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IMO warns against 'trouble' and 'confusion' for global decarbonisation efforts amid EU emissions push



THE INTERNATIONAL MARITIME Organization has warned against the disruption of global decarbonisation progress, in response to the European Commission's push to regulate shipping emissions.

"If we want real progress, the process of IMO discussions should not be [jeopardised]," IMO secretary-general Kitack Lim told Lloyd's List during an interview on Wednesday.

Earlier that day, European Commission president Ursula von der Leyen unveiled her Green Deal, in which she formalised the Commission's intention to include maritime in the EU Emissions Trading System, a move strongly supported by the European Parliament but vehemently opposed by some of the most powerful shipping interests.

The IMO has long opposed maritime inclusion in the ETS, which caps companies' permitted carbon emissions and lets them purchase allowances to emit more.

"We have to make progress. We do not want to put the IMO meetings [on greenhouse gas emissions] in difficulties," Mr Lim said.

His warning echoes a familiar line of criticism held by opponents of the Commission's aspirations regarding emissions; regional measures will disrupt the agreed global approach at the IMO, which has taken years to develop and is still being implemented, the argument goes.

Proponents of the EU taking the lead suggest it will help reduce emissions and accelerate the development and uptake of low and zero carbon fuels, as burning fossil fuels become more expensive.

Speaking after the Green New Deal was unveiled on Thursday, Mr Lim praised the IMO's progress on GHG emissions so far.

He claimed the organisation had done "excellently" since the EU decided to temporarily leave maritime outside of the ETS, back in late 2017. The IMO adopted a landmark initial GHG strategy in April 2018.

"The IMO is making normal, successful progress... according to the initial strategy. We are making progress towards 2023," he said.

Looking ahead, 2023 is the year when the IMO is set to revise its strategy, including its landmark targets. It is also the effective deadline the EU had given to the IMO to adopt a satisfactory global measure to hold back from including shipping in the ETS.

"We have to make progress towards 2023, anticipating the 2050 targets," he said, adding that nobody would want to cause confusion in this effort.

If the Commission and the Parliament do not change their minds and if they can convince the Council to agree to add shipping in the ETS, the industry will have its first market-based measure on emissions.

Mr Lim emphasised that the IMO will also consider potential market based measures for shipping.

But those discussions at the IMO are expected further into the future when a revised strategy will have replaced the existing one. According to the GHG strategy's timeline, member states could agree on market based measures after 2023, but with no commitment thus far to introduce any of them.

Mr Lim said a key part of his strategy is to continue communication with the EU, which he said the two sides have established since 2016 and for which he thanked the last Commission.

Mr Lim said he plans on visiting Brussels some time in February to meet with members of the new Commission and Parliament.

"Once we talk, we [will] realise we are pursuing and seeking certain common targets," he said.

One of the things he wants the IMO to do is explain to MEPs the impact that measures can have on shipping.

When the European Parliament was pushing for the inclusion of shipping in the ETS in 2017, Mr Lim had worked hard to prevent shipping's inclusion in the ETS via public and private interventions

He openly criticised the move, urging Brussels to reconsider and met with EU stakeholders to push for the continuation of global emissions regime.

Mr Lim stressed that at the time that EU governments put their trust in the IMO and that the Commission had congratulated the organisation for its achievement in adopting the GHG strategy.

This time around, the secretary general is hopeful a similar approach founded on communication can have the same end, although he admitted his rationale that has not always been popular, even within IMO circles.

"I was discouraged by several people when I wanted to go to Brussels in 2016," he said.

Even now, some people argue that it should be the EU coming to London to speak with a UN agency, rather than the other way around, he explained.

But Mr Lim believes the approach does not matter so long as the target is achieved.

"If this belief — my position — is not working, it is a failure to myself. But I believe it works," he said.

Industry warns Commission to against ETS pursuit

The IMO's sentiments about the potential of an EU-based measure are shared by influential actors in maritime, particularly from the shipowning side.

