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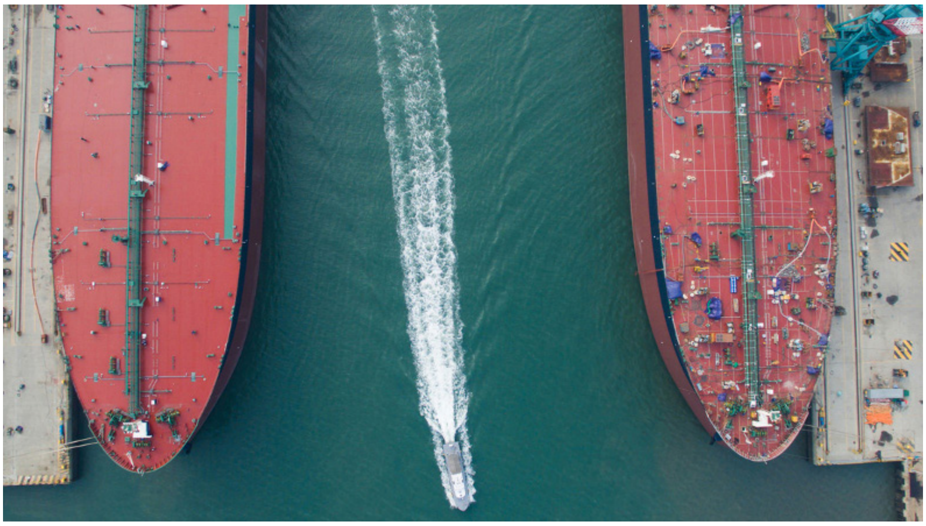
Coronavirus: Tanker markets feeling the impact



TANKER SHIPPING Is feeling the impact of the coronavirus outbreak, with oil demand slashed and disruptions to logistical operations.

While the freeing of the previously sanctioned Cosco Shipping tanker fleet has also contributed to the decline in rates, the spreading virus is having a big toll on the demand side.

Accordingly, shipbrokers have reported increased interest in crude tanker floating storage, which may provide some relief to the market slump.

Meanwhile, disrupted shipyard operations appear to be a double-edged sword.

The resulting delays in newbuilding delivery can improve longer-term fundamentals. However, paralysed yard capacity will lead to continued trading of vessels that were scheduled for inspections and/or retrofits, adding more tonnage to an already oversupplied market.

Cut in oil demand

The market conditions "have already changed beyond recognition" since China locked down Wuhan, the city where the virus originated, in mid-January, said Gibson in a report on Friday.

Non-scrubber very large crude carrier spot earnings on the TD3C Middle East Gulf-China route have slumped to $16,000 per day from more than $115,000 in early January, while a similar decline is being experienced by the smaller ship segments, the brokerage noted.

The large-scale cancellations of flights to China has dented global jet fuel trading prospects, with other transportation fuels also sustaining a weaker demand.

"This offered some support to arbitrage movements out of the region as product stocks started to build, but in the longer run product trade could be impacted if further quarantines are put in place and/or weakness in demand spreads globally," said Gibson.

Most Chinese provinces have ordered local businesses to resume operations from Monday, although many remained closed as the epidemic has yet to be contained. The quarantine activities and extended Chinese New Year holidays are expected to take a big toll on the economic growth of China and even beyond the giant Asian economy.

Factory halts have resulted in reduced output from domestic refineries, hence cutting China's crude demand.

Chinese refinery throughput in February is set to fall by 1m-2m barrels per day from what was originally planned, according to a report by Braemar issued on Monday.

In Shandong province, where most of the country's privately run refineries are located, the government has banned non-local trucks from transporting products and created logistical bottlenecks, the brokerage added.

The country's oil consumption could fall by 25%, or 3.2m barrels per day, in February, executives at large Chinese refineries were quoted by the Financial Times as saying. That volume is equivalent to more than 3% of the world's total during the same period.

"As China accounts for nearly 30% of growth in world oil demand this year, the spread of coronavirus could noticeably dent gains in oil consumption," said Gibson.

At the same time, pump prices are under pressure with contango in crude futures on the rise.

