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International Group should slim down to eight or give back $1bn, Marsh recommends

THE INTERNATIONAL GROUP of P&I Clubs should slim down to from its current 13 members to no more than eight, enabling more efficient use of capital and thus lower pricing, according to a report published by top broker Marsh.

The demand comes in the foreword to P&I Review 2019, a document which analyses the performance of each IG affiliate individually, and which was written by Marsh's head of P&I Mark Cracknell.

Mr Cracknell also contends that there is potential to increase per-club retention in a way that would allow either outright abolition of the recently-revised International Group Agreement, or alternatively return over $1bn in surplus capital to members.

Either way, there would be quicker decision-making, as eight larger clubs would naturally have more common ground on most issues than is currently the case, reducing the opportunity for individual directors to dominate small clubs.

A smaller number of better-capitalised clubs would also end talk of the need to increase premiums, as has widely been the case this year, with Mr Cracknell contending that the rate hikes are unnecessary in most cases.

While maintenance of capital strength is sometimes advanced by way of justification, most clubs trumpet their AAA capital strength ratings with the likes of Standard & Poor's.

In a telephone interview with Lloyd's List this morning, Mr Cracknell said that there was a crucial difference between commercial insurance and mutually-based P&I insurance, as the assureds supply the underwriting capital.

"All we are saying is, having 13 clubs essentially doing the same thing in pretty much the same way means that the capital is used inefficiently.

"We're not saying that the world will fall apart if they don't consolidate. The clubs may decide that they're prepared to live with capital being used in an inefficient manner, and that whatever upsides they see at the moment outweigh the benefits of consolidation."

However, Marsh as a broker acts as an intermediary between the clubs and their customers, and so has the right to speak up in the interests of customers. Indeed, a number of customers are said to share Marsh's point of view.

Better capital efficiency would mean lower pricing, enabling the pooling system to be restructured, with larger clubs using accumulated capital to retain more risk and thus reduce reliance on commercial reinsurance.

The pool could feasibly cover losses up to $240 in addition to the $10m retention, rather than $90m as at present, paving the way for the abolition of the International Group Agreement itself.

The reason the IGA exists is because the clubs are sharing claims, and it is not reasonable to allow clubs to undercut each other and then expect them to share the outcome of underwriting decisions via the pooling system.

If the pool was restricted simply to rare and exceptional claims, that argument would no longer apply.

"The trouble is, it's a one club, one vote system that creates a herding cats thing, where everybody has to agree to make change.

"We think it is reasonable, if you do not reduce the number of clubs to eight, to return a chunk of the excess capital that has been accumulated. At a very rough calculation, that could be around a billion dollars."

Mr Cracknell's stance strikes at the very heart of the justification of the International Group system, which hostile observers sometimes consider to be little better than a legal cartel, in that mutuality offers owners the maximum bang for the buck.

International Group chief executive Nick Shaw said in an email: "The group has been looking at governance over the last few years and a number of new practices have been implemented recently to improve communication and effectiveness at group level.

"On cover issues, it is for each club to decide what decisions are made by the board and what decisions are made by the managers. Each club considers its position on increases of premium separately."

International Group rule changes will free up charterers' business, Shaw insists

REVISIONS to the International Group Agreement announced last week will significantly free up charterers' business, and were not motivated by any external pressure from competition watchdogs, the chief executive of the International Group has insisted.

The shake-up means that current IGA provisions against discounting will no longer apply, which should mean keener pricing, while a new disputes mechanism will lead to faster determinations where affiliates complain about one another.

However, Nick Shaw insisted that the agreement remains necessary to underpin trust between the 13 members, and given the nature of the pooling system, it is not possible to deregulate owners' mutual business, which remains by the biggest slice of the pie.

The proposals have been under discussion for at least a couple of years, well before Mr Shaw took up the job last July and well after the IGA was last revised in 2013, following an investigation by the European Commission, he added.