Industry groups have long argued against regional measures, such as the ETS, claiming it would stifle progress for global decarbonisation and also penalise only one part of the global fleet.

The International Chamber of Shipping, whose members are national shipping associations accounting for more than 80% of the global fleet, said it recognises the Commission's good intentions but fears they could be counterproductive to reducing emissions globally.

Progress on the implementation of the IMO GHG strategy is happening with the full support and

goodwill of non-EU member states, ICS deputy secretary general Simon Bennett said.

“If the EU proceeds with regional measures with application to non-EU flag ships calling at EU ports, this could undermine the positive momentum that now exists at IMO,” he told Lloyd’s List.

BIMCO, the world’s largest shipping association, also strongly disapproved of the measure.

“BIMCO has long held the view that the ETS is unsuitable for the international shipping industry as it is a regional scheme which cannot effectively have any impact on shipping’s global emissions,” BIMCO deputy secretary general Lars Robert Pederson told Lloyd’s List.

He recognised that the Commission’s Green New Deal acknowledges the role of the IMO in global decarbonisation.

“However, suggesting that the proceeds raised on allowances purchased by international shipping should go to fund the EU budget is not something that IMO member states from outside the EU are likely to applaud,” he added.

The World Shipping Council, the largest container shipping association, deemed the IMO to be the “only practical forum for reducing GHG emissions from international shipping”.

“A global industry needs a global solution,” the WSC said in a statement to Lloyd’s List.

It emphasised that the Commission actually recognises the IMO’s importance in its Green Deal

and forecast that 2020 would be a “very active year” for the development of GHG solutions.

“Those of us in the discussion will do the most good by asking ourselves and each other whether the solutions we collectively propose will deliver real reductions and will move us away from fossil fuels and towards finding the low and no-carbon fuels of the future,” the WSC said.

National European groups also expressed issues with the Commission’s plans.

Danish Shipping welcomed the ambitions of the Green Deal but said it was sceptical of the intended extension of ETS onto maritime and argued that any actions the EU takes can be implemented by the IMO to apply to a global scale.

The German Shipowners’ Association, known as VDR, also endorsed the Green Deal but warned that the ETS would not actually help reduce emissions, just make carbon more expensive.

The focus should instead be on progress at the IMO.

“This is why we need a highly skilled diplomatic European Commission and EU member states in London with strong negotiating skills that, together with other important shipping nations of this world, will contribute towards driving the ambitious objectives of the IMO forward on a global scale — in the interests of global climate protection and fair competition in our international industry,” VDR chief executive Ralf Nagel said in a statement.

WHAT TO WATCH

Ventspils port calls risk breaching US sanctions

SHIPOWNERS or charterers who call at Baltic port of Ventspils risk breaching US sanctions after January 8, according to legal advice from West P&I.

Ventspils Freeport Authority was one of the four entities listed as owned or controlled by Latvian oligarch Aivars Lembergs, blacklisted by the US Office of Foreign Assets and Control on Monday.

“At this stage and pending further clarification from Ofac there is risk of sanctions if a non-US entity

utilises a Ventspils port” after January 8, West P&I said in a note to members.

The Latvian port is a key Baltic distribution point for middle distillates such as diesel and gasoil as well as other refined products shipped to northwest Europe and West Africa.

Ventspils is also a significant base for oil trader Vitol, which holds a majority stake in the Baltic region’s largest storage tanks for refined products, Ventspils

Nafta Terminal. Between three to four product tankers call daily at Ventspils port to load cargoes of between 40,000 to 60,000 tonnes of refined products, many from these tanks.

West P&I highlighted a lack of guidance about how routine port calls at Ventspils would be treated by Ofac for its caution.

Mr Lembergs — who has been the mayor of Ventspils since 1988 — was added to the Specially Designated Nationals and Blocked Persons list under Global Magnitsky Sanctions Regulations, accused of corruption. At the same time, OFAC issued a licence authorising transactions and activities to wind down involvement with Lembergs four companies, including the Ventspils Freeport Authority, which expires on January 8.