Contango is a situation in which the futures price of a commodity is higher than the spot price, it added.

"Potentially, crude tanker floating storage could emerge, although a lot here depends on Organisation of the Petroleum Exporting Countries+ action, with the technical committee recommending a 600,000 bpd cut."

Braemar said it was seeing increased interest in floating storage vessel hires. "A contango in crude prices supports long-haul crude trades and floating storage demand, which could alleviate some of the weakness in oil and tanker demand," it added.

Disruption in ship services

The disease can also cause logistical hurdles, including delays in port operations and safety inspections.

"It is already becoming problematic to arrange Ship Inspection Report Programme inspections in Asia, while crew management could also be challenging, considering that China is one of the world's largest seafaring nations."

Owner and shipmanagement firms in Asia earlier told Lloyd's List that they had suspended crew changes to reduce infection risks. Some were not expected to change shifts until mid-March.

Elsewhere, drydocking, scrubber and ballast water treatment system retrofits in China are being pushed back because of yard closures, which does not necessarily bode well for the market.

"This also means that vessels that are scheduled for inspections and/or retrofits soon will be unable to do so and may continue trading, if classification societies grant extensions," said Gibson.

However, deliveries of tanker newbuildings are likely to slow, with yards declaring force majeure over delays in construction, a positive sign.

Gibson estimated that 64 tankers of more than 25,000 dwt in size, including 14 VLCCs, are due for delivery from Chinese yards this year.

WHAT TO WATCH

Forecast crude tanker demand slump adds to bearish outlook

NEW YORK-based McQuilling Services has further reined in tanker market ebullience for 2020, with sobering earnings and demand projections that are less than half the levels currently forecast by investment banks.

Crude and fuel oil tanker demand was projected to grow by 1% this year, with that figure likely to contract even further because of the coronavirus situation, according to the research and consultancy division of shipbrokers McQuilling Partners.

Earnings for very large crude carriers in 2020 would average $24,600 daily in 2020, McQuilling said in a summary of its annual tanker market outlook.

That's less than half the $53,000 per day currently forecast for 2020 by Norwegian investment bank Cleaves Securities and the $50,000 per day cited by New York bank Jefferies. The rate is also 40% below the average time charter equivalent rate for VLCCs in 2019.

"Contrasting our low demand expectations is an increasing likelihood of high net supply growth from the release of floating storage vessels back into the trading fleet, waivers on Cosco tonnage, slower scrubber installation activity and a still formidable delivery schedule of 41 VLCCs this year," McQuilling said in an emailed summary of its annual tanker market outlook.

"The results of our analysis point to a weak freight rate structure in 2020, in turn pressuring owners' earnings in the context of higher very low sulphur fuel oil bunker pricing."

A key driver for the 1% growth rate was the anticipated tightening of Middle East crude balances, which would curb tonne-mile demand to Europe and the US. Tonne mile demand measures the distance travelled by tonnes carried, and is a proxy for tanker demand.

Middle East Gulf producers were more likely to focus exports to markets in Asia, McQuilling commercial director Stefanos Kazantzis told Lloyd's List.

Although US crude exports were rising, buyers would be more diversified between medium-haul voyages to Europe and long-haul shipments to Asia, he said, resulting in fewer tonne miles than expected. What is more, China was unlikely to meet any Phase One commitments in its trade agreement with the US, which include set targets for crude and energy commodities purchases.

"Even if they do, we anticipate that US exports to China will increase at the expense of Japan, which will face refinery intake pressure, while China takes in less West African and European crude, netting down to only four VLCCs' worth of demand," he said.

Growth in Brazil's exports would be balanced between China and other regions such as the US west coast, displacing Middle East flows. Rising exports from north-west Europe would be offset by falling tonne miles in Southern Europe, because of declining production in Libya, a key supplier to Mediterranean refineries.

The new Norwegian Johan Sverdrup oil field, which began exports in November, will more likely trade in Europe and the US, Mr Kazantzis said. The field is expected to produce about 440,000 bpd in its first phase and was expected to generate additional tonne miles for VLCCs shipping the crude to markets in Asia.