"It's to free to up competition somewhat on the ETC [estimated total calls] side. So that was the main trust," he said.

"The main feeling was that it needed to be made easier for members to move between clubs and that

means having quite wide-ranging matching provisions, which is what we've put in."

In the process of undertaking a review, the International Group also considered whether or not the IGA remains fit for purpose, and concluding that this is largely the case.

The IGA already reflects changes requested by the European Commission in 2013, Mr Shaw went on.

"There was certainly a view that we shouldn't muck around with an approved document too much, but the latest version does free up competition even more. So from our perspective, it's taking it even further away from any accusations that we're uncompetitive."

Mr Shaw declined to comment on just how deep or widespread future discounting might be, saying that this is a matter for the clubs themselves.

But the time is not right to deregulate owners' mutual business, because higher levels of risk are pooled, making impractical to incentivise deep discounting.

"The reason the International Group Agreement was set up in the first place was to say, there's got to be some level of trust between clubs and they won't just keep undercutting each other in a race to the bottom.

"For the first year, you're allowed to match pricing. After that, what a club does is up to that club. So it's only a limited for a limited period of time anyway. If someone really wants to move, then that's fine. But it's not going to affect them for that long."

While disputes remain uncommon, the new dispute resolution mechanism will mean that matter will generally be resolved with weeks rather than in months or years, said Mr Shaw.

"Most of the time, I think the parties will still try and resolve matters, over the telephone or with a meeting."

Noticeably, the changes leave the controversial practice of release calls unchanged, but Mr Shaw argued that they remain legitimate.

"Of course some owners find release calls objectionable, but you'll also see that a number of clubs don't ask for release calls. So it really depends on the clubs.

"Some clubs are fonder of release calls than others, but a number have not had release calls for a few years now, as I understand it."

WHAT TO WATCH

Seaspan to reorganise and diversify into power sector

LEADING non-operating containership owner Seaspan Corp is continuing along its diversification path and taking a bold move into multi-sector asset management as it reveals a reorganisation and the $750m acquisition of the temporary power firm APR Energy.

The reorganisation, intended to advance strategic capital allocation initiatives and provide operational transparency, will first see a new holding company, Atlas Corp, being created which will take in Seaspan as a subsidiary and expected to take over its New York Stock Exchange listing.

In conjunction with the reorganisation, Seaspan will acquire APR in an all-stock transaction valued at $750m including the assumption of debt. Atlas shares will be issued to stakeholders of APR, including Fairfax Financial Holdings and Albright Capital Management, at $11.10 per share.

A consortium comprising Fairfax, ACON Equity Management and Albright pumped in more than $200m into APR in 2016 and took it private. APR Energy rents out turbines and generators, usually in developing countries. Fairfax is also a major investor in Seaspan, having invested some $1bn over the past year or so.

"The proposed reorganisation advances the commitment from the board of directors and management to thoughtful capital allocation and diversification of cash flows through professional asset management," Seaspan said in a press release.

The deal is expected to be put to shareholders in the first quarter of 2020. However, major shareholders Fairfax, the Washington family and David Sokol, holding approximately 65% of the company, have indicated their support for the deal.

The senior executives of Seaspan will remain. Mr Sokol will be Atlas chairman along with Bing Chen as chief executive officer and board director and Ryan Courson as chief financial officer.

Giving insight into the thoughts behind the move, Mr Sokol said: "The proposed acquisition is a transformative transaction on our journey as professional asset managers." He added: "We are bringing together two leading, integrated platforms, in two industries in which we have long-term confidence — maritime and energy."

APR chief executive officer Chuck Ferry said: "APR is excited to be joining the Atlas team. We know this will provide a significant opportunity to remain the best-in-class for delivering fast power while expanding our efforts into renewable, alternative fuels, and other longer-term power projects."

Mr Sokol believed the acquisition would be complementary because adding APR to Atlas would diversify cash flows and expand its asset portfolio. "We now have significant runway to deploy capital into two attractive businesses where scale and operational transparency can generate long-term shareholder value through cycles," he added.

