessels upon delivery of the new acquisitions, cementing its position as "the leading global independent charter owner and operator of containerships"

Pyxis optimistic about medium range tankers

PYXIS Tankers regards the increase in product tanker rates as the start of "a sustained improvement" for the sector.

The Nasdaq-listed owner said that the improvement should lead to further increases in charter rates, cash flows and asset values.

Chief executive Eddie Valentis said that management was confident in the sector's long-term market prospects and "excited" about potential opportunities for Pyxis.

EU opens tax probe into Italian ports

THE European Commission has launched an investigation into tax exemptions in place for Italian ports, while welcoming a Spanish commitment to scrap similar breaks for its ports as a result of earlier pressure from Brussels.

The commission — in its capacity as watchdog on state aid rules — asked the two countries in January to ensure that ports paid tax on the same basis as other companies from the start of next year.

In a statement it said that it has closed the case on Spain, but plans to push ahead with his move against Italy.

Vallianz sees challenging near-term conditions for OSV sector

OFFSHORE supply vessel provider Vallianz Holdings has been better off for venturing into the Middle East but has not been immune to weak current business conditions and expects a tough environment for the rest of the year.

While also noting its gains from the Middle East market chief executive officer Ling Yong Wah said: "While there have been encouraging signs that the global oil and gas industry is gradually recovering, near term business conditions for the OSV sector will remain challenging."

As a result, revenue for the first half of financial year 2020 was flat at $87.2m while the group turned to a slight $303,000 loss for the period from a $4.7m profit in the previous corresponding period. The bulk of revenue, or $83.7m out of the total, came from its core vessel chartering and brokerage business despite keen competition in the OSV industry.

GasLog raises $98m from Norwegian bond sale

GASLOG, the liquefied natural gas carrier owner, has raised NKr900m ($98.3m) from a Norwegian bond issue linked to extending the maturity of a significant portion of its existing bonds.

Proceeds from the bond issue will be used for general corporate purposes and prepayment of debt, according to the company. It will apply for the bonds to be listed on the Oslo Stock Exchange.

The new unsecured five-year bonds are due to mature in November 2024 and carry a coupon of 6.25% over the Norwegian Interbank Offered Rate, which is a 0.65% reduction over the margin of the so-called GLOG02 bond that was issued in 2016, raising NKr 750m.

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