McQuilling's bearish assessment coincides with further pressure on the tanker market from coronavirus fallout.

Oil prices have dipped by more than 20% since early January to a 13-month low. The Organisation of Petroleum Exporting Countries' technical committee is recommending a further production cut of 600,000 barrels per day on top of the 1.2m bpd that has been removed by members of the oil cartel since January 2019.

Also weighing on demand are reports that China's state-controlled and independent refineries have curbed runs by 15%. This equated to about 2.1m bpd, according to the latest weekly report from Alphatanker.

The research unit of Paris-based shipbrokers BRS also provides a bearish assessment for oil demand, which it believes may contract this year.

About half of the 101m bpd oil demand is shipped on tankers.

"When factoring in lower kerosene demand from outside China, especially from elsewhere in Asia, it is enough to see demand contract year on year," Alphatanker said.

"We are cutting our base case forecast of global oil demand this year by 200,000 bpd so that it is projected to average 101.1 mb/d. This equates to annual growth 800,000 bpd, the slowest since 2012."

Two investment banks that cover listed tanker shipping companies remain upbeat.

"We believe 2020 will be a very strong year for crude tankers as multiple demand drivers, coupled with manageable fleet growth, should help continue to support rates," said Jefferies in its quarterly report on the sector published January 24.

"Refinery capacity throughput should increase substantially this year as multiple capacity expansion projects are completed in the Middle East and in Asia. Refinery maintenance downtime should be much more in line with historical norms compared with 2019 when refiners prolonged refinery maintenance ahead of IMO 2020".

In a January 31 report called "It's Time for the Rat to Get Fat", Cleaves Securities said of the crude tanker market: "The lowest orderbook since 1997 is in itself a cause of great optimism, with strong oil supply in the Atlantic versus large oil demand growth in the Far East being highly beneficial for tonne miles in 2020 estimates.

"Adding scrubber premiums above our previous forecast, and continuously rising asset prices means the outlook for both earnings and share prices looks very positive."

Australia LNG feels brunt of China's force majeure declarations

AUSTRALIA'S liquefied natural gas industry ranks as the most exposed to force majeure declarations linked to demand disruption in China spilling over from the coronavirus outbreak.

Despite this, data from one research agency suggested that actual LNG shipments from Australia to China have held up in January.

The China National Offshore Oil Corp has asked its long-term suppliers to accept force majeure on up to half of its cargoes set to land in China this month, citing an unforeseen decline in demand from its downstream customers, ship brokerage Poten & Partners noted over the weekend.

The ship brokerage also suggested that Australia is likely to be the hardest hit by force majeure declarations on CNOOC's LNG cargoes given that the former accounts for the most expensive supplies because contracts with buyers in China have been priced at steep oil price slopes.

Australia also accounts for 47% of Chinese LNG imports, followed by Qatar on 14%, Malaysia on 11% and Indonesia on 7%.

Australia-based energy advisory firm EnergyQuest suggested that despite the potential delays lying ahead, LNG shipments from Australia to China seemed to have held up so far — 41 Australian cargoes were unloaded in China in January, up from 35 in December and 40 in November.

However, it acknowledged that the coronavirus outbreak has disrupted the supply chain. PetroChina reportedly struggled to discharge cargoes because it could not secure workers at three terminals, Rudong, Dalian and Caofeidian.

PetroChina, Sinopec and other Chinese buyers are said to have also indicated that they may declare force majeure if no other options are available to mitigate supply chain or demand disruptions back home.

A warmer winter has not helped lift demand, which is now further set back by delays in the restarting of China's industrial activity after the lunar new year holidays.

In Australia, authorities are said to have started quarantines for ships arriving from China.

But the government there has indicated that no restrictions will come in the way of regular operations of LNG ships loading cargoes, according to EnergyQuest.

Meanwhile, Poten & Partners estimated that at least five cargoes were diverted from China during the first seven days of this month. The ship brokerage further suggested that Chinese buyers may declare force majeure on as many as 35 cargoes in February.