The two businesses are similar, with APR, a global leasing business that owns and operates a fleet of capital-intensive assets comprising gas turbines and other power generation equipment, providing power solutions to customers including large corporations and/or government backed utilities. Seaspan has also been in a deal with Swiber Holdings in Singapore that is linked to a power project in Vietnam.

Seaspan assured that it would continue its maritime business, remaining unchanged from an operational perspective and continuing to finance its own operations and with the full support of Atlas in becoming a provider of leading global maritime infrastructure. In addition, Mr Chen will become chairman of Seaspan, in addition to his current role as president and chief executive officer.

Mr Courson said: "The formation of Atlas as a global asset manager enables diversification of capital to hard-asset intensive industries and beyond, which we expect will yield strong through cycle returns."

He noted ample opportunities for attractive capital deployment in maritime in 2020 and added the company was excited about the prospect of allocating capital towards APR's global energy platform. "Maritime or energy, we remain committed to thoughtfully allocating capital through cycles. The proposed reorganisation is an important step that advances this strategic initiative," he said.

OPINION

From the News Desk: Beyond the tear gas in Hong Kong

THIS year's Hong Kong Maritime Week illustrates why the city, in turmoil for the past six months, remains one of the great international maritime centres. Coming from a point barely days before when protesters paralysed the transport network and practically shut down the city, the fact that the full programme went on with just one or two cancellations and no hiccups among those that did, is absolutely typical of the practical, business-oriented nature of the Asian financial and shipping hub.

This is so strongly ingrained in the psyche of the people who live and work here that there was nary a mention of the issues the city is currently going through as the shipping community went about its business of discussing the most important issues of the day at the full range of conferences and forums throughout the week while busily networking in the evenings — to the amazement and admiration of visitors and perhaps somewhat embarrassment of those that reached for the panic button too hastily.

From the themes that emerged from the various events can also be derived the issues at the top of the industry's agenda and the thoughts of some of the main Asian movers and shakers about them.

As a major finance centre, Hong Kong kicked off the week with the Capital Link Hong Kong Maritime Forum, where the government went all-in on ship leasing, announcing that it would remove income tax

for ship-leasing firms that are willing to locate their businesses in the city, in a concerted effort to defend its position as a leading maritime hub by increasing efforts to attract more shipping activities.

The move dovetails with a rise in the prominence of leasing houses, especially major Chinese ones, in the global ship finance market, and a desire to attract more of them to Hong Kong.

Close on the heels of raising money was the perhaps even more enamoured topic in the city of how to make money by flipping ships — a Greek and Asian favourite, more conservatively discussed under the mantle of "asset plays".

Eyeing investment propositions

At an Asian Logistics and Maritime Conference panel, between a ship broker, an ex-broker and now current tanker owner and a young new shipowner in the minor bulks space that started from scratch, it was determined that very large crude carrier newbuildings and Japanese-built handys were the best bet over the next few years.

Beyond raising funds and making money, the shipping community also showed keen interest in the big picture issues of the day, broadly falling under the themes of digitalisation and decarbonisation. Indeed, these two areas received significant coverage at the Lloyd's List Hong Kong Innovation Forum mid-week, where two eminent panels discussed the issues in depth.

Digitalisation and decarbonisation

It was agreed that in terms of digitalisation, a transformation was definitely taking place, whether or not those in the industry were ready or prepared to accept it. Meanwhile, with the many commercial applications for technology becoming available in shipping, the key to making the best use of them was by collaborative efforts and making best use of the technology available.

The discussions on technology and digitalisation in shipping also segued somewhat into the other major theme of decarbonisation. In this regard, technology was seen as being a possible enabler as well disruptor. The overarching concern however was with the need to do something, and to do it now, to ensure sustainability.

