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Daily Briefing

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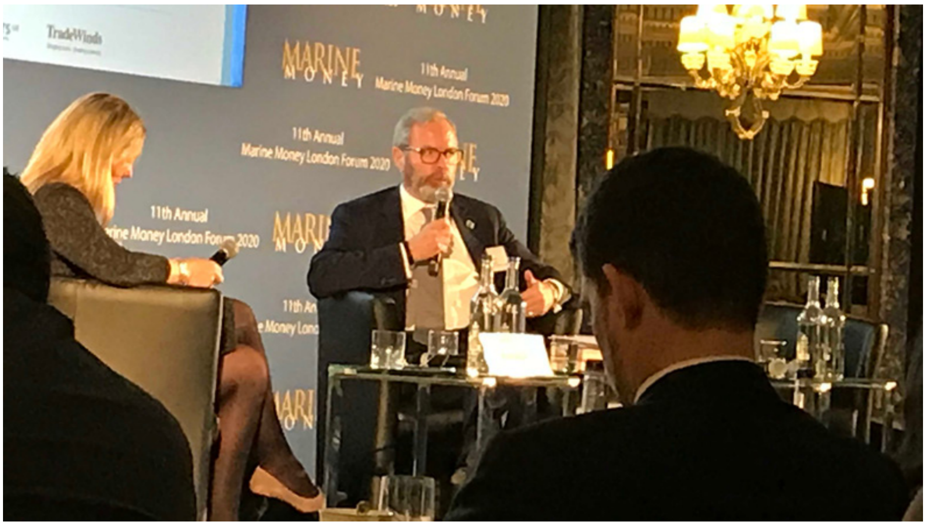

BNP PARIBAS AND Credit Suisse have been named as the latest leading financial institutions to sign up to the guidelines designed to accelerate decarbonisationefforts across shipping.

It means signatories of the Poseidon Principles now represent around $140bn in loans to international shipping — about 30% of the total global ship finance portfolio.

BNP Paribas, the world's largest lender to global shipping, and wealth manager Credit Suisse bring the number of financial institutions to have signed up to the initiative to 16, with more expected to join, according to Michael Parker, architect of the Poseidon Principles and Citi bank's head of shipping and logistics.

Speaking at the Marine Money conference in London, Mr Parker said he expected up to 25 lenders to join the scheme by the end of the year. At its launch in June last year, 11 had signed up.

The Poseidon Principles aim to align the shipping portfolios of signatory banks with the International Maritime Organization's emission reduction targets.

Mr Parker, who has been a banker for three decades, said that Asian lenders such as China's ICBC were also interested and could sign up in a matter of months.

He said the challenges of decarbonisation and digitalisation would change the shipping industry, and expected more consolidation, with "real institutional funding coming in".

The climate agenda could be shipping's greatest opportunity to consistently be profitable, he claimed.

Responding to a question, Mr Parker said he would like to be remembered as one of the people changing the industry for the better.

So often a laggard, shipping this time "is leading from the front", with policies designed to encourage responsible lending and responsible shipowners, he said in October.

The Poseidon Principles are designed to impel shipowners to make at least a 50% reduction in greenhouse gases by 2050 and to help financial institutions in managing critical investment risks.

"The decision of BNP Paribas and Credit Suisse to sign on to the Poseidon Principles represents another milestone for responsible ship finance," Mr Parker said in the statement. "We welcome their leadership and we encourage other serious financial institutions to join them in serving global seaborne trade in a sustainable manner."

Other signatories include ABN Amro, Amsterdam Trade Bank, Crédit Agricole, CIB, Crédit Industriel et Commercial, Danish Ship Finance, Danske Bank, DNB, DVB, Export Credit Norway, ING, Nordea, Société Générale, and Sparebanken Vest.

The Poseidon Principles were developed by Citi, DNB, and Société Générale in collaboration with leading industry participants — AP Moller-Maersk, Cargill, Euronav, Lloyd's Register, and law firm Watson Farley & Williams — with support from the Global Maritime Forum, Rocky Mountain Institute, and University College London Energy Institute.