Rejected claims

French oil major Total has publicly rejected CNOOC's force majeure declaration. Head of gas, renewables and power segment Philippe Sauquet said: "Some Chinese customers, at least one, are trying to use the coronavirus to say: 'I have force majeure.'

"If there is a real quarantine in all the loading ports and unloading ports in China, we'll have a real case for force majeure. For the time being, this is not the case."

Citing unnamed sources, Poten & Partners noted that CNOOC has faced difficulties receiving cargoes at Tianjin, Zhejiang and Guangdong terminals.

The North West Shelf Venture led by Australia's largest LNG exporter, Woodside Energy, has a long-term contract to export 3m tonnes per annum of LNG to the Guangdong terminal.

This offtake agreement spanning 25 years was pegged, at the time when it was signed in 2002, to what was then seen as an attractive oil-linked formula.

But LNG spot cargo prices in Asia recently collapsed to a record low and were trading for the first time lower than Guangdong's LNG price contracted with the NWS venture, EnergyQuest noted.

China accounted for 36% of Australia's LNG exports in January.

Australia's east coast projects are most exposed to China, with the APLNG project seen exporting 85% of its January output to China followed by Queensland Curtis LNG on 67% and Gladstone LNG on 24%.

Along the northwestern coast, Pluto LNG came in tops in January, having delivered 42% of its produced LNG to China, followed by Gorgon on 38%, Ichthys on 27%, NWS on 26%, Darwin on 24% and Wheatstone on 9%, according to data from EnergyQuest.

Coronavirus: China port calls fall as blanked sailings rise

THE impact of the coronavirus on ship calls to major Chinese ports has been revealed in new figures from Lloyd's List Intelligence.

The extended Chinese New Year holiday closed down much of China's manufacturing, resulting in fewer exports.

As a result, ship calls at Shanghai and Yangshang are down by nearly a quarter compared with the comparable week last year, Lloyd's List Intelligence data shows.

Comparing the weeks before, during and after the lunar holidays in 2019 and 2020 shows a slight increase in vessel calls at the two ports this year during the week before and the week of the new year closures.

But with the holiday extended in many parts of the country to the end of last week, ship calls were down 23% for the six days of Week 6 starting February 5.

"Chinese manufacturing remains closed to a large degree, with opening dates continuing to be postponed," Sea-Intelligence said. "This keeps export demand from China at extremely low levels, forcing mass-cancellations of sailings by the carriers.

"In very round numbers, we are experiencing a shortfall of some 300,000 teu-350,000 teu per week in the market. Again, in very round numbers, if this is at average rate levels of around $1000 per teu, it equals a revenue shortfall for the carriers of $300m-$350m per week."

With the market already in its traditional weak period following the pre-Chinese New Year rush, analysts at Platts have warned carriers may face further pressure from falling rates on head haul voyages from China.

"This additional bearish factor is playing havoc with the delicately balanced container market, which has anticipated a significant fall in demand and has responded with a raft of void sailings in the market," Platts said.

Despite this careful capacity management, the potential for ports to be closed and for more stringent lockdown procedures threatened a delayed return to the market, it added.

"With the ongoing virus, total exports from China are expected to fall significantly over the course of the quarter, with the date that Chinese industry comes back online being pushed ever further back," Platts said.

"As a result, the number of void sailings in the market is expected to continue to grow in both scope and longevity, with an extended programme for void sailings to continue into mid-March."

But with head haul voyages disrupted, Sea-Intelligence warned of disruptions and rising rates on the back haul in the weeks ahead.

"Shippers should therefore now prepare not only contingency plans for potential capacity issues, but also for significant price spikes," it said.

OPINION

Cyber risk needs proper training to minimise threat

A SHIP "is no longer a discrete set of engineering disciplines; it's a system of systems [for which] we now need systems engineers," according to Bernard Twomey from the Department of Computer Science at the University of York.

Speaking at the 'AI in the Marine and Maritime Environment' Conference, organised at International Maritime Organization headquarters in London by MLA College, a provider of online and distance learning degrees in a range of maritime and marine-based subjects, Mr Twomey said a real gap is emerging between what is expected from Standards of Training, Certification and Watchkeeping training and the latest technology.