Showing the international mindset of the community in Hong Kong, much of the discussion about decarbonisation was focused on initiatives being pushed at the European Commission and the International Maritime Organization and how these would affect Hong Kong's many shipowners.

A global hub of attention

Culminating the week and further sealing the city's key position in the international shipping community was the official opening of the International Chamber of Shipping (China) Liaison Office, its first overseas office. The establishment of the office in Hong Kong reflects the great importance which ICS members attach to good relations with the government of China and other stakeholders within the Chinese shipping industry, in particular the China Shipowners' Association.

A fruitful week ended with hardly a blip from the domestic issues, sealing the city's reputation as a truly world-class international maritime centre and shipping and finance hub and elegantly highlighting the classic dichotomy between business and politics in this bastion of Asian capitalism.

But in that lies also the germ of concern for the future as broader geopolitical issues flow into a complex domestic dynamic of pride in the city and its merits and the eventual need to greater integrate with the mainland. One can only hope for the sake of this lustrous Pearl of the Orient, that its leaders and people can find a productive and prosperous way forward.

Sustainable shipping leads the debate for the Lloyd's List Outlook 2020 webinar

NO serious economist thinks he can forecast the future. The fact that many economists believe they can, says more about those economists than about the future.

And the fact that much of the media pores over economists' forecasts of the future, says more about the media than about either the economists or their forecasts. Forecasting the future is not news, indeed the more 'accurate' the forecast, the more likely it is to be foolish.

Shipping stands at the threshold of another year. But rather than trying to guess what might happen in 2020, it would be helpful to circle round to identify the stronger trends that have been carrying the

industry forwards over 2018 and 2019. If we are to offer a meaningful outlook on the year to come, it's important to understand the present.

Looking back to the 122nd session of the International Maritime Organization's Council in July this year, council members selected "Sustainable shipping for a sustainable planet" as the World Maritime theme for 2020.

'Sustainability' has taken its place alongside 'smart' and 'digital' in the industry's lexicon, and will no doubt become the driver of shipping's innovation next year and for the next decade or two. The generic nature of 'sustainability' is its weakness: it can be whatever we want it to be. However, what gives this issue gravitas is the momentum that has built up over 2018 and 2019 around the urgency to reduce the rise in global temperatures.

If the main problem is burning coal, oil, and gas, shipping has only just begun to react. Energy shipping makes up almost half the maritime payload, while liquefied natural gas — the most generally-accepted bridging fuel between heavy fuel oil and hydrogen — is itself a fossil fuel.

We must expect this search for a non-fossil fuel future to flow over into 2020. Many millions of techno-dollars will be invested in ways to develop new energy sources, and much of that will be spent in 2020.

The logistics supply chain (including shipping) can and should be cleaner and greener and the need is now urgent. Many options are already being explored, and we should hope for obstacles to be removed.

One of the most obvious ways forward is closer liaison between maritime, ports, and inland transport: the three pillars of the distribution hub. Ports would be more efficient if the ties were stronger; investment in infrastructure in and around these hubs would benefit the entire logistics chain. The blockage here is commercial reality: getting goods from manufacturer to consumer as efficiently as possible goes against some commercial interests.

It is that overarching geopolitical, environmental, social, and commercial world that has acted — and will continue to act — against shipping's push for efficiency, and therefore sustainability. While the headlines in 2019 have been made by trade conflict and extreme weather events, the past two years have also experienced social upheaval.
Governments have struggled to contain street protests and the retail sector is undergoing profound change. Shipping has so far been regarded as one of the problems, yet there has been impetus to turn this round as make shipping a solution.

Understanding the trends that flow through the industry of the present must be the starting point for offering an outlook for the year ahead. With the help of some very well-connected guest speakers, Lloyd's List tackles "2020: a year of challenge and change" as the next in its annual series of Outlook webinars. This year's webinar has been sponsored by Wallem Group in Hong Kong, and the shipmanager's chief executive, **Frank Coles**, brings many years' expertise in maritime technology and more recently in ship management to this discussion.