WHAT TO WATCH

Fafalios urges care over R&D fund scheme

GREEK Shipping Co-operation Committee chairman Haralambos Fafalios has questioned proposals for a research and development fund to advance the industry's decarbonisation.

Front-rank shipping organisations such as the International Chamber of Shipping, Intercargo, Intertanko and BIMCO recently got together to launch the proposal, that envisages "core funding" from shipping companies to the tune of $5bn over 10 years.

The idea was to establish an International Maritime Research and Development Board, a non-governmental R&D organisation that would be overseen by IMO member states.

But Mr Fafalios warned that such a fund should be properly targeted and not burn money for little result.

"In the quest to find solutions to our longer-term propulsion issues it has been suggested that a fund is created in order to spur on more research and development," he told guests at a traditional New Year event organised by the GSCC.

"One has to be very careful to ensure that such a fund will channel its resources in the right direction and not become a bottomless pit of misused financial resources," Mr Fafalios said.

The GSCC leader is understood to believe that the maritime R&D market may struggle to absorb funds on the scale envisaged and that there is a risk of hundreds of millions being wasted in unproductive directions.

Meanwhile, it was mainly the responsibility of shipbuilders and marine propulsion manufacturers "to look for the appropriate future powerplants that our industry will need," he said.

Mr Fafalios hoped for "a closer dialogue" between regulators and the shipping industry to find workable solutions for decarbonising shipping prior to the IMO's 2030 and 2050 deadlines.

He branded as "imperfect" the IMO's 2020 sulphur cap that came into force at the start of this year.

"Supply problems, quality problems and pricing problems are reigning worldwide as global shipping companies are doing their best to cope with yet another imperfectly thought-out piece of legislation," he said.

Mr Fafalios cited the difficulty of removing non-compliant fuels still on board vessels before the carriage ban deadline of March 1, noting that the situation stemmed from charterers' decisions.

"IMO cannot solely regulate ship operators directly without taking into account the pivotal role of charterers, oil refiners and bunker suppliers," he argued.

Dry bulk market remains challenging, says 2020 Bulkers chief

NORWEGIAN dry bulk outfit 2020 Bulkers is expecting to see a recovery in the markets before long.

For now, though, the market looks challenging, driven by the lack of iron ore volumes out of Brazil, the company's chief executive Magnus Halvorsen told Lloyd's List on the sidelines of the Marine Money ship finance forum in London.

The volumes so far in January translates to an annualised figure of just 250m tonnes from the South American country, but the hope is that Vale, Brazil's largest producer, will ramp up output from the second quarter onwards, he said.

The good news is that scrapping may increase given the current low rates, he added, noting how five converted very large ore carriers have so far been sent for removal.

The company, which listed on the Oslo Axess exchange in July last year, has an order for eight newcastlemaxes being built in China. All vessels will be fitted with scrubbers.

It has received six of the 208,000 dwt vessels with the remainder scheduled to be delivered in May.

On Tuesday, the company said that its sixth vessel — *Bulk Sydney* — started a three-year index-linked charter with Koch Industries.

"The index-linked rate reflects a significant premium to a standard capesize as a function of higher cargo intake and lower fuel consumption," the company said in a statement.

"The vessel will also earn an additional premium related to the fuel cost saving from the scrubber."

Two of its vessels are on fixed charter, while the ones that are index-linked benefit from the scrubber impact as the Baltic Exchange indices are based on low-sulphur fuel oil, which is more expensive than the high-sulphur alternative upon which the scrubbers are based.

The company said earlier in the month that its vessels achieved average gross time-charter equivalent earnings of $23,793 per day in December at a time when a standard capesize earned $19,595 per day.

Its index-linked vessels earned $26,698 per day, while its fixed charters achieved $20,888 per day.

Although the Olav Troim-backed company is in a good financial position, Mr Halvorsen does not rule out tying up or selling up at a later stage. The company, which launched in 2017, declared a dividend of $0.04 per share in December.

"We have attractive assets. We will always consider bids for assets or mergers and acquisitions," he said, without elaborating.

Cosco Shipping units cheered by profit surge

TWO flagship listed units of China Cosco Shipping Corp have reported significant improvement in the bottom line backed by asset restructuring and better operations.

Cosco Shipping Holdings, the state giant's Shanghai- and Hong Kong-listed box shipping and port arm, reported a 449% surge year on year in net profits to Yuan6.8bn ($978m) for 2019, according to an earnings forecast.

This is largely boosted by the company's acquisition of smaller rival carrier Orient Overseas (International) Ltd, whose financial results were not incorporated into CSH's book until July 1.

Nevertheless, CSH said the synergies created by the two companies last year had exceed the target, which has contributed to the profit increase.

Other positive factors include its service expansion in the non-Chinese markets to offset the impact of the Sino-US trade war; an equity incentive plan that has encouraged better performance by the employees; and over $1bn gains from the disposal of OOIL's Long Beach terminal assets in the US.

Excluding one-off items, CSH's net profits are expected to grow 730% to Yuan1.6bn.

Meanwhile, Cosco Shipping Energy Transportation, which is the oil and gas shipping unit and also dual listed, said it had benefited from a buoyant tanker market in 2019, despite the blow from the US sanctions on part of its fleet from September.

Net profits are estimated to soar by about threefold to Yuan410m-Yuan490m. Recurring surplus dropped slightly to a range between Yuan338m and Yuan418m.

The US blacklisting of one of CSET's tanker owing subsidiaries, Cosco Shipping Tanker (Dalian), has led to a service disruption of more than 40 vessels, including 26 very large crude carriers.

Both CSH and CSET are expected to publish their full financial reports at the end of March this year.

ANALYSIS

US west coast coal export terminal row heads to court

THE states of Montana and Wyoming are petitioning the US Supreme Court to accept their challenge of Washington state's "unconstitutional and discriminatory" denial of a permit for a proposed coal export terminal in Longview, Washington.

If the Supreme Court hears the case and finds in favour of the two states, it could set a precedent that would reverse the decision made by Washington, as well as others along the west coast and around the US.

"Montana and Wyoming are asking for original jurisdiction, which means the dispute would bypass lower courts and go directly to the US Supreme Court," Montana's attorney general Tim Fox said.

Washington's denial of a Clean Water Act Section 401 Water Quality Certification for the proposed Millennium Bulk Terminal violates the Dormant Commerce Clause and the Foreign Commerce Clause of the US Constitution, the court documents claim.

The two states claim that the Commerce Clause grants only the federal government — and not individual states such as Washington — the authority to regulate interstate commerce.

"Montana's access to growing overseas markets shouldn't be dictated by the latest political fads on the west coast," Mr Fox said. "As we are telling the court, the framers of the United States constitution wrote the Commerce Clause to prevent the very harms that Washington state is inflicting upon Montana and Wyoming today."

Wyoming's governor Mark Gordon said his state's ability to export coal, one of its greatest natural resources, is "being blocked unlawfully". He said it is critical that Section 401 of the Clean Water Act not be used to interfere with lawful interstate commerce.

"It is not a tool to erect a trade barrier based on political whims," he said.

The two states may find support from the Trump administration, which favours the export of coal and backs the opening of more export facilities.

Indeed, the White House has long noted "the outdated" Federal guidance and regulations regarding section 401 of the Clean Water Act which "are causing confusion and uncertainty and are hindering the development of energy infrastructure".

If built, Millennium would be the largest coal export facility in North America, capable of exporting up to 44m tonnes a year from Montana and Wyoming to markets in Asia.

In 2017, the Washington State Department of Ecology denied the project a Section 401 Water Quality Certification, a necessary permit under the Clean Water Act. The denial effectively killed the proposed terminal.

"As our filings with the court show, the record is clear that Washington state officials killed the project for reasons outside the scope of the Section 401 permit and have demonstrated a clear bias against Montana and Wyoming coal," Mr Fox said.

Washington state has 60 days to file a response to Montana and Wyoming's petition.

Last week, the city council in Richmond, California, voted to ban the "storage and handling" of coal at the private Levin-Richmond Terminal, which shipped nearly 1m tonnes of coal to Japan and South Korea in 2018.

"The storage and handling of coal and petroleum coke at a coal or petroleum coke storage and handling facility is prohibited in all zoning districts," Richmond's new ordinance said.

Richmond city counsellors, apparently concerned over possible legal action involving the federal government, ensured that their new ordnance steered clear of any statements beyond the council's jurisdiction.

The ordinance is not "intended to, and shall not be interpreted to regulate or applied to prohibit the transportation of coal and/or petroleum coke, for example, by train or marine vessel, including without limitation through the City of Richmond or to or from a coal or petroleum coke storage and handling facility".

The Levin-Richmond Terminal is one of just five facilities on the US west coast that ship coal, following a decision by the Oakland city council, which banned the product at its port several years ago.

That ban was overturned by a judge in 2018, but the city of Oakland has refused to comply with the court's ruling and faces continued legal action for its decision.

Other west coast locations still exporting coal are the California ports of Long Beach and Stockton, as well as the Seaward Coal Terminal and Port Mackenzie in Alaska.

Concerns of coal exporters are mounting in the face of environmental opposition to the use of coal and decreasing demand. According to the most recent report of the US Energy Information Administration, US exports of coal fell by nearly 17% in 2019.

The EIA said in the third quarter of 2019, steam coal exports totalled 8.4m short tons, 17% lower than the previous quarter, while metallurgical coal exports totalled 13.5m short tons, or 11% lower than the previous quarter.

MARKETS

Transpacific sees first contraction in a decade

A REBOUND from the high levels of frontloading reported in 2018 ahead of the imposition of tariffs led to a 2.5% fall in container volumes on the transpacific eastbound trade lane last year, according to figures from Alphaliner.

"Although volume growth was still positive in the first three quarters of last year, recording a marginal growth rate of 0.5%, it shrank by 10.4% in the fourth quarter," Alphaliner said.

The fall in volumes is the first recorded on the route since 2009, when demand was hit by the global financial crisis, but comes after a record rise in 2018, which was aided by the frontloading.

The impact has been felt across North America's container terminals, with the seven major box ports in the US and Canada reporting container volumes down 1.5% in 2019.

"All of the five USA gateways posted year-on-year volume losses, while their Canadian counterparts gained traffic or at least remained flat," Alpahliner said.

"The numbers show that the US-Chinese trade war and the Trump administration's tariffs, unsurprisingly, put a lid on trade growth."

Volumes from China and Hong Kong shrank by a combined 10.5% last year, dropping from 11.4m teu to 10.2m teu.

"Although the other Far East export origins recorded a combined growth of 17.1%, this proved insufficient to offset the reduced Chinese exports," Alpaliner said.

The biggest gains were seen in Vietnam, which increased total export volumes to the US by 34.8% to reach 1.5m teu last year, and Thailand, which recorded an increase of 17.8% to reach 620,000 teu.

The détente provided by the Phase One deal signed last week is not expected to provide any relief in the short term, however. Tariffs of 25% remain on $250bn worth of US imports from China, even though threatened new tariffs on a further $160bn of consumer goods have been dropped.

China has also agreed to increase imports of US goods by $200bn, but the impact of containerised freight is unlikely to have a material impact, Alphaliner said.

"Although this could potentially boost westbound transpacific volumes, the effect will largely be limited to agricultural goods that are shipped in containers."

French ports hit by strike action

FRENCH ports are facing strike action in protest against the government's proposals for the reform of state pensions.

The CGT labour union has called for another 72-hour strike following industrial action at French ports in December and a three-day stoppage last week that caused significant disruption.

The country's biggest container gateway, Le Havre, appears to be among the ports hardest hit by the industrial action.

Véronique Lepine, president of the local shipowners' and maritime shipping agents' association GHAAM, told Les Echos newspaper that Le Havre recorded 25% fewer calls by ships last month compared with normal levels, with the port on course to register 50% fewer calls in January.

"Beyond the delays and the extra costs incurred [as a result of the strikes], our customers are looking to make alternative arrangements and asking us to warn vessels (of the problems at Le Havre) and make provision for logistics solutions which focus on Antwerp," Ms Lepine said.

At national level, the economic impact of the strikes at French ports in December and this month — spanning shipping activities and the logistics — will likely run into "several tens of millions of euros," the general secretary of France's Stevedoring industry body UNIM, Ronan Sevette, told the newspaper. "But of greatest concern is the image [the disruption] projected of French ports and the loss of confidence, which risks leading to customers throwing in the towel."

Both the ports of Le Havre and Marseilles, another major French port for container traffic, declined to comment on the impact of the strikes when contacted by Lloyd's List.

Meanwhile, rail freight services in France are slowly returning to normal, after support for strike action by workers at state railway SNCF, which began early December, continues to wane.

"Industrial action is gradually coming to an end, with fewer than 10% of signalling staff on strike and practically 80% of freight trains in service," a spokesman for Fret SNCF, SNCF's main rail freight unit, told Lloyd's Loading List.

He added that the loss in Fret SNCF's turnover since the strike began totalled approximately €50m, a figure that did not include the losses incurred by other SNCF rail freight units such as VFLI, VIIA and Naviland Cargo. "Everyone [in the sector] has lost a lot of money," he added.

DB Cargo-owned Euro Cargo Rail, the second biggest operator in the sector in France behind Fret SNCF, has seen its train schedules severely disrupted during the course of the strike, including those on international routes. Before Christmas, it estimated the financial impact of the disruption at €5m.

In a letter, rail freight operators have called on France's president Emmanuel Macron "to introduce a system of compensation which takes into account all of the losses [running into tens of millions euros] incurred [because of the strikes], which would allow the sector to be preserved."

IN OTHER NEWS

Brightoil agrees $2.3bn debt restructure with lenders

BRIGHTOIL Petroleum Holdings has managed to restructure Yuan15.6bn ($2.3bn) of debts with support from eight Chinese banks, according to media reports in China.

The news, first reported by Guangzhou-based Southern Metropolis Daily, said the Hong Kong-listed privately run firm had signed a loan agreement with the banks last month.

The eight lenders are Industrial and Commercial Bank of China, China Minsheng Bank, Bank of China, China Construction Bank, Baoshang Bank, Bank of Jiangsu, Industrial Bank and Ping An Bank.

HHI signs tanker orders worth $229m

HYUNDAI Heavy Industries has picked up Won266.6bn ($229m) worth of tanker orders as the South Korean shipbuilder strives to hit its sales target this year.

Hyundai Mipo Dockyard, a HHI unit, disclosed in a release the contract to build four 50,000 dwt product tankers for domestic owner Pan Ocean.

The newbuildings are priced at Won157bn in total. Delivery is scheduled from June 2021.

Pacific Radiance rescue talks stall

TROUBLED offshore vessel owner and operator Pacific Radiance, after having its earlier bailout deal with a Middle East party stall, is now in discussions with a global asset management firm with over $100bn in assets under management.

Discussions with Dubai-based Allianz Marine and Logistics Services Holding, which had been ongoing since August 2019, “have stalled due to certain difficulties that have arisen in the course of the discussions in or around December 2019”, the company said in a release.

Pacific Radiance has said that it has since approached other parties from which it had previously received interest in the course of 2019. The potential new investors were not named.

Bentleys, Stokes and Lowless folds into Ince

LONDON shipping law firm Bentleys, Stokes and Lowless is ending more than 80 years of independent existence, with its fee earners moving over to become part of AIM-listed Ince & Co from February 1.

A spokesman for Bentleys said commercial realities have made it harder for smaller partnerships to maintain the necessary economies of scale required to be competitive.

Ince & Co in its current iteration is itself the result of a 2018 rescue takeover by generalist Gordon Dadds, which last year reverted to the Ince & Co brand name in response to its continuing market recognition.

Inchcape launches bunker survey services in Singapore

INCHCAPE Shipping Services continues to flex its muscles in Singapore with the launch of bunker survey services.

The company said the Maritime and Port Authority of Singapore has approved a bunker surveying company licence for Inchcape. This will start from February 2020.

All bunker surveying companies that provide services in the Port of Singapore have been required to be licensed by MPA with effect from January 1, 2017.

North PI signs up to Concirrus data platform

NORTH P&I Club has become the latest marine insurance provider to sign up to the Quest Marine platform from insurtech Concirrus, which is already in use at Hiscox, Chaucer, Skuld and a number of Lloyd's syndicates.

The software package gives users access to 500bn records based on more than 2trn data points, enabling them to exercise keener risk selection and underwriting judgment.

Colin Gillespie, director of loss prevention at North Group, commented: “The activities of the club's loss prevention department contribute significantly to the understanding of our members' operations. These will be augmented by leveraging the latest machine learning techniques and behaviour-based data analytics which we can access through Quest Marine P&I.”

Vafias agrees $126m deal for LPG carriers

STEALTHGAS, the Nasdaq-listed liquefied petroleum gas carrier owner, is poised to acquire three medium-sized fully-refrigerated LPG carriers from Hartmann Reederei for about $80.5m.

The Harry Vafias-led public company has yet to disclose detail as the acquisitions may yet be subject to charterer agreement.

The 35,000 cu m vessels will come with remaining charter periods to Geogas, Total and Mexican charterer Grup Nieto, according to market sources.

Samudera tanker crew repel attack

A TANKER crew fought back after their vessel was boarded by a gang of armed robbers while at anchorage south of Singapore.

The incident on board the Samudera-owned combined chemical and oil tanker *Horizon Maru* (IMO: 9048017) resulted in one of the four robbers being apprehended by the crew.

The 1992-built, Indonesian-flagged 1,204 dwt tanker was at the Kabil anchorage, just off Indonesia's Batam Island, when it was targeted on January 21, according to Lloyd's List Intelligence data

For classified notices please view the next page.

CNAN MED Spa
NIF : 000516096875634

AVIS D'ATTRIBUTION PROVISOIRE

CNAN MED Spa informe l'ensemble des soumissionnaires ayant répondu à l'Avis d'Appel d'Offres International ouvert avec exigences de capacités minimales N° 02/CNAN MED Spa /2019, ayant pour objet l'acquisition de deux navires portes conteneurs neufs et ou en service, de l'attribution provisoire du marché comme suit :

N°du lot	Soumissionnaire sélectionné	Nom du navire	Note technique	Note financière	Note globale
Lot N°1	**INFRUCTUEUX**				
Lot N°2	**TYXISEAS CORPORATION**	**MV FSL COLOMBO HULL5654 IMO :9845051**	**100**	**100**	**100**
	VENTO SHIPPING & TRADING S.A	**MV FSL KOLKATA HULL5655 IMO :9845063**	**100**	**100**	**100**

Tout soumissionnaire qui contesterait ce choix, pourra introduire un recours auprès de la commission des marchés de l'entreprise dans un délai de **Dix (10) jours** suivant la date de la première parution de cet avis d'attribution provisoire dans la presse, à l'adresse suivante :

CNANMED Spa
Secrétariat de la Direction Générale
14 Avenue Ahmed TERKOUCHE - EL HARRACH - ALGER

Les autres soumissionnaires intéressés de prendre connaissance des résultats de l'évaluation de leurs offres technique et financière sont invités à se rapprocher du Secrétariat de la Direction Générale de CNANMED spa à l'adresse indiquée, dans les **trois(03) jours** qui suivent la publication du présent avis.