That gap is important. It is the reason why cyber security has grown over the past five years from an insignificant threat to one of the top two threats to vessel operations.

Professor Kevin Jones, executive dean of the faculty of science and technology at Plymouth University, speaking at the same event, observed that people are usually the problem. "As people become more wired, there are more opportunities for things to get into a system in a way they shouldn't."

He believes there are four factors to be considered in any understanding of the threat posed by increasing digitalisation of operations. The first is the need to make a proper risk assessment. "Some companies are spending more on cyber security than the cost of their asset," he commented. Not all spending is well correlated to a risk profile. "If you don't understand the risk, you are likely to take the wrong decision."

Prof Jones' second factor confirmed Mr Twomey's characterisation of a ship as a system of systems, leading to his third factor, that appropriate training is essential for everyone involved, both at sea and on shore. Traditionally, training teaches what to do when machines fail, however technology doesn't often fail — although when it fails, the consequences can be catastrophic.

The fourth factor is to understand crew reactions when systems do fail: in other words, how far can a system become distorted before a seafarer senses a concern. There is a real difference between the reaction of an experienced master mariner and a cadet in a simulator.

The increasing threat of cyber attack reflects the exponential rate of growth in vessels connected to the internet. A decade ago, only about 4,000 ships were connected, today there are more than 40,000 ships. Connections enable vessel performance analysis, navigational aids, and crew entertainment and welfare. But training in protection and security has failed to keep up, and too many firewalls and anti-virus systems are now out of date.

This brings practical problems the industry is only starting to understand. Professor Baris Soyer, director of the Institute of International Shipping and Trade Law at Swansea University, asked delegates to the conference whether a ship might be considered seaworthy if the owner had failed to invest in protection against cyber attack. The question is "whether the carrier has failed to exercise due diligence to make the ship seaworthy", which would itself require an analysis of industry practice.

Kelly Malynn, senior risk manager at Beazley, the specialist insurer, spoke of real-life incidents where navigation systems had been infected by malware, software updates infected by vendors using compromised USB sticks, and ransomware attacks to a navigation system partially blacking out a cruise ship.

"Now, for the first time, it is conceivable that a whole fleet could be affected by a common software provider," Ms Malynn told the conference. Threat actors will become more sophisticated and range from individuals through to organised crime syndicates and even nation states. "Insurers are more concerned with catastrophes than individual loss," she said, adding that catastrophes are more likely after 10 years of digitalisation, increased connectivity, and more aggressive threat actors.

Cyber security will inevitably form a central pillar of the UK's Maritime 2050 strategy, and that will only be achieved with a complete reassessment of training, explained Phaedra Gibson, head of training, defence and security at BMT Group. She drew on many years of military training to develop a list of needs for maritime, including significant change to the way organisations are structured, a competency framework and competency assurance, coaching and mentoring, and thought leadership.

She believes that "training of future leaders is crucial" to successful cyber security and will be required much sooner than 2050. "Military prevention technology is much more advanced [than commercial shipping] but the threat is developing so rapidly that you can't keep up," she said. The military is trained not to trust technology, she advised, in contrast to recent developments in maritime.

The IMO's Maritime Safety Committee has adopted the Maritime Cyber Risk Management in Safety Management Systems resolution by which administrations are encouraged to ensure that cyber risks are appropriately addressed under the ISM Code no later than the first annual verification of a company's Document of Compliance after January 1, 2021.

Given that technology is both an asset and a vulnerability for shipping, there's much work still to be done.

ANALYSIS

Global box growth slumps to 10-year low

GLOBAL containerised trade in 2019 experienced a significant slowdown in growth, according to full-year figures.

The latest data published by Container Trades Statistics shows that volumes moved on deepsea services rose to 169m teu, an increase of almost 1% on 2018 levels. That compares with 4% growth in 2018.

The measly growth figure is the lowest since 2009, when volumes slumped off the back of the global financial crisis.

Despite a significant and welcome traffic surge in December on the transpacific trade, as box numbers jumped 7.7% versus November, the overall count in 2019 on headhaul Far East-North America services fell 2.5% compared with 2018 to 18.8m teu, according to CTS.