He will be joined by **Anne Steffensen**, director general and chief executive of Danish Shipping, the shipowners' organisation in Copenhagen. A civil servant, Anne's career has embraced trade, investment, and trade policy. Before joining Danish Shipping, she had served as Denmark's Ambassador to the Court of St James's in London.

Tiejha Smyth is deputy director (FD&D) with North P&I Club in Newcastle, UK. After several years specialising in commercial litigation and dealing with High Court proceedings, Tiejha has spent more than 10 years dealing with freight, demurrage & defence claims, serves as a member of the BIMCO 2020 drafting committee, and advises on 2020 issues at North P&I Club and Intertanko.

Lloyd's List Webinar
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Finally, **Michelle Wiese Bockmann** has spent 20 years writing about shipping markets, as markets editor for both Fairplay and Lloyd's List, before moving on to become a shipping and energy analyst at Bloomberg, OPIS, ClipperData. She is now back in the fold at Lloyd's List.

What will 2020 look like? Certainly geopolitical tension will again be high up the agenda, shipping is likely to invest in more technology, maritime will probably become a partner in an integrated shipping/port ecosystem. And there might be some consequences from the global sulphur cap.

To hear more, listen to the Lloyd's List webinar on 2020, sponsored by Wallem Group, on Thursday December 5.

ANALYSIS

IMO loosens media rules in transparency push

THE INTERNATIONAL Maritime Organization has loosened the rules on the media coverage of its biggest and most consequential meetings in an effort to boost the organisation's transparency.

The IMO Council, the 40 country-body in charge of governing the IMO, met behind closed doors in London over the past two days to thrash out the changes.

The Council agreed to a new set of media access terms and conditions that will permit journalists to quote delegations during plenary meetings, such as of the IMO's environmental and safety committees, without seeking prior approval.

However, naming individual speakers from delegations will require prior consent from those individuals.

Until today's changes, journalists attending IMO meetings could report on what had been said but needed explicit approval from the delegations in question before attributing those statements to the country or organisation that made them.

Reports of IMO meetings therefore often consisted of decisions but without detailed accounts of key actors and their positions during plenary discussions.

Additionally under the new terms, Council meetings, which have been held behind closed doors, will now also be open to the media.

The new terms and conditions also confirm that the media can cover the actual discussions that happen during the meetings, allowing for a more detailed description negotiations during committee talks.

Nonetheless, working groups — where a lot of the heavy work and difficult negotiations usually take place — and drafting groups will still not be accessible to the media.

Filming and recording rules will largely remain the same; filming meetings requires final approval from the participants of the relevant meeting and sound recording is not permitted.

But the new terms also make it explicit that live broadcast and streaming by media is not permitted, except when the necessary approvals have been granted.

The Council's decision was based on a preliminary agreement one of its working groups had reached in the summer.

Media access rules are not part of IMO regulations. They therefore do not require further consideration and the Council's approval means they are effective immediately.

Media reforms: the first of many?
The move is the result of a campaign first launched by Australia in the spring of 2018 for wider reforms in governance, transparency and structure of the IMO.

With decarbonisation policy becoming a core focus, the IMO has come under scrutiny over the past two years over its decision-making processes and was criticised for being subject to undue influence and weak governance.

Media access is only one part of these proposed reforms that the Council will be deliberating over the next couple of years

Major flag states and maritime nations had initially pushed back against even considering the reforms, but a large coalition of countries including Australia, Norway and South Korea, escalated the reform campaign this past summer.

Some key areas of reform are the expansion and change in the very composition of the Council itself. While the Council does not make decisions on safety and environmental issues — arguably the two most important functions of the IMO — it decides on how the organisation as a whole should work.

The last Council meeting had provisionally agreed to expand the Council membership from 40 to 52 countries and extend Council terms from two to four years.

However, some nations also wanted factors such as geographical representation to be considered in the composition of the Council. That will require more deliberation in future Council meetings.