Mr Lembergs yesterday resigned from the Ventspils Freeport board, suggesting that the port would seek a de-listing from Ofac.

So-called secondary sanctions apply to non-US persons if they are deemed to have provided “material” assistance to Ventspils port, according to Ofac. “Material” isn’t defined, said West P&I.

The insurer said that existing Ofac guidance about Iranian port calls indicated that routine calls would not be considered a “significant” transaction with a “port operator”. However, this didn’t relate to sanctions dealing with global corruption, such as the Ventspils blocking.

“As to the booking of cargoes or charters which would require the use of Ventspils port after January 8, there would be a risk that the US authorities could

consider any use of the port as material assistance or financial support for Ventspils,” the guidance said.

“Ofac has not clarified how the wind-down period will be construed, but based on guidance provided in other sanctions programmes with wind-downs, it is likely that a new charter entered into today which contemplates a port call to Ventspils before January 8 would fall within the wind-down period provided there is some history with the charterer.

“Conceivably, Ofac could take the position that the use of the Ventspils port amounts to material assistance to Ventspils. There is also the question of whether any fees paid to a Ventspil port could be construed as financial support.”

Ventspils is regularly used by oil trader Vitol via its Ventspils Nafta subsidiary, which owns the onshore tanks. The terminal has 105 tanks and 1.2m cu m of storage the company said in a February 2015 presentation. Oil traders say this strategic holding has helped the oil trader corner the regional market in refined products, securing product from Belorussia and Russia for storage and shipment from the port.

A spokeswoman from Ventspils Freeport Authority said that port traffic and operations were unchanged this week. Ventspils Freeport Authority acts as a “landlord port”, she said with no involvement in the commercial movements of commodities which was undertaken through privately owned terminals.

Vitol did not immediately respond to Lloyd’s List request for comment.

National Bank of Greece set to complete sale of bad ship loans

NATIONAL Bank of Greece is due to complete the sale tomorrow of a number of shipping loans that are in default.

The deal, worth several hundred million dollars, includes loans that will be transferred with the knowledge of the borrower and publicly disclosed. The face value of the loans covered by this part of the transaction is \$355m, but sold at a considerable discount, Lloyd’s List understands.

However, NBG will be raising somewhat more through the disposal of other loans that are being sold on a sub-participation basis, with the

shipowner client unaware of the change of lender.

The non-performing loans are being taken over by US private equity firm Close Ocean Partners, which plans to delegate portfolio management to QQuant Master Servicer. However, final decisions on the future of the ship-backed loans acquired through the deal will rest with Cross Ocean. Some vessels may be sold, but others could be kept if the borrower is able to start servicing loans again as market conditions improve.

The price paid for the debt is thought to average around 50% of the original loan value, although in some cases it is less than that.

Lloyd's List first reported that NBG was in the process of selling some of its non-performing shipping business in late November. Some of the loans that NBG wants to get rid of are thought to have been rejected by Cross Ocean.

Industry sources say the bank continues to look for more shipping business as it clears out its portfolio of bad loans. However, it is unclear what will happen to those loans in default that NBG still has on its books after closure of the sale to Cross Ocean this week.

OPINION

Viewpoint: The salvors' lifeblood

THEY constitute an emergency service, which people who operate ships probably don't think about too often, but are very glad indeed that they are there when they need them. Professional salvors are finding life quite tough these days as there are fewer casualties that require their specialised skills, but ironically they are needed as much as they ever were, in a world that is pathologically intolerant to shipwreck and will demand that even if it is not possible to save a ship, somebody better clean up the mess and take it all away, *writes Michael Grey.*

The International Salvage Union, which represents most of these professional specialist operators, has been "re-positioning" itself to reflect the reality of a sector which is firmly part of risk mitigation. You might think of the salvor these days as less of the fireman and more of the provider of specialist expertise that will contain the conflagration and save lives, property and the environment.