Although strong performances were reported on other trades, additional volumes elsewhere were able to only partially offset the shortfall.

This included both the Far East-Sub Saharan Africa and Far East-South and Central America routes, where volumes were up 4.8% and 0.7%, respectively.

Meanwhile, on the Far East-Europe trade route, volumes were sufficient to stave off, at least to some degree, ongoing Brexit uncertainty and weaknesses seen in other key European economies to post full-year growth for 2019 of 2.6%, with volumes tallying up to 16.6m teu.

Off the back of a disappointing trade year, the container industry is now facing up to the exponential threat of the coronavirus outbreak in 2020.

An extended Chinese New Year has already put the traditional post-holiday pick-up in trade on hold, to put a dampener on first-quarter volumes. But with the threat of potential port closures and further service disruption if the virus is not contained, the situation is becoming of increasing concern for the industry. The likelihood of an immediate volume bounce in 2020 is evaporating quickly for carriers. Indeed, the latest forecasts are for more of the same in 2020, with latest analyst forecasts of just 0.7% volume growth.

MARKETS

Indonesia to halt LNG exports to Singapore in 2023

INDONESIA will stop liquefied natural gas exports to Singapore in 2023 as the Southeast Asian gas producer diverts resources to cater to domestic demand.

The Jakarta Post reported that the Energy and Mineral Resources Ministry has decided to stop gas shipments to Singapore in the next three years.

"Gas exports to Singapore will stop in 2023 and we will use the gas for the domestic market," Downstream Oil and Gas Regulatory Agency head Fanshurullah Asa was quoted as saying.

The move had been previously signalled and the decision is in line with Energy and Mineral Resources Minister Arifin Tasrif's declaration in November that he planned to stop supplying gas to Singapore.

Indonesia's gas exports to Singapore come from the Corridor Block managed by ConocoPhillips, which has a supply of 300m standard cubic feet per day. The move comes as the production sharing contract for the block was recently renewed for another 20 years from 2023, with the three current majority partners ConocoPhillips and Repsol seeing their stakes reduced while Indonesian national oil company Pertamina will increase its stake from 10% currently to 30% in the new contract.

This will now be diverted to the Dumai Duri transmission pipeline to be distributed to industrial estates in Sumatra, including the Sei Mangkei Special Economic Zone in North Sumatra.

As recently as March 2019, Indonesia approved the export of 84 LNG cargoes to Singapore from BP Indonesia's Tangguh LNG project in West Papua.

IN OTHER NEWS

Leading UK ports line up for freeport status

MANY of the UK's largest ports are expected to show interest in government plans to accord freeport status to 10 areas, even though political considerations and the cap on the numbers will inevitably leave some of them disappointed, according to industry sources.

A 10-week consultation on the issue was officially announced over the weekend after months of being trailed in the media, and formally launched by Treasury Secretary and leading freeport proponent Rishi Sunak in Associated British Ports-operated Southampton this morning.

ABP has since confirmed that it wants to see the scheme covering at least some of its 21 ports.

Coronavirus: UK port health authorities should get cash boost, BPA urges

UK LOCAL authorities need central government funding and support following the government's declaration this morning that coronavirus represents serious and imminent threat to public health, according to the British Ports Association.

The virus could in particular be a threat in port towns that handle large number of merchant vessel calls from the Far East, or which see substantial numbers of passengers, the BPA added.

Port health authorities — which in Britain are managed by municipal councils — are responsible for developing health controls at seaports and airports and tasked with preventing the introduction of dangerous epidemic diseases through shipping activity, without creating unnecessary disruptions to trade.

Navios Partners increases earnings but books impairment-driven loss

NAVIOS Maritime Partners has reported increased earnings for the fourth quarter of 2019, excluding the impact of vessel write-downs on the New York Stock Exchange-listed partnership's bottom line.

The company posted adjusted net income of $12.2m for the quarter, up from $5.1m in the same period a year earlier.

Fourth-quarter revenues also increased year-on-year from $57.5m to $61.3m in the last quarter.