Most of these envisaged changes will take longer to agree on and enact than the rules on media conduct; they have to be officially approved and adopted the IMO Assembly, the body that represents all IMO member states and meets in London next week.

The Council has asked the Assembly to endorse these decisions, effectively seeking its blessing to carry on with drafting the official changes to the relevant conventions that define the Council structure.

One important change the Assembly will consider next week is the set of new rules and guidelines the Council agreed to in approving non-governmental organisations who want to attain consultative status in the IMO.

Various industry bodies, environmental organisations and other NGOs hold this status in the IMO. While they do not have voting rights, their proposals and support or objection to proposals can play a crucial role in the formulation of regulations and policies.

Although the new guidelines are largely similar to the existing ones, they come with some notable amendments, including that the Council must determine that those NGOs interested in joining the IMO "can contribute new expertise" to the organisation.

Given that there are currently several NGOs in the IMO with at least similar functions this new requirement may prove significant in the future NGO membership in the organisation.

The Council has also produced set of guidelines on the ethical conduct of delegates when it comes to Council election campaigns. These cover gifts, hosting of receptions, and campaign outreach, among others.

"Any gifts, favours or leaflets should be small in size and of nominal value, presented merely as a souvenir of a visit or as a mark of honour and should not be used as a means to seek any official action from other Member States," the provisional guidelines state.

Fuel price spread hit record this month

PRICE differentials between compliant and non-compliant fuel oil have widened to levels not seen before this month at the world's top bunkering hub as shipping lines embark on the mandatory low sulphur transition.

Energy and commodity pricing agency, Argus Media's assessments showed the price spread between delivered 0.5% sulphur fuel oil, or very-low sulphur fuel oil, and 3.5% sulphur fuel oil, high-sulphur fuel oil, stood at $225 per tonne yesterday in Singapore, easing off from a record high just a week ago.

On November 14, the VLSFO-HSFO price spread reached $262.50 per tonne, the highest so far, based on data from actual trades gathered on a daily basis by the pricing agency at the top bunkering port by sales volume.

Volumes transacted for VLSFO for the trades have also surpassed those of HSFO in November.

"VLSFO deals have been observed of late in clips of 500 tonnes to 2,000 tonnes while HSFO clips have generally declined to 100 to 500 tonnes, a reversal of what was seen in the previous months when VLSFO deals were averaging 100 to 500 tonnes compared to 1,000 to 1,200 tonnes for HSFO," the agency noted.

These observations suggest that the switch to ship fuels complying with the International Maritime Organization's 0.5% limit on sulphur in marine fuel has begun in earnest.

"Demand for VLSFO has picked up strongly in Singapore since early October — consumption is no longer limited to those using the fuel for testing purposes or voyages to China's emissions control areas.

"Instead, owners have started cleaning their tanks and are consuming larger-sized VLSFO stems for longer journeys," Argus Media noted.

In September, Japan's NYK Line was among the early-movers to have loaded compliant fuels on several vessels with no scrubbers installed on board.

But the shipping line clarified to Lloyd's List that it did not start consuming compliant fuel during the same month.

Lloyd's List has separately learnt that other shipping lines have generally elected to first load compliant fuels on vessels plying long-haul trades only from late October.

VLSFO available for spot purchases, however, may become harder to come by as shipping lines increasingly turn to locking in term contracts with suppliers beyond next June, Argus Media suggested.

A price spread of at least $200 per tonne between VLSFO and HSFO is generally considered as supporting investments in scrubber installations. Ships fitted with scrubbers are still allowed to burn and carry HSFO on board after the IMO global sulphur cap kicks in on January 1.

MARKETS

Chinese coal import restrictions hurt bulk carrier demand

BEIJING has once again imposed restrictions on coal shipments, with sudden halts in customs clearances rapidly expanding through some key ports and set to expand further soon, as the country's imports are set to exceed the limit set for 2019.

A number of coal ports in eastern China, including Jiangyin, Zhenjiang, Zhangjiakou and Zhangjiagang received informal notifications by the regional customs authorities to halt clearances last week.

The suspension was then said to have expanded to Hainan, Guagnxi and Fujian provinces and to some ports in Northern China.

Although there were no official announcements of such a move, according to market participants, the halt on customs declarations could be implemented across China soon.

The move comes as Chinese domestic prices for coal suffered amid higher imports. The country imported about 276.24m tonnes of coal in the first 10 months of the year, up 9.6% year on year, China's general administration of customs data showed. This was just 4.99m tonnes short of 2018 imports of 281.23m tonnes, which was set as the limit for this year.

This development has dealt a blow to the capesize and panamax segments as owners were preparing for the upcoming winter stocking activities in China.

However, a Singapore-based broker said the ban was expected. It follows a similar pattern like that of the previous year. The broker added that, "the cargoes fixed last week are getting deferred to December end".

"This is mainly because the Chinese New Year comes early in January next year. It is expected that the restrictions will be eased for restocking before that," he noted.

Meanwhile, coking coal inventory at Chinese ports is down 2.1% to 470,000 tonnes this week, indicating that the country would need to ship the raw material for its steel plants.

The recent ban has also affected the dry bulk freight environment, with the Baltic Dry Index falling to 1,255 points on Thursday, down by 8% compared with 1,364 points a week before.

IN OTHER NEWS

Lobby group frustrated by Malaysia scrubber ban

PRO-SCRUBBER lobby group the Clean Shipping Alliance 2020 has expressed disappointment with Malaysia's decision to prohibit the use of open-loop exhaust gas cleaning systems in its coastal waters, a

move which it deems as unreasonable.

Malaysia has prohibited the use of open-loop scrubbers by ships plying Malaysian waters and noted that ships calling to Malaysian ports will have to change over to compliant fuel oil or change over to closed-loop/ hybrid systems before entering the ports.

CSA 2020, the 39-company lobbying organisation formed last year by major shipping companies that have invested in scrubber technology ahead of the 0.5% sulphur cap, has been busy with a public relations drive that has seen it visiting ports around the world to promote the use of open-loop scrubbers.

"We are disappointed in this announcement," said CSA 2020 chairman Mike Kaczmarek. "The decision will impact not only our member shipping companies, but over 200 other international shipping companies that have announced their intent to install scrubbers as an accepted means of compliance under Marpol Annex VI."

Gourdomichalis brothers to defend Munich Re abandonment conspiracy action

GREEK shipowner brothers Stathis and George Gourdomichalis will contest an $18.5m suit lodged against them in the New York federal court, after a Munich Re subsidiary alleged that together with the American Club they conspired to abandon a vessel rather than face a substantial claim.

The action from Great Lakes Insurance SE also includes counts of negligence, unjust enrichment and promissory fraud.

Stathis Gourdomichalis told Lloyd's List: "I have not seen the claim. I don't really have a comment, but it seems the plaintiff's lawyers want to stir things up. We will defend ourselves, obviously."

A spokesperson for Munich Re confirmed that the action had been brought. Representatives of the American Club — which is chaired by George Gourdomichalis — were not immediately available for comment, with chief executive Joe Hughes currently travelling.

The case centres on the 1995-built, 73,506 dwt bulk carrier *Adamastos*, which was on charter to Pacific Gulf, a Great Lakes policyholder.

Performance Shipping buys third aframax

PERFORMANCE Shipping, the Nasdaq-listed owner previously known as Diana Containerships, has said it has purchased a third tanker as it pursues a distinct change of course from past years.

The move adds credence to impressions that the Greece-based company is seeking to quit the boxship sector altogether and may now focus exclusively on the wet market.

Lloyd's List has independently confirmed that the latest acquisition is Zodiac Maritime's 115,600 dwt *Virgo Sun*. The Sasebo-built tanker has also been linked to the deal by a number of shipbrokers.

The transaction was approved by a majority of the "disinterested" members of the board, the company said.

HKSOA unveils new chief as the Asian shipping hub strives to rise again

THE Hong Kong Shipowners' Association has named a new chairman as the Asian maritime centre revs up efforts to garner strength from international partnership and policy support.

Anglo-Eastern chief executive Bjorn Hojgaard will take over the helm from Oak Maritime's chief Jack Hsu after a two-year tenure.

Capt Hojgaard joined the Hong Kong-based shipmanager in 2015, following its merger with Univan Ship Management which created the world's second-largest player in this arena. He has been the deputy chairman of HKSOA since 2018.

The appointment was unveiled on Thursday evening at HKSOA's Annual Cocktail Reception, where the International Chamber of Shipping launched its first overseas office outside of London — its China liaison office hosted by HKSOA.

For classified notices please view the next pages

ADMIRALTY COURT PUBLIC AUCTION SALE

Jack Up Rigs Decus, Fortius, Impetus, Laurus and Primus

All five jack up rigs were previously on long term contracts to PEMEX. The rigs have been configured for PEMEX requirements and are capable of drilling wells up to 30,000 feet

	Decus	Fortius	Impetus	Laurus	Primus
Design	Pacific Class 400	Pacific Class 400	Pacific Class 400	KFELS MOD V-B	KFELS MOD V-B
Builder	PPL Shipyard Pte Ltd.	PPL Shipyard Pte Ltd.	PPL Shipyard Pte Ltd.	Keppel FELS	Keppel FELS
Year Built	2013	2013	2014	2013	2012
Classification	ABS	ABS	ABS	ABS	ABS
Flag	Panama	Panama	Panama	Panama	Panama
Water Depth (ft)	400	400	400	400	400
Drill Depth (ft)	30,000	30,000	30,000	30,000	30,000
BOP	1 x Hydrill 15,000 psi	1 x Hydrill 15,000 psi	1 x Hydrill 15,000 psi	1 x Cameron 15,000 psi	1 x Cameron 15,000 psi
Top Drive	NOV TDS-8A	NOV TDS-8A	NOV TDS-8A	NOV TDS-8A	NOV TDS-8A
Mud Pumps	3 x NOV 2,200 hp 7500 psi	3 x NOV 2,200 hp 7500 psi	3 x NOV 2,200 hp 7500 psi	3 x LEWCOW-2215, 2,200 hp, 7,500 psi	3 x LEWCOW-2215, 2,200 hp, 7,500 psi
Derrick	NOV 1,500 kips	NOV 1,500 kips	NOV 1,500 kips	Lee C Moore 1,500 kips	Lee C Moore 1,500 kips
Draw Works (HP)	3,000	3,000	3,000	3,000	3,000
Accommodation	150	150	150	150	150

All five jack up rigs are currently warm stacked at Freeport, Bahamas where they are under the control of the Admiralty Marshal of the Courts of the Bahamas. They are to be sold by open auction, "as is where is" at the time of sale. For more information, or to arrange inspection, please contact the Admiralty Marshal at the address below.

The auction is now open, and offers may be submitted by email at any time. The auction shall close at 1200 hrs midday on

10th December 2019

Admiralty Marshal
Port Department Administration Building
Prince George Wharf
Nassau, N.P., The Bahamas
Phone: 1 (242) 322-8832 Email: bernewright@rbdf.gov.bs and bronyataylor@bahamas.gov.bs

For additional information on the rigs please contact the Admiralty Marshal and AMA Capital Partners:

Paul Leand
Phone: 1 (212) 682 2310
Email: pleand@amausa.com

Ken Becker
Phone: 1 (212) 682 7549
Email: kbecker@amausa.com

Disclaimer: The above information and any further particulars provided by the Admiralty Marshal are provided in good faith but no responsibility is accepted for their accuracy. Purchasers must make their own independent enquires.

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