Speaking earlier this month, the new ISU president Richard Janssen suggested the sector needed to get closer to owners and insurers in a proactive fashion, rather than being around only when the emergency occurs. It would be nice to think that this policy will be enthusiastically taken up by ship operators and their underwriters as it obviously makes sense. Having an experienced salvor take a look at a new ship design, for instance, would make very good sense, with their ability to ask "what if..." and "how it can be made more salvageable, should everything go pear-shaped?"

The president would not have been doing his job if he had not emphasised the investment that the ISU members make in ensuring that they have the equipment and above all the expertise to provide these services and which have to be paid for in salvage awards and contractual payments. They may not have enormous tugs on station around the world, just waiting for somebody to call them, but there is still a huge need to recruit, train and maintain people who have the right skills to solve seemingly impossible tasks.

Innovation

If you look back through the history of salvage you can see some quite astonishing innovating that goes on whenever a salvor goes into action. How do you get a fully laden capesize off the rocks, with most of its compartments open to the sea, on an exposed coast in filthy weather? Nobody thought it possible until a salvor came up with the idea of emptying the ship using slurry pumps and lightening it sufficiently to be hauled off, repaired and returned to service.

How do you salvage a laden VLCC aground in one of the world's most remote places — the Strait of Magellan? You empty the ship using air-portable submersible pumps, re-purposed from some other function. How do you salvage tankers under attack with bombs and missiles, or with unexploded ordnance in them? With caution and a lot of courage.

How do you empty the bunker tanks of an upturned battleship on the bottom of a deep Norwegian fjord, or retrieve the bunker contents from a sunken tanker in the cold depths where oil will not flow? Salvors came up with the idea of building boilers that would produce steam at great depths, catching the floating heavy oil in an upturned funnel.

How do you retrieve the world's biggest submarine, sunk with its crew, nuclear reactors and goodness knows what unstable weaponry, from the bottom of the Arctic seas? There is one of the world's biggest cruise ships lying on its side off an Italian resort and everyone wants it taken away. How can it be done?

Containership fires

There is the ongoing problem of containerships that persist in catching fire, with the owners of such monsters just hoping it won't happen to them, especially when the several hundred types of chemicals they have loaded, find themselves mixed into a terrifying cocktail. And there are all the underwriters who have insured these huge ships and their cargoes wondering what to do and how their liabilities might be controlled, as the ships still get bigger with more of them all the time.

Then there is another sort of challenge in that salvors have been so amazingly clever at wreck removal that if the *Titanic* sank this week, there would be some seabed authority demanding that the remains are removed, and in double quick time. The old idea that the sea will be permitted to render a wreck down over successive storm seasons is not acceptable as long as the owner's insurers are around to foot the bill.

But all of this devolves around the ability of the professional salvors to come up with these innovative solutions, where every job is different. And that, as the ISU president points out, requires the "divers, naval architects, engineers, tug masters

and salvage masters" to be paid retained and nurtured. New generations of these people need to be attracted into these specialist roles and grown to become the experts and innovators who will solve the next lot of problems that will afflict the shipping industry, operating as it does in its unchanging, hostile environment.

The rewards have to be commensurate with the investment in all this plant and people, because if they aren't ISU members, who have learned to diversify, may not stick around. The ISU may be "re-positioned", but the main mission of this essential service, one suggests, probably won't change that much.

The 10 influential women in shipping 2019

IN THE run-up to unveiling those who made it into the full Lloyd's List Top 100 most influential people in shipping ranking, we highlight 10 influential women in shipping who have embodied the IMO's theme of empowering women in the maritime community.

Tanya Saadé Zeenny, CMA CGM

TANYA Saadé Zeenny has been a central figure behind the growth of CMA CGM, the French container shipping group founded by her late father Jacques Saadé and now headed by her brother Rodolphe.

She joined the family-owned group in 1995, just as CMA CGM was embarking on a period of rapid expansion, and was elected to the board in 2009.

Five years later, Mrs Saadé Zeenny was appointed executive officer, with responsibilities including internal and external communications, global accounts and marketing, administration, institutional relations, and environment matters.

A major CMA CGM shareholder, she also heads up the group's corporate social responsibility strategy.

Kathi Stanzel, Intertanko

INDUSTRY representation from its trade bodies has never been more crucial.

The growing complexity of the regulatory landscape requires expertise well beyond the traditional scope of what has previously been expected from shipping's acronym soup of associations.

Happily, for the tanker sector, they have a secret weapon in the form of Kathi Stanzel, who has been

steering Intertanko since 2012 with a quiet efficiency that belies her reputation as one of the most insightful and influential figures in the business.

She is the fifth managing director in the association's 45-year history, but she is the first to bring an environmental and scientific background to the position, which is proving to be a key asset as the tanker sector navigates the difficult decarbonisation pathway from 2020 to 2050

Ane Maersk Mc-Kinney Ugglá, AP Moller-Maersk

ANE Maersk Mc-Kinney Ugglá has a shipping pedigree like no other.

The youngest of three daughters of the legendary Danish shipowner Maersk Mc-Kinney Moller, Ms Ugglá has been the most closely involved in the Maersk family's vast shipping empire.

Now in her early 70s, Ms Ugglá has been a member of the AP Moller-Maersk board since 1991 and is currently vice-chairman.

During 2019, she stepped down as chair of Maersk Broker after nine years. However, Ms Ugglá and her two sisters remain the sole shareholders of one of the world's premier shipbrokers.

Meanwhile, her son, Robert Maersk Ugglá, is chief executive of AP Moller Holding, the investment arm of the AP Moller foundation, which controls 51.4% of the voting shares of container shipping, ports and logistics giant AP Moller-Maersk.

Alexa Aponte Vago, Mediterranean Shipping Co

ALEXA Aponte Vago is a member of one of the most powerful families in shipping.

The daughter of Gianluigi Aponte, who founded Mediterranean Shipping Co, Ms Aponte Vago is chief financial officer of the group that operates one of the world's largest containership fleets, as well as owning a leading cruise line.

Her father, who will turn 80 next year, remains actively involved in the business as group chairman, while her brother Diego is group president.

Ms Aponte Vago's husband, Pierfrancesco Vago, is executive chairman of MSC Cruises, which has a huge newbuilding programme.

However, top management is in the process of being restructured, with former Maersk chief commercial officer Søren Toft due to take over as chief executive of MSC's container shipping and logistics activities.

The family-controlled group has recognised the need to bring in some outside resources as it continues to expand its cruise and cargo operations.

Cecilia Eckelmann-Battistello, Contship Italia

CECILIA Eckelmann-Battistello has been a trailblazer for nearly half a century.

The president of terminal operator Contship Italia remains one of the best-known women in shipping. She has shown it is possible to reach the top from a fairly lowly start, in her case completing a secretarial course before joining the shipping industry in 1973.

In the intervening period, Ms Eckelmann-Battistello has witnessed massive change through waves of consolidation and constant financial pressures.

Neither have industry conditions become any easier, with Ms Eckelmann-Battistello having to take the tough decision in 2019 to sell Contship Italia's stake in the transshipment hub at Gioia Tauro, and then close its Cagliari facility in Sardinia as volumes shrank.

However, none of this has persuaded Ms Eckelmann-Battistello to retire. Work, she says, is her passion. "What do I do?" she asks. "Start doing the housework? No, thank you very much."

Rita Al Semaani Jansen, Ince

WHEN Ince partner Rita Al Semaani Jansen was awarded the Lloyd's List Lifetime Achievement Award in Dubai earlier this year, she spoke of her determination to succeed in a male-dominated industry.

She won the award in part for her career-long commitment to mentoring, inspiring and encouraging other women in the industry, which has made a lasting impression on so many professionals in Dubai, through the UAE and GCC, and even further afield.

Ms Al Semaani Jansen joined the firm in 2006 after previously working as a senior lawyer at Denton Wilde Sapte, Berrymans Lace Mawer and Wellington Capital.

Based in Dubai since 1992, she has an unequalled depth of knowledge in the laws of the UAE and is fluent in both Arabic and English.

Her experience in corporate and commercial transactions, ranging from mergers and acquisitions, restructuring, joint ventures, employment, start-ups and a wide range of commercial agreements for clients in various industries make her one of the most influential legal figures in the region.

Natasa Pilides, Shipping Deputy Minister, Cyprus

ONE year into her post as Cyprus's Shipping Deputy Minister, Natasa Pilides is co-ordinating growth in the maritime community to great effect.

Ms Pilides was appointed to her position in March 2018 following several years of calls from the shipping community in Cyprus for a stronger presence in government than one of many elements in the Ministry of Transport, Communications and Public Works.

At the time, she wanted to diversify the maritime cluster beyond the trusted stalwarts of shipmanagement and the ship registry, one of Europe's largest by tonnage.

Ms Pilides has been omnipresent at industry conferences and exhibitions this year because, in her words, "we need to be present in the conversation. People must feel we're on the map; we should have an opinion".

Her influence is on the rise as a result and Cyprus seems well positioned to benefit.

Kathy J. Metcalf, Chamber of Shipping of America

THE leadership shown by Kathy Metcalf, president and chief executive of the Chamber of Shipping of America, in the North American maritime sector was recognised this year in the form of a Lifetime Achievement Award at the Lloyd's List awards.

After serving the chamber for almost 20 years as director of maritime affairs, Ms Metcalf was appointed chief executive in 2015 and her influence is well understood by the entire sector.

The CSA represents maritime interests before Congress, federal and state agencies and in international fora, but her influence extends well beyond such formal institutions.

When handing over the Lifetime award in Houston this year, Lloyd's List chief correspondent Richard Clayton applauded her passion for the industry, her commitment and her humility.

In her acceptance speech — coming just a day before the IMO's World Maritime Day, with its focus on “empowering women in the maritime community” — Ms Metcalf said she believed her “stubbornness” was an important part of her character.

Karen Purnell, ITOPF

ITOPF is likely the biggest shipowners' association you have never heard of. Yet the not-for-profit technical body helps deal with the clean-up of oil pollution at sea.

Working tirelessly at the helm of this invaluable force for scientific good is ITOPF's managing director Karen Purnell, who, among many other influential

industry roles, is a leading member of the Lloyd's List Editorial Board.

Dr Purnell is a Fellow of the Royal Society of Chemistry, with a PhD in chemical physics. During her career with ITOPF, she has been involved in countless major oil spill incidents globally and has contributed to several environmental damage assessment processes.

Prominent among her achievements is the expansion of ITOPF's capability to respond to spills of hazardous and noxious substances

Unni Einemo, IBIA

UNNI Einemo joined the secretariat of the International Bunker Industry Association in April 2016, having worked for nearly two decades as a journalist and analyst specialising in the marine fuel and shipping industries.

As the voice of the global bunker industry, with a remit to represent all stakeholders across the industry value chain, the IBIA director has found herself this year as the de facto spokesperson for all things related to the 2020 sulphur cap.

Given the lingering industry concerns regarding fuel quality, availability and enforcement, her uniquely insightful guidance at the helm of IBIA has never been more necessary.

MARKETS

IMO 2020 will benefit US oil producers and refiners, White House official forecasts

US OIL producers and refiners will see substantial financial benefit from the coming implementation of IMO 2020, a senior administration official told senators in a recent hearing in Washington DC.

Linda Capuano, administrator of the US Energy Information Administration, this week told the US Senate energy and natural resources committee that “IMO 2020 regulations will put upward pressure of about \$2 per barrel on light, sweet crude oil prices in 2020”.

She said there would be increased demand for light, sweet crude oil which is used to produce low-sulphur marine fuels.

Such crude has a much lower sulphur content than so-called heavy or medium sour crudes, costing less

to refine, especially for so-called simple refineries that are not configured to process heavier sour crudes into the low-sulphur fuels demanded under IMO 2020.

“As a result, we are forecasting the price difference between light, sweet crude oil and heavy, sour crude oil to be wider next year,” she said, underlining the price difference that will benefit US producers and refiners.

According to the EIA, there is a “mismatch” between the light sweet crudes now being produced in the US and the needs of US Gulf coast refineries, which are configured mostly to process heavy sour crudes.

That “mismatch” between crude oil type and refinery configuration allows for more of the increasing US

light sweet crude oil production to be exported, according to the EIA.

With the \$2 premium on light sweet crude oil prices in 2020, US oil producers will benefit.

US refineries are best positioned to become the biggest supplier of 0.5% very low sulphur fuel oil because of their complexity allows them to use the higher-sulphur residue to produce lower-sulphur fuel oil.

However, Ms Capuano was quick to point out that the effects of IMO 2020 regulations on crude oil prices are likely to be less significant than the effects on petroleum product prices.

“Because petroleum product prices are set in the global market, the new regulations have placed upward pressure on prices for low-sulphur refined products in the United States.”

She pointed to the US Gulf coast, where “the price differential between low-sulphur fuel oil and high-sulphur fuel oil increased as ship operators began storing and purchasing low-sulphur marine fuels in place of high-sulphur fuels to prepare for the specification change”.

She cited trade press reports indicating that the price differential between low-sulphur fuel oil and high-sulphur fuel oil on the US Gulf coast has increased “more than threefold” between June and November 2019.

That is good news for US refiners, especially when prices start falling for increasingly lower demand sour crudes while rising for low-sulphur products.

Indeed, as the spread widens between light sweet crudes and heavy sour crudes, US refiners

— equipped to turn low-priced sour crudes into low-sulphur products — stand to gain immensely.

“The prevailing high refining margins have provided plenty of economic incentive for global refiners to increase refinery runs and maximise the upgrading of high-sulphur heavy fuel oil into low-sulphur distillate fuel to create compliant bunker fuels,” she said, adding that “these same trends are evident in the United States”

Ms Capuano said that refineries in the US, where much of the refining capacity has downstream units that upgrade residual oils into more valuable low-sulphur products “are well positioned” to supply the global marine-fuel market with low-sulphur bunker fuel.

“We expect that gross inputs into refineries will increase to a record level in 2020, resulting in an average utilisation rate of more than 90%, a high rate by historical comparison,” she said.

Ms Capuano told senators that that US refiners will export much of the increased production of diesel fuel and other refined products that will result from the higher refinery runs.

As US refiners export diesel and low-sulphur residual fuel oil to supply an increasing share of the global demand for low-sulphur bunker fuel, “we anticipate that exports will continue to grow in 2020”, she said.

“In fact, we estimate that in September of this year, US exports of crude oil and petroleum products started exceeding imports. We expect that US net exports will continue to grow in 2020 and that low-sulphur fuels will provide a large share of the increased exports.”

IN OTHER NEWS

Byzantine Maritime group orders two LPG carriers with dual-fuel option

THE Greek-led Byzantine Maritime group has ordered a pair of liquefied petroleum gas carrier newbuildings from Hyundai Mipo Dockyard for delivery in the second half of 2021.

The South Korean builder announced an order for a brace

of 38,000 cu m LPG carriers earlier this week that priced the vessels at close to \$47m apiece.

It did not identify the owner, but Lloyd's List has verified it belongs to Byzantine. The order was placed through Singapore-based affiliate Western Shipping, one of five offices the Greek owner maintains around the world.

US sanctions Iranian shipping firms for smuggling weapons to Yemen

The US government has announced sanctions on two Iranian shipping firms and its owner in an attempt to stop the development and proliferation of weapons of mass destruction.

Khedri Jahan Darya Co has been accused of smuggling weapons into Yemen on behalf of Islamic

Revolutionary Guards Corps-Qods Force (IRGC-QF). The US seized weapons on a small boat last month believed to be on their way to Houthi rebels, according to the US Treasury Department's Office of Foreign Assets Control.

Ofac said Iranian businessman Abdolhossein Khedri, who was identified as the owner of Khedri Jahan Darya, had been involved in shipping operations for the IRGC-QF for more than 10 years. It added that Mr Khedri used Khedri Jahan Darya and its vessels as well as another shipping company, Maritime Silk Road LLC, to support smuggling operations undertaken by the IRGC-QF.

Elba LNG readies first shipment and lends shine to US exports

THE Elba liquefied natural gas export project in the US state of Georgia is loading its first shipment, about two months from its operational start-up.

The 2015-built LNG tanker *Maran Gas Lindos* arrived at Elba Island on Sunday to receive the cargo, Lloyd's List Intelligence data showed.

The tanker is next destined to call at the Panama Canal, according to vessel tracking data, possibly on its way to deliver its first Elba LNG cargo. This cargo is destined to land in South Asia, an S&P Global Platts report suggested, citing unnamed sources.

Epic Crude Holdings begins oil exports from Texas terminal

EPIC Crude Holdings has exported its first shipment of crude oil from its IGC Terminal, a newly converted grain dock in Corpus Christi, Texas, with a second vessel due for loading later this week.

The 115,277 dwt *Eser K* left Epic's terminal in Corpus Christi on

Monday and is due to reach Milford Haven in the UK on December 25, according to Lloyd's List Intelligence.

Eser K has a capacity of 823,725 barrels of oil, but Epic did not disclose the quantity that actually shipped from its terminal.

MOL orders next-generation coal carriers

JAPAN'S Mitsui OSK Lines has ordered two next-generation coal carriers, known as EeneX, from Oshima Shipbuilding.

The 89,900 dwt dry bulkers are signed to fulfill long term agreements with Tokyo based Electric Power Development and Hokuriku Electric Power Company for shipping coal from overseas to their power plants in Japan, MOL said in a statement.

The design, 235m long and 38 m wide, features a double-hulled structure and removes the ballast hold. The adoption of a double-hull structure allows cargo holds with completely flat sides and eliminates the work of scraping out coal, which boosts the efficiency of discharging and loading operations, MOL said.

ONE to offer slots on Nyshex

OCEAN Network Express has become the latest leading liner shipping carrier to join the New York Shipping Exchange, an online enforceable freight rates platform.

The current six members are Maersk, Cosco Shipping Lines, CMA CGM, Hapag-Lloyd, Orient Overseas Container Line and Hyundai Merchant Marine. Mitsui OSK Lines, one of ONE's three Japanese parents, was a previous member.

The seven carriers now represent all three major container shipping

alliances — 2M, Ocean Alliance and The Alliance.

Singapore-based ONE said that the guaranteed equipment, space and price that it offers through the platform, also known as Nyshex, would help customers better plan their supply chain and lock in their transport costs up front.

The platform allows carriers to offer guaranteed slots on specified sailings.

POSH set for delisting in January

THE offer by Malaysia's richest man Robert Kuok to buy out minority shareholdings in PACC Offshore Services Holdings has turned unconditional, paving the way for the delisting of the offshore support vessel owner and operator from the Singapore Exchange in early January.

Mr Kuok, who was ranked the country's wealthiest business tycoon by Forbes Magazine, has made an offer through Quetzal Capital, to take POSH private at 21.5 Singapore cents per share in early November.

As at the end of December 11, Quetzal Capital has received acceptances from minority shareholders and concert parties, lifting its shareholding to beyond the set 90% threshold, according to an SGX regulatory disclosure. As a result, the bid vehicle is entitled to buy out the remaining equity interest in POSH from dissenting shareholders at the same price.

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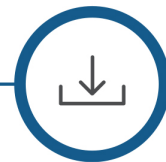
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