AGP seals FSU charter with ADNOC

ATLANTIC Gulf & Pacific, the gas-focused logistics solutions provider, has secured a floating storage unit to be converted from a tanker owned by ADNOC Logistics & Services for the development of an import terminal at India's Karaikal Port.

The parties signed an agreement for the conversion, supply, operations and maintenance of the unit, which will go on a 15-year charter at the new terminal at Karaikal, according to a joint statement.

Featuring 137,756 cu m of storage, it will be converted from a Japan-built tanker with Moss-type containment system.

BW LPG firms up four more LPG-fuelled VLGCs

BW LPG has firmed up its option for delivery of four additional liquefied petroleum gas dual-fuelled engine very large gas carriers, doubling the number of ships in its fleet to be powered by LPG.

"With this, BW LPG has committed to retrofit eight vessels with pioneering propulsion technology," the Oslo-listed company said.

The Singapore-based owner said the retrofitting of the first LPG dual-fuelled engines into four VLGCs is taking place as planned this year.

CMA CGM partners with hydrogen tech firm

CMA CGM, the French container transportation and shipping company, has joined a project to develop hydrogen as an alternative fuel for use in shipping.

It said it will share resources and expertise with Energy Observer, which converted an ex-racing catamaran to produce hydrogen from seawater.

CMA CGM's fleet director Xavier Leclercq told Lloyd's List that developing hydrogen for maritime raised "a number of challenges".

CSSC Shipping issues $800m bonds

CSSC (Hong Kong) Shipping has raised $800m from bond issuances as the yard-backed leasing house aims to continuously expand its business.

The Hong Kong-listed company, a subsidiary of state conglomerate China State Shipbuilding Corp, said in an exchange filing that the proceeds will be mainly used to develop its leasing business and repay debts.

A total of 12 banks and financial institutions, mostly state-backed ones from China, are listed as subscribers.

India approves new deepwater container port to add capacity and boost traffic

INDIA has granted approval for a new deepwater container port at Vadhavan in Maharashtra on India's west coast about 120 miles north of its primary gateway, Jawaharlal Nehru Port Trust.

The decision was taken at a meeting of the Union Cabinet chaired by prime minister Narendra Modi.

The port, which will cost approximately $9.2bn, is being developed on the landlord model. It will accommodate the largest containerships and mostly cater for the spillover traffic from the trust.

Singapore Strait shipping targeted by criminals

BOARDING incidents have sprouted up again in the Singapore Strait, with the Regional Co-operation Agreement on Combating Piracy and Armed Robbery Information Sharing Centre reporting that two vessels were boarded in the eastbound lane of the traffic separation scheme within an hour over the weekend.

With the latest incidents bringing the number of such cases to six since just the beginning of the year, ReCAAP said it was "concerned with the continued occurrence of incidents in the Singapore Strait and the persistence of the perpetrators in their attempts to board ships".

Lloyd's List Intelligence data shows the two vessels involved were the 104,895 dwt India-flagged product tanker *Swarna Jayanti* (IMO number 9467720) and 58,096 dwt Marshall Islands-flagged bulker *New Spirit* (IMO: 9425801).

Yang Ming vessel detained over pollution debt

A YANG MING-owned containership was arrested in Sydney on Sunday over a pollution debt of up to A$20m ($13.4m).

The Australian Maritime Safety Authority said in a statement that the Taiwanese carrier had refused to pay for the clean-up operation after its ship YM Efficiency lost 81 containers off the coast of Newcastle and Port Stephens in June 2018.

A total of 60 boxes have been identified, five have been recovered and a further 16 are still missing, the organisation added.

K Line orders LNG carriers for Petronas contract

KAWASAKI Kisen Kaisha, the Japanese shipping company known as K Line, has ordered two new liquefied natural gas carriers backed by long-term contracts with Malaysia's energy giant Petronas.

The time charter contracts, which start in 2022, are for 12 years, plus an option to extend for another 12 years, K Line said in a statement, adding that the contracts are the first between the two sides.

The new 79,960 cu m vessels, which will have X-DF engines, are being built at the Hudong-Zhonghua shipyard in China. The engines are dual-fuel, using gas administered at low pressure.

Classified